PRABHAT DAIRY LIMITED
CIN: L15203PN1998PLC013068
Registered Office: 121/2A, At Post Ranjankhol, Rahata, Dist. Ahmednagar – 413720, Maharashtra
Email: investor@prabhatdairy.in | Website: www.prabhatfresh.com
Tel.: + 91-2422-645500, 645901 to 09, Fax: +91-2422-265816

NOTICE

OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Prabhat Dairy Limited will be held on Thursday, the 10th day of August, 2017 at 2:30 p.m. at the registered office of the Company at 121/2A, At Ranjankhol, Taluka Rahata, Dist. Ahmednagar – 413720 Maharashtra, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (Standalone) and Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors' and Auditors' thereon.

2. To declare dividend at the rate of ₹0.40 per equity share of ₹10 each for the financial year ended March 31, 2017.

3. To appoint a Director in place of Mr. Sarangdhar R. Nirmal (DIN: 00035234), who retires by rotation, and being eligible, offers himself for re-appointment.

4. To appoint M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W), as the Statutory Auditors of the Company and to fix their remuneration and in this regard to consider and, if thought fit, pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 140, 141, 142 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) be and are hereby appointed as the Statutory Auditors of the Company in place of the existing auditors M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/ W-100024) whose office was liable for ratification at the nineteenth Annual General Meeting but who have expressed their unwillingness for ratification of their appointment as Auditors, to hold office from the conclusion of this Nineteenth Annual General Meeting until the conclusion of the Twenty Fourth Annual General Meeting of the Company to be held in the calendar year 2022 (subject to ratification of their appointment at every Annual General Meeting, if so required under the Act), at such remuneration as may be mutually agreed to, between the Board of Directors and the Auditors, plus applicable taxes and reimbursement of travel and out-of-pocket expenses in connection with the audit of financial statements (standalone) and consolidated financial statements of the Company for the year ended March 31, 2018."

SPECIAL BUSINESS:

5. Appointment of Mr. Haresh Shah (DIN: 00228471) as an Independent Director of the Company:

   To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and pursuant to Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Haresh Shah (DIN: 00228471), who has been appointed as an Additional Director (Independent) by the Board of Directors with effect from May 23, 2017, in terms of Section 161 of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three consecutive years calculated with effect from May 23, 2017, not liable to retire by rotation."

6. Ratification of Remuneration of Cost Auditors:

   To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the remuneration of ₹1,00,000/- (Rupees One Lac only) plus applicable taxes and reimbursement of travel and out of pocket expenses, to be paid to M/s. JNP & Associates, Cost Accountants (Firm Registration No. 000572), appointed as the Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2018.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and take all such steps as may be necessary or expedient to give effect to this resolution."

By Order of the Board
For **Prabhat Dairy Limited**

Sd/-

Vivek S. Nirmal
Joint Managing Director
DIN: 00820923

Place : Mumbai
Date : July 11, 2017

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND MUST BE RECEIVED AT THE REGISTERED OFFICE / CORPORATE OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.

   A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER SHAREHOLDER.

2. Corporate Members intending to send their authorised representatives to attend and vote at the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the Meeting.

3. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Ordinary Business as set out at Item No. 4 and relating to the Special Business as set out at Item Nos. 5 and 6 of the AGM Notice, to be transacted at the Meeting is annexed hereto.

4. The Register of Members and Share Transfer Books will remain closed from Thursday, the 3rd day of August 2017, to Thursday, the 10th day of August, 2017 (both days inclusive) for the purpose of the Annual General Meeting and payment of Dividend, if declared at the Annual General Meeting. Dividend for the year ended March 31, 2017, at the rate of ₹0.40 per equity share of ₹10 each if declared at the Annual General Meeting, will be paid on and from August 11, 2017:

   (i) To those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on August 2, 2017 after giving effect to all valid transfer in physical form lodged on or before August 10, 2017 with the Company and / or its Registrar and Transfer Agent; and

   (ii) In respect of shares held in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and

Central Depository Services (India) Limited (CDSL) at the close of the business hours on August 2, 2017.

5. Members holding shares in electronic form are requested to intimate any change in their address, E-mail Id and signature to their respective Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to intimate such changes to the Registrar and Share Transfer Agent of the Company.

6. In terms of circular issued by SEBI, it is mandatory to quote Permanent Account Number ("PAN") for participating in the securities market. Therefore, Members holding shares in dematerialised form are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Registrar and Share Transfer Agent (RTA), of the Company.

7. Statutory Registers and documents referred to in the Notice and Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days (Monday to Friday) between 11:00 a.m. to 2:00 p.m. upto the date of the Annual General Meeting and will also be available for inspection at the Meeting.

8. Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings, with respect to Directors seeking appointment/re-appointment at the Annual General Meeting, is annexed to this Notice.

9. The Annual Report of the Company for the Financial Year 2016-17, circulated to the members of the Company, is also uploaded on the Company's website www.prabhatfresh.com in the 'Investor Desk' Section.

10. The Ministry of Corporate Affairs, vide its circular No. 17/2012 dated July 23, 2012 have directed the companies to upload information regarding unpaid and unclaimed dividend on the company's website. In terms of the circular, the Company has uploaded the details of unpaid and unclaimed dividend and the same can be viewed on www.prabhatfresh.com.

11. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their E-mail address either with the Company or with the Depository Participant(s).

    Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled-in 'E-communication Registration Form' annexed to this Notice.

    Members holding shares in physical mode are requested to register their E-mail Id with the Company or its RTA and members holding shares in demat mode are requested to register their E-mail Id with their respective Depository Participants (DP). If there is any change in the E-mail Id already registered with the Company, Members are requested to immediately notify such change to the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.

12. The Notice of AGM alongwith Annual Report for the year 2016-17 is being sent by electronic mode to all the Members whose E-mail addresses are registered with the Company or Depository Participant(s), unless any member has requested for a physical copy of the same. Physical copy of the Notice of AGM along with Annual Report are being sent to those Members who have not registered their E-mail address with the Company or Depository Participant(s).

13. E-voting:

    (i) In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its Members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting ("AGM") by electronic means and the business may be transacted through E-voting services arranged by Karvy Computershare Private Limited ("Karvy"). The Members may cast their votes using an electronic voting system from a place other than the venue of the AGM ("remote E-voting").

    (ii) The facility for voting through electronic voting system or polling paper shall be made available at the AGM and the Members attending the AGM who have not cast their vote by remote E-voting shall be able to exercise their right at the AGM.

    (iii) The Members who have cast their vote by remote E-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

    (iv) The remote E-voting period commences on Monday, August 7, 2017 (9.00 a.m. IST) and ends on Wednesday, August 9, 2017 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. Wednesday, August 2, 2017, may cast their vote by remote E-voting. The remote E-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

(v) Mr. Shravan Gupta, Practising Company Secretary (ACS: 27484 CP: 9990) has been appointed as the Scrutinizer to scrutinize the remote E-voting process and voting at the AGM in a fair and transparent manner.

(vi) At the AGM, at the end of discussion on the resolutions on which voting is to be held, the Chairman shall with the assistance of the Scrutinizer order voting for all those Members who are present but have not cast their vote electronically using the remote E-voting facility.

(vii) The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote E-voting in the presence of at least two witnesses, not in employment of the Company, and not later than forty eight hours of the conclusion of the AGM, prepare a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.

(viii) The results declared along with the Scrutinizer's report shall be placed on the Company's website www.prabhatfresh.com and on the website of Karvy at http://evoting.karvy.com immediately after the result declared by the Chairman or any other person authorised by the Chairman and the same shall be communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The results shall also be available for inspection at the Registered Office of the Company.

PROCEDURE AND INSTRUCTIONS FOR e-VOTING

I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

(A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

i. Launch internet browser by typing the URL: https://evoting.karvy.com.

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Prabhat Dairy Limited"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email cs.shravangupta@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.

ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

II. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact 040-67162222, (Unit: Prabhat Dairy Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period commences on Monday, August 7, 2017 (9.00 A.M. IST) and ends on Wednesday, August 9, 2017 (5.00 P.M.IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 2, 2017, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. August 2, 2017.

e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e. August 2, 2017, he/she may obtain the User ID and Password in the manner as mentioned below :

i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may sendSMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iii. Members may call Karvy's toll free number 1800-3454-001.

iv. Members may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

By Order of the Board
For **Prabhat Dairy Limited**

Sd/-

Vivek S. Nirmal
Joint Managing Director
DIN: 00820923

Place : Mumbai
Date : July 11, 2017

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Pursuant to Section 102 of the Companies Act, 2013 ("the Act"), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 6 of the accompanying Notice dated July 11, 2017.

Item No. 4:

Appointment of Auditors and Fixation of their remuneration:

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

The shareholders of the Company at the Eighteenth Annual General Meeting (AGM) held on September 30, 2016 have appointed M/s. B S R & Associates LLP, Chartered Accountants, Pune (Firm Registration No. 116231W/W-100024) as the statutory auditors of the Company for a period of five years viz. from the conclusion of Eighteenth AGM till the conclusion of Twenty Third AGM subject to ratification of appointment at every Annual General Meeting. M/s. B S R & Associates LLP have given their unwillingness for ratification of appointment at the ensuing Nineteenth Annual General Meeting.

The Company, therefore proposes to appoint M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) as the statutory auditors of the Company for a period of five years to hold office from the conclusion of the Nineteenth Annual General Meeting till the conclusion of the Twenty Fourth Annual General Meeting of the Company. The Company has received an eligibility certificate and consent for appointment from M/s. M S K A & Associates, Chartered Accountants.

The Audit Committee of the Board of Directors has recommended the appointment of M/s. M S K A & Associates, Chartered Accountants as the statutory auditors of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, directly or indirectly concerned or interested, financially or otherwise, in the proposed resolution.

Your Directors recommend the resolution at Item No. 4 of the accompanying Notice for approval of the members of the Company by way of Ordinary Resolution.

Item No. 5:

Appointment of Mr. Haresh Shah (DIN: 00228471) as an Independent Director of the Company:

The Board of Directors on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Haresh Shah as an Additional Director (Independent) with effect from May 23, 2017 to hold office for a period of three consecutive years with effect from May 23, 2017, not liable to retire by rotation, subject to consent by the members of the company at the ensuing Annual General Meeting ("AGM").

As an Additional Director, Mr. Haresh Shah holds office till the date of AGM and is eligible for being appointed as an Independent Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 ('the Act') together with the requisite amount of deposit from a Member signifying his intention to propose the appointment of Mr. Haresh Shah as a Director of the Company.

Mr. Haresh Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has also given his consent to act as a Director of the Company. The Company has also received a declaration from Mr. Haresh Shah confirming that he meets the criteria of independence as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Haresh Shah fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management. Considering his vast experience, his presence on the Board will be of immense value to the Company.

Mr. Haresh Shah is a Chartered Accountant, Bachelors of Law and holding Ph.D. in Mergers & Acquisitions from University of Pune. He has a successful track record of practice of more than 35 years. Presently he is acting as the Chairman of HU Consultancy Pvt. Ltd., a company incorporated by him to provide specialised services in the areas of Mergers & Acquisitions, Corporate Restructuring, Joint Venture and Financial Re-engineering, Due Diligence, Valuation, Legal Approvals, etc. He also practices as a Chartered Accountant in the areas of audit, taxation, law, finance, etc. His core team comes from diverse educational and professional backgrounds including Chartered Accountant, Company Secretary, Law, business, finance, engineering and science. He is acting as an Independent Director on the Board of Enkei Wheels India Ltd., Anvil Share & Stock Broking Pvt. Ltd., Mergers India.com. Earlier, he also acted as a Director of Vyapar Industries Ltd. He was also a Senior Partner in J.K. Shah & Co. Chartered Accountants. His practice areas covers almost all types of industrial sectors like auto ancillary, chemical & pharma, engineering, financial services, information technology, metals, real & realty, etc.

A copy of the draft letter of appointment for Independent Directors setting out the terms and conditions for appointment of Independent Directors is available for inspection by the Members at the Registered Office of the Company on all working days between 10:00 am to 1:00 pm and is also available on the website of the Company www.prabhatfresh.com.

Mr. Haresh Shah is not related to any Director and Key Managerial Personnel of the Company. Mr. Haresh Shah do not hold any shares of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, directly or indirectly concerned or interested, financially or otherwise, in the proposed resolution.

Your Directors recommend the resolution at Item No. 5 of the accompanying Notice for approval of the members of the Company by way of Ordinary Resolution.

Item No. 6:

Ratification of Remuneration of Cost Auditors:

Pursuant to the provisions of Section 148 of the Companies Act, 2013 ("the Act"), read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to have the audit of its cost records conducted by a cost accountant in practice.

The Board of Directors of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. JNP & Associates, Cost Accountants as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2018, at a remuneration of ₹100,000/- (Rupees One Lac only) plus applicable taxes and reimbursement of travel and out of pocket expenses.

M/s. JNP & Associates, Cost Accountants have the necessary experience in the field of cost audit and have submitted a certificate regarding their eligibility for appointment as Cost Auditors of the Company.

As per the provisions of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the Members is sought for passing the resolution as set out in Item no. 6 of the accompanying Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, directly or indirectly concerned or interested, financially or otherwise, in the proposed resolution.

Your Directors recommend the resolution at Item No. 6 of the accompanying Notice for approval of the members of the Company by way of Ordinary Resolution.

By Order of the Board
For **Prabhat Dairy Limited**

Sd/-

Vivek S. Nirmal
Joint Managing Director
DIN: 00820923

Place : Mumbai
Date : July 11, 2017

ANNEXURE - 1 TO THE NOTICE

PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 19TH ANNUAL GENERAL MEETING PURSUANT TO SECRETARIAL STANDARDS ON GENERAL MEETING (SS-II) AND REGULATION 36(3) OF THE LISTING REGULATIONS:

Name of Director	Mr. Sarangdhar R. Nirmal	Mr. Haresh Shah
Director Identification Number (DIN)	00035234	00228471
Date of Birth / Age	June 1, 1956/61 years	May 6, 1957/60 years
Date of first Appointment	November 25, 1998	May 23, 2017
Expertise in specific General Functional area	Entrepreneurship including business management	Wide experience in accounts, finance, audit, mergers and acquisitions, etc. across various industrial sectors
Qualification	Master in Business Administration, Bachelor of Commerce	1. Chartered Accountant 2. Bachelor of Law 3. Ph.D. in Mergers & Acquisitions from University of Pune
Shareholding in the Company	1,125,000 shares i.e. 1.15% of the total shareholding in his individual capacity. 44,431,395 shares i.e. 45.48% of the total shareholding in his capacity as a Trustee of Nirmal Family Trust, promoter of the Company.	NIL
Relationship with Other Director/KMPs	Mr. Vivek S. Nirmal is the son of Mr. Sarangdhar R. Nirmal	None
No. of Board meetings held during the tenure and attended by the Director during FY 16-17	5/5	N.A.
List of outside Directorships held(Public Limited Companies)	None	Enkei Wheels (India) Limited
Chairman/ Member of the Committee of the Board of Directors of the Company	CSR Committee – Member Risk Management – Chairman Finance Committee – Chairman Stakeholders' Relationship Committee-Member	Audit Committee – Chairman Risk Management Committee – Member Nomination & Remuneration Committee- Member
Chairman/ Member of the Committee of Directors of other Public Limited Companies in which he/ she is a Director a) Audit Committee b) Stakeholders' Relationship Committee	None	Chairman of Audit Committee and Member of Stakeholders' Relationship Committee and Member of Nomination and Remuneration Committee of Enkei Wheels (India) Ltd.

PRABHAT DAIRY LIMITED

CIN: L15203PN1998PLC013068
Registered Office: 121/2A, At Post Ranjankhol, Rahata, Dist. Ahmednagar – 413720, Maharashtra
Email: investor@prabhatdairy.in | Website: www.prabhatfresh.com
Tel.: + 91-2422-645500, 645901 to 09, Fax: +91-2422-265816

PROXY FORM

OF NINETEENTH ANNUAL GENERAL MEETING

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

Name of the Member(s) :	
Registered address :	
E-mail ID :	
Folio No/DP ID Client ID :	

I/We, being the member(s) of Prabhat Dairy Limited holding equity shares of ₹10 each of the above named Company, hereby appoint:

1	Name	
	Address	
	E-mail ID	
	Signature	
	OR failing him	
2	Name	
	Address	
	E-mail ID	
	Signature	
	OR failing him	
3	Name	
	Address	
	E-mail ID	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held on Thursday, the 10th day of August, 2017 at 2:30 p.m. at the registered office of the Company at 121/2A, At Ranjankhol, Rahata, Dist. Ahmednagar – 413720, Maharashtra and at any adjournment thereof in respect of such resolutions as are mentioned in the notice of the meeting as indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
	ORIDNARY BUSINESS		
1.	To receive, consider and adopt Audited Financial Statements (standalone) and Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017, together with the Reports of the Board of Directors' and Auditors' thereon.		
2.	To declare dividend at the rate of ₹0.40 per equity share of ₹10 each for the financial year ended March 31, 2017.		
3.	To appoint a Director in place of Mr. Sarangdhar R. Nirmal (DIN: 00035234), who retires by rotation, and being eligible, offers himself for re-appointment.		
4.	To appoint M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W), as the Statutory Auditors of the Company and to fix their remuneration.		
	SPECIAL BUSINESS		
5.	Ordinary Resolution for appointment of Mr. Haresh Shah (DIN: 00228471) as an Independent Director of the Company.		
6.	Ordinary Resolution for ratification of the remuneration of Cost Auditors.		

Signed this...day of... 2017.

Affix Re.1/- Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s):

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered / Corporate Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a Member of the Company.
3. In case the Member appointing proxy is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorised by it and an authenticated copy of such authorisation should be attached to the Proxy Form.
4. A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
5. Appointing a proxy does not prevent a Member from attending the meeting in person if he/she so wishes.

   * It is optional to put a "X" in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against the Resolutions, your Proxy will be entitled to vote in the manner as He/ She thinks appropriate.
6. For the resolutions, explanatory statement and notes, please refer to the Notice of the Nineteenth Annual General Meeting.
7. Please complete all details including details of member(s) in above box before submission.

PRABHAT DAIRY LIMITED
CIN: L15203PN1998PLC013068
Registered Office: 121/2A, At Post Ranjankhol, Rahata, Dist. Ahmednagar – 413720, Maharashtra
Email: investor@prabhatdairy.in | Website: www.prabhatfresh.com
Tel.: + 91-2422-645500, 645901 to 09, Fax: +91-2422-265816

FORM FOR UPDATION/REGISTRATION OF E-MAIL ADDRESS

Prabhat Dairy Limited
121/2A, At Ranjankhol,
Taluka Rahata
Dist. Ahmednagar – 413720 Maharashtra

<u>Sending of Notices, Annual Reports and Accounts & other documents through Electronic Mode</u>

Dear Sirs,
I hereby update/register my e-mail address provided below for receiving the Notices, Annual Reports and Accounts and other documents from the Company through electronic mode:-

E-mail Address: ....

Name of the Sole /First Holder: ....

DP ID/Client ID/ Registered Folio No.: ....

Contact Nos.: **Mobile**: .... **Landline:** ....

....
Signature of the Sole/First Holder

Date: ....

Notes:
(1) The Notices, Annual Reports and Accounts and other documents are sent in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories.
(2) This Form can also be downloaded from the Company's website www.prabhatfresh.com.

PRABHAT DAIRY LIMITED
CIN: L15203PN1998PLC013068
Registered Office: 121/2A, At Post Ranjankhol, Rahata, Dist. Ahmednagar – 413720, Maharashtra
Email: investor@prabhatdairy.in | Website: www.prabhatfresh.com
Tel.: + 91-2422-645500, 645901 to 09, Fax: +91-2422-265816

ATTENDANCE SLIP

OF NINETEENTH ANNUAL GENERAL MEETING

(to be handed over at the registration counter)

Folio No. / DP ID and Client ID :	
Name :	
Address :	
No. of Shares :	

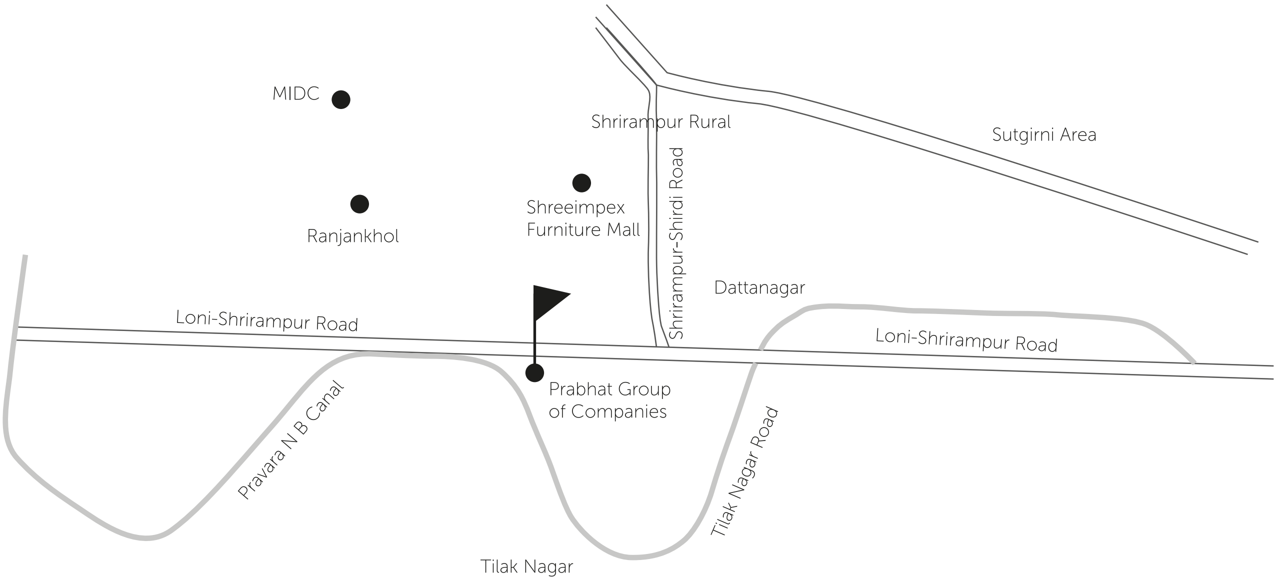
I / We hereby record my / our presence at the Nineteenth Annual General Meeting of the Company on Thursday, August 10, 2017 at 2.30 p.m. at the registered office of the Company at 121/2A, At Ranjankhol, Taluka Rahata, Dist. Ahmednagar – 413720, Gujarat.

First / Sole holder / Proxy

Second holder / Proxy

Third holder / Proxy

ROUTE MAP
FOR VENUE OF ANNUAL GENERAL MEETING



Venue: Prabhat Dairy Limited
121/2A, At post Ranjankhol,
Tilaknagar, Taluka Rahata,
Dist: Ahmedngar - 413720.

Prabhat DAIRY

Where Goodness Begins

Prabhat Dairy Limited

Annual Report 2016-17

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Prabhat Dairy Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Prabhat Dairy Limited Annual Report 2016-17.

Contents

At Prabhat Dairy, the big message that we wish to send out to our stakeholders is that we are engaged in transforming our DNA.

Extending from a back-ended milk processing company to also a consumer-facing organisation.

Prabhat Dairy, while maintaining our leadership in the ingredient business, now is marching ahead towards the consumer business while leveraging its milk procurement excellence and brand excellence.

The company possess an attractive foundation to grow its presence: revenues increased 20.7% and PAT by 102.8% in 2016-17, a credible year of profitable growth.

Prabhat Dairy is a responsible story of national inclusion.

Of a company linking rural farmer prosperity with urban consumer spending.

Of a company combining centuries of rural tradition with modern lifestyles.

Of a company addressing growing consumer needs for branded and packaged products.

Vision
To be a highly respected and leading milk food company that is committed to thoughtful and sustainable socioeconomic development.

Partners in progress philosophy
We believe in sharing and growing with each other as we are there for our clients and other stakeholders.

Values
- Act like an owner with passion
- Respect and warmth in behaviour
- Learn, think, improvise and share
- Being honest to self
- No compromise on quality
- Partnering in progress with our family of dairy farmers, customers, employees and associates
- Cost-consciousness
- Save natural resources

Background
The Company is one of the well-respected fully integrated milk and dairy products company in India enjoying relationships with more than 85,000 dairy farmers.

Products
The Company markets dairy products under premium and popular labels to consumers pan-India; it also markets ingredients and co-manufactured products to a number of institutional and multinational companies like Britannia, Mondelez, Patanjali, Nestle, Dominos, Pizza Hut and others.

Manufacturing facilities
The Company's strategically-located state-of-the-art production facilities

in Shrirampur and Navi Mumbai are proximate to milk generating regions and key markets, respectively.

Prabhat Dairy possessed an aggregate milk processes capacity of 1.5 million litres per day as on March 31, 2017.

Mega Project status

Prabhat Dairy (through Sunfresh Agro Industries, its wholly-owned subsidiary) received a claim under 'mega project' status in FY 2017 of ₹15.81 crore out of the total accrued amount of ₹33.22 crore VAT refund for FY 15, FY 16 and FY 17, the benefit extending to a maximum ₹256 crore over seven years.

Quality certifications

- Food Safety and Standards Authority of India
- Agmark (for ghee and butter)
- IS 1166:1986 (for condensed milk, partly skimmed and skimmed condensed milk)
- Halal (for skimmed milk powder, whole milk powder, dairy whitener, sweetened condensed milk and UHT milk varieties)
- ISO 14001:2004 & OHSAS 18001:2007
- Food Safety System Certification 22000.

Accolades

- The Corporate Excellence Award by Lokmat on Brand Excellence in Development Dairy Products'2017
- Token of recognition for good efforts on Manpower Development by Mother Dairy Fruit & Vegetable Pvt. Ltd.
- Business Partners' Summit'2017 for exemplary support by Jubilant Foodworks (Dominos'2017)
- Recognised as one of 'Asia's fastest-growing marketing brands – FMCG sector' award at the World Consulting and Research Corporation Leaders' Summit, 2014
- Recognised by Abbott Nutrition India as a 'Most Trusted Partner' in 2012
- Bestowed the 'National Award for Food Safety' in 2014' by the Confederation of Indian Industry
- Received a global sourcing approval from Mondelez
- Won prestigious "Food Safety Award" from CII in 2016 (Sunfresh Agro) a subsidiary of Prabhat Dairy

48.94%
Promoters' equity holding,
March 31, 2017

38.11%
Major institutional holding,
March 31, 2017

1099+
Team size,
March 31, 2017

800+
Dealer network,
March 31, 2017

1,18,823.01
Market capitalisation,
March 31, 2017 (₹ Lakhs)

1,43,739.46
Enterprise value,
March 31, 2017 (₹ Lakhs)

Milestones

1998

Incorporated by the members of the Nirmal family

1999

Commenced sale of liquid milk under the Prabhat brand

2005

Introduced value-added products (ghee and powder)

2008

Commenced sale of condensed milk to Kraft

2010

- Set up a dedicated condensed milk plant for Mondelez
- Received HACCP and ISO certifications

2011

- Forged B2B ties with reputed industry players
- Launched 'Prabhat Dairy Quality Mission'.

Consolidated financial highlights, 2016-17

Revenues (₹ lakhs)	EBITDA (₹ lakhs)	Net profit (₹ lakhs)	EBITDA margin (%)
1,41,112.96	12,805.42	4,694.26	9.1

2012

- Received private equity infusion from IABF, a PE firm managed by Rabobank
- Awarded best strategic supplier by Kraft and Abbott

2013

- Commenced milk processing capacity of 0.3 million litres per day, in Navi Mumbai
- Received private equity infusion from Proparco
- Added new capacities for curd, ice cream and milk powder

2014

Initiated marketing and branding activities to increase consumer business volumes

2015

- Commissioned manufacturing of cheese, paneer and shrikhand
- Successfully listed on the BSE and NSE bourses

2016

Launched new value-added products like ghar jaisa dahi, mishti doi, fresh paneer

2017

Launched popular and premium ranges of ice creams under the Volup and Volup Sinsane labels

---

3.3
Net profit margin
(%)

9,014.48
Cash profit
(₹ lakhs)

12.33
ROCE
(%)

4.84
Earnings per share
(₹)

Our products snapshot

The Company's state-of-the-art plant in Shrirampur and Navi Mumbai is equipped with cutting-edge technology and conforming with global quality standards to manufacture the following products amongst others:-

Dahi

Cow Ghee

Masala Chaas

Mango Lassi

Malai Panner

Paushti Milk

Fresh Toned Milk

Popular Double Toned Milk

Gold Cow Milk

Rich Full Cream Milk

730

Inventory cycles managed by Prabhat Dairy in a year

Prabhat Dairy.
Went digital before demonetisation

At Prabhat Dairy, we work with more than 85,000 farmers – twice over every single day.

The result is that we manage nearly 730 inventory cycles a year. When you consider that each farmer represents a supply point, the company manages nearly 6.2 million farmer engagements a year. Even as this is challenging in itself, there is an even bigger challenge – of paying these farmers for their deliveries.

In rural India where cash is king, farmers need to be remunerated virtually for each delivery so that they may keep their cash flows moving. The result is an even bigger challenge in being able to transport cash from point to point on a daily basis, raising concerns of safety and security.

When Prabhat Dairy first suggested that the long-term solution was digitisation, critics laughed. They said that farmers understood only cash; they would not comprehend the concept of virtual currency.

Prabhat Dairy engaged with farmers. Explained the advantages of virtual currency transfers. Enhanced trust within the system. Arranged for thousands of farmers to open bank accounts.

Besides, Prabhat registered dairy farmers with Vodafone M-Pesa. M-Pesa is a branchless banking service; M-Pesa customers can deposit and withdraw money from a network of agents that includes airtime resellers and retail outlets acting as banking agents. The service has empowered dairy farmers to deposit money into accounts stored on their cell phones, send balances using PIN-secured SMS text messages to other users and redeem deposits for regular money.

Prabhat extended one step further by drawing local retailers into this 'digital community'.

The result: Even as India suffered extensively on account of demonetisation, for farmers, who worked with Prabhat, it was business as usual.

Because these farmers went cash-less a number of months before demonetisation.

At Prabhat Dairy, we see our business at the cusp of exciting long-term growth.

Dear shareholders,

I am pleased to present the performance of our Company for the second full year following our initial public offer in 2015.

The Company validated the trust reposed by its shareholders. Even though the year under review proved challenging for reasons of climatic stress and market sentiment, I am pleased to report that Prabhat Dairy posted a 20.7% growth in topline and a 102.8% increase in its bottom-line.

Long-term growth

At Prabhat Dairy, we see our business at the cusp of exciting long-term growth for a number of reasons. Some of the reasons appear to be fairly sequential; some factors are the result of a national growth ferment that will translate into unforeseen positive outcomes across the foreseeable future for the consumer, company and country.

The prime driver of the sustainable growth of our business is a growing Indian prosperity. From a macro perspective, India has emerged as the global economic outlier of the last couple of decades. India was the 15th largest economy in the mid-Nineties; it is the seventh largest economy today. (Source: Investopedia) This outperformance has been the result of progressive Government policies that have catalysed economic growth, translating into enhanced disposable incomes. The average per capita income of India was ₹11,535 in the mid-Nineties, increasing to ₹41129 a decade later and an approximate ₹103,818 today. The numbers indicate that what the country achieved in the first 60 years of Independence has been more than replicated in the following decade – a larger growth in a considerably compressed period of time.

This increase in incomes has had a corresponding impact on disposable incomes: the average Indian is eating better today; the nutritional intake of the average Indian has increased from 2380 kilogram calories to 2455 kilogram calories, clearly connecting increased incomes to a better nutritional life quality.

India's milk production sector has been one of the principal beneficiaries of this transition; milk represents one of the highest and most conveniently accessible vegetarian forms of protein, relevant for people of all ages. We believe that in a society that is becoming increasingly aware of nutritional balance, the consumption of milk will play a growing role.

Optimism

We foresee extensive headroom for milk consumption in India for some good reasons.

Firstly, India is possibly the world's largest incremental population driver; the country's annual addition of an estimated 15,711,130 individuals is arguably the largest in the world, indicating a growing market for milk consumption.

India has a vastly untapped market for milk: the per capita consumption of milk in India was an estimated 97 litres a year compared with peer countries like US (285 litres per year). This indicates that while on the one hand, one foresees a sustained population increase, on the other hand, one foresees an increase in milk consumption within the existing population – a volume cum value play that is expected to grow India's milk consumption across the foreseeable future.

Even as these realities are gradually unfolding, what is transpiring even faster is a growth in consumer aspirations. These aspirations are being driven by the sheer diversity of factors beyond the industry's control or influence. For instance, we believe that the Indian Government's foresight in extending electricity access down to the last village through the Deendayal Upadhyaya Gram Jyoti Yojana scheme could generate a number of benefits: an increased investment in television sets could provide a window to the world, catalysing lifestyle preferences through electronic promotions focusing on nutritional hygiene that could lead to an increased consumption of milk and milk products from unorganised to organised providers. We believe that in the foreseeable future, wider and deeper access to electricity will also translate into residential and industrial refrigeration that makes it possible to store milk and milk products.

At Prabhat Dairy, we believe that the most dynamic Indians comprise the youth, early wage-earners and the financially independent. This young India is open to experiment even as its predecessors were conservative; this young India is willing to spend higher amounts of money in contrast to its preceding generation used to spending low amounts; this young India is open to buying packaged and branded products unlike the earlier generation that was happy to consume the loose and unpackaged.

India has a vastly untapped market for milk: the per capita consumption of milk in India was an estimated 97 litres a year compared with peer countries like US (285 litres per year litres).

Supply-side economics

What I have indicated until now addresses the demand perspective of the country's dairy economy. I will now discuss the country's prospects with respect to the supply perspective.

India enjoys the largest cattle head-count in the world but one of the most extensively untapped dairy product markets. As rural prosperity rises, we foresee a larger spending on scientific cattle healthcare translating into enhanced yields. For a country as vast as India, one foresees the need for setting up stronger cold chains. One foresees more capital entering the sector. One foresees a greater importance among Indian companies to work extensively with farmers in enhancing milk supply as opposed to working only towards achieving the end of the value-chain. One foresees a larger role being played by the industry in enhancing awareness of the need to drink milk, broadening the market.

A couple of decades ago, if someone had told us that the size of the country's dairy sector would grow to what it is presently, one would have disbelieved. We believe that moving forward, with the entire social, economic and financial capitals converging, the sector should report even quicker growth on a larger consumption base, a reality that would make us the most compelling dairy market in the world.

Prabhat Dairy's positioning

At Prabhat Dairy, we are attractively placed to capitalise on this transition.

First, we are among the largest organised players in the regions of our presence, which provides us with a sizeable critical mass in terms of profitability, visibility and business sustainability.

Second, we have successfully reconciled two challenging aspects of our business - milk aggregation through a widening supply chain on the one hand and a downstream production focus on the other. We believe that these two could be considered completely different businesses warranting diverse competencies; our ability to stitch the businesses together provides attractive synergies, enhancing our margins and viability across market cycles.

Third, we have invested in four pillars to drive our business growth: infrastructure scale and sophistication; combining proactive vision with employee professionalism and satisfaction, direct engagement with farmers for milk procurement, and a distinctive ability to grow brands from scratch towards wider acceptability.

Fourth, while in the pursuit of industry-outperforming growth, we have progressively invested in de-risking. Our extended value-chain represents the heart of our de-risking, making it possible to extend the benefits derived out of efficient procurement towards patient investments in branded packaged products. Within the latter segment, in an area marked by high mortality, we have invested in large and modern processing capacities resulting in attractive economies of scale; we have allocated a part of this capacity in servicing the growing requirements of large multi-national customers that not only enhance the consumption of milk produced by us but also make it possible to comprehend and deliver in accordance to evolving global food standards. The rest of our milk product capacities are consumed captive to the extent that our brands and Balance Sheet can sustain. We believe that this decision to invest in large technology-driven capacities, coupled with prudent capacity allocation, has helped our Company

remain viable with an internal flexibility in responding either to the needs of external customers or downstream consumers.

Outlook

Going ahead, Prabhat Dairy will grow its presence in each business segment.

We will widen our milk procurement circle that provides us with a larger foundation on which to build our institutional and consumer businesses.

We will invest in technology-based assets that enhance our capability to manufacture a wider range downstream food products at a higher manufacturing efficiency.

We will seek to work with a larger basket of multinational and prominent Indian food brands that provide us with a steady revenue source and precious learning opportunities.

We will continue to accelerate product launches supported by prudent brand investments.

We will continue to widen and deepen our distribution network with the objective of providing products on shelves, whenever consumers need them.

These are some of the things that we have been doing over the last few years; these are the very things that we will continue to do across the foreseeable future in our quest to evolve from a back-ended milk-based Company into a consumer-facing milk products institution.

Sarangdhar R Nirmal
Chairman cum Managing Director

OUR 5-POINT STRATEGY

Supply chain: Widen milk procurement circle

Technology assets: Widen product range; enhance operational efficiency.

Institutional customers: Work with more multinational and institutional food brands

Proprietary launches: Accelerate brand and product launches

Distribution footprint: Place products perpetually on shelves

"Prabhat Dairy is strengthening its DNA by continuing its institutional and customer-facing business"

Mr. Vivek Nirmal,
Joint Managing Director,
reviews the Company's 2016-17 performance

Dear shareholders,

There is a singular message that I wish to send out to shareholders through this operational review: Prabhat Dairy has embarked on the process of transforming its DNA from that of a back-ended milk process and institutional sales-driven company into a downstream customer-facing branded institution.

This evolution has been in evidence across the last few years: even as recently as FY2013-14, the company derived less than 20% of its revenues from branded milk-based products, which increased around 30% in FY 2016-17 and is expected to increase to 50% by 2020 (on a larger revenue base). The result is that in the last three years, our branded dairy products business has been growing at a healthy CAGR; this outperformance will sustain across the foreseeable future.

Evolution

The evolution of the Company is imperative and necessary for good reasons.

At Prabhat Dairy, we believe that dairy-based brands represent the most sustainable play within the country's sector; these companies possess a considerable buffer for absorbing unexpected price increases; they possess unique franchise value that makes it possible for them to pass cost increases to customers when they judiciously desire; they influence consumption trends as opposed to merely following patterns; they inspire pride among stakeholders resulting in superior recruitment, wider funding lines and moderated finance costs; they graduate the Company towards superior margins and any-market sustainability.

At Prabhat Dairy, we are under no illusion: this transition is not likely to be seamless. The dynamics that go into growing a brand-led business are completely different from how we have traditionally grown the institutional business. The brand-led consumer-interfaced segment of our business requires a deep understanding of how consumer preferences are changing, what products would be required across the foreseeable future, how we need to differentiate our products in competitive market spaces, how we need to create brands from scratch, how much of brand spending would be warranted within the Company's desired risk appetite, how well we need to distribute our products to prevent stock-outs and how competently we need to manage our quality to remain compliant with the ever-increasing benchmarks of the FSSAI in India.

Prabhat Dairy's preparedness

I am pleased to report that a reinventing Prabhat Dairy is responding with speed and sensitivity to these demanding requirements.

One, the Company widened the categories of its presence significantly.

Two, the company's customers comprise prominent brands like Mondelez, Britannia, Abbott, Dominos, Pizza Hut, Nestle and Patanjali, respected for quality, ingredient integrity, superior packaging and shelf availability.

Three, each of our categories is reporting growth higher than their respective category spaces: our skimmed milk powder brands grew 87% in FY2016-17; our ghee and butter brands grew 18% in FY2016-17.

As the growth momentum accelerates, we believe that the branded segment will move the organisational needle towards higher margins and stronger sustainability.

Organisational renewal

A reinventing Prabhat Dairy will maintain its leadership position in the ingredient business, while focussing equally on the consumer business.

We are presently engaged in strengthening the company across its entire range of operations. We are not addressing select pockets; we are raising the overall water table within.

Culture: At Prabhat Dairy, we believe that outperformance comes from a different way of doing business; a different way of doing business is derived from superior merit-based recruitment based on the company's specific needs, challenging workplace, encouraging support, targeted delivery, professional performance appraisal and corresponding reward cum recognition. We are pleased to state that the Prabhat Dairy of today is an empowering organisation nurturing a number of leaders from within. In line with this transition, the Company participated in the Great Place to Work survey, validating its position as one of the most exciting companies within India's dairy products sector.

Procurement: The complexities related to procurement usually revolve around the distance between the point of procurement and the plant. While addressing procurement we ensure that the product freshness is retained during the journey. The Company is establishing a coordinated network of collection centres and bulk chilling centres outfitted with best-in-class equipment to monitor milk quality as well.

Breeding: At Prabhat Dairy, we believe that success is derived from a robust foundation. In line with this conviction, the company embarked on the initiative to breed a better cattle strain. Prabhat entered into a five-year arrangement with a 50-year old NGO called BAIF to provide competent cattle-breeding services in Prabhat's milk-sheds. BAIF comes with impeccable credentials; the company has implemented cattle breeding programmes in 26 states.

Modern trade: At Prabhat Dairy, we believe that as products are branded better, they need to be marketed better as well. In line with this, we are enhancing our presence across the country's modern trade format, which is growing faster than the conventional distribution alternative. We succeeded in marketing a larger throughput of branded products through Maharashtra's modern trade format; we expect to extend our modern trade presence across the country over the coming months.

Services: At Prabhat Dairy, we believe that in a country with a relatively low per capita consumption of branded products, success will be derived from not just carving out a larger market share but in being able to enlarge the market as well. In view of this, the Company extended into the food services business; its specialists worked closely with hotels and restaurants to apply the Company's food products into active menu items.

Branding and promotion: At Prabhat Dairy, we will not only need to increase pure spending on branding and promotion; we will need to promote products through different means – television commercials and in-theatre advertising, for instance, to promote the new launches.

Information technology: At Prabhat Dairy, we believe that as competition increases, companies will need to move faster. In addition to mindset, this increased organisational momentum will need to be derived from growing investments in information technology. During the financial year under review, the Company introduced a mobile app to facilitate a technology-driven monitoring of milk procurement as well as sales data in wider range. The Company also strengthened the use of SAP across organisational functions with the objective to enhance informed decision-making.

Our branded dairy products business saw healthy growth during the year under review. As this momentum accelerates, we believe that this business segment will move the organisational needle towards higher margins and stronger sustainability.

HOW WE ARE STRENGTHENING THE COMPANY

Culture: Positioning it as one of the most exciting dairy companies in India

Procurement: Majority of milk procurement within ~160 kms

Breeding: Five-year arrangement with BAIF to provide competent cattle-breeding services

Modern trade: Marketed more branded products through Maharashtra's modern trade format

Services: Specialists worked closely with hotels and restaurants to widen applications across menus.

Branding and promotion: Promoted products through different media.

Information technology: Growing investments in mobile app and SAP

Alliance: Prabhat Dairy provided finance to farmers for livestock purchase and management; the Company facilitated the farmers with an insurance company to protect themselves from the financial impact of cattle diseases and mortality.

Digital platform: At Prabhat Dairy, we introduced Sales Force Automation with the objective to automate routine and time-consuming tasks like scheduling sales appointments, follow-up letters and emails, tracking contacts and updating sale opportunities. Through this initiative, the sales team is empowered with immediate access to order information, strengthening customer experience. The company also launched a smartphone-compatible procurement application that provides daily updates on milk

quality and clean milk validation.

Operational review

During the year under review, the Maharashtra Government declared 14,708 of the state's 43,000 villages drought-affected, accounting for a little more than 34% of the state. This second successive year of drought in Maharashtra affected the company's milk procurement. As regional milk supply moderated and milk prices increased, the Company's margins were affected.

However, it would be fair to report that the impact on the company's margins would have been worse but for a number of passion-driven initiatives that the Company embarked upon. Prabhat Dairy widened and deepened its milk procurement. Prabhat Dairy increased the number of procurement partners – Prabhat Mitras – to enhance milk procurement. Prabhat Dairy convinced farmers about consistent procurement; it impressed upon them the virtues of partnership over vendorship; it assured them of timely payment. The result is that the Company's EBIDTA margin declined only marginally from 9.98% in 2015-16 to 9.07% in FY2016-17 (without factoring extraordinary income).

Optimism

At Prabhat Dairy, one is optimistic of sectoral expansion and corporate growth for some good reasons.

The implementation of the Goods & Services Tax will strengthen organised sector prospects within the country; the change in taxation rates would be neutral-to-positive for companies like ours.

Our cold chain proposal got approved for the eligibility claim of a grant of ₹10 crore under the integrated cold chain scheme of the Ministry of Food Processing industries.

There are a number of ways in which we are extending this sectoral optimism to corporate initiatives.

We are widening the procurement circle by reaching out to a larger number of farmers without comprising our logistic efficiency. We are enhancing our milk quality.

The implementation of the Goods & Services Tax will strengthen organised sector prospects within the country; the change in taxation rates would be neutral-to-positive for companies like ours.

We are capitalising on the fact that each of our prestigious B2B clients is growing their branded business, which is providing us with larger orders. We are creating a stronger Prabhat Dairy brand through stronger investments across diverse media. We are strengthening our packaging in line with increasingly stringent FSSAI requirements.

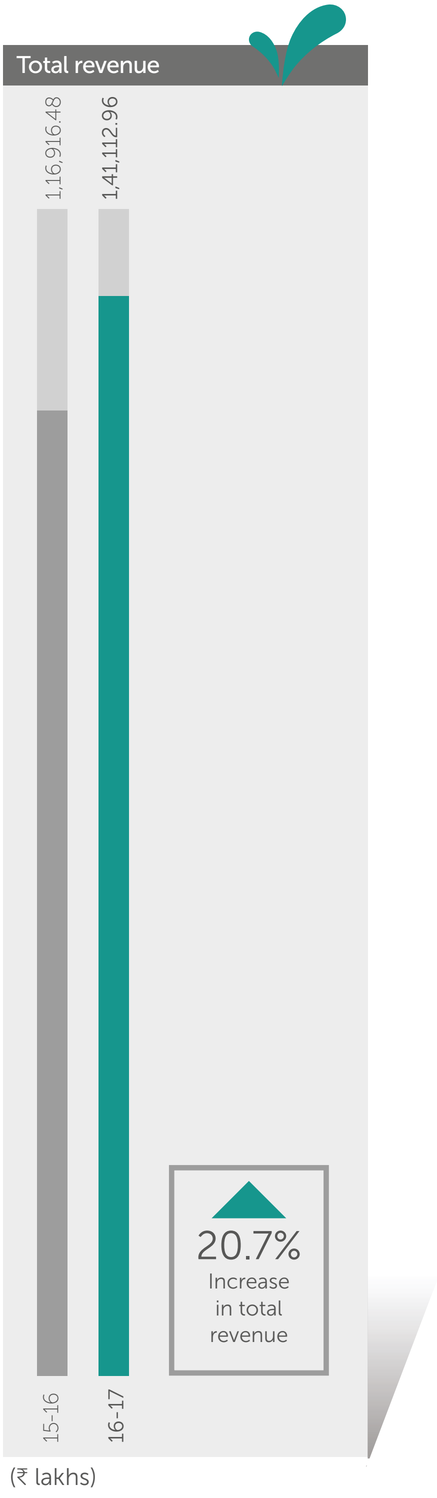
Overview

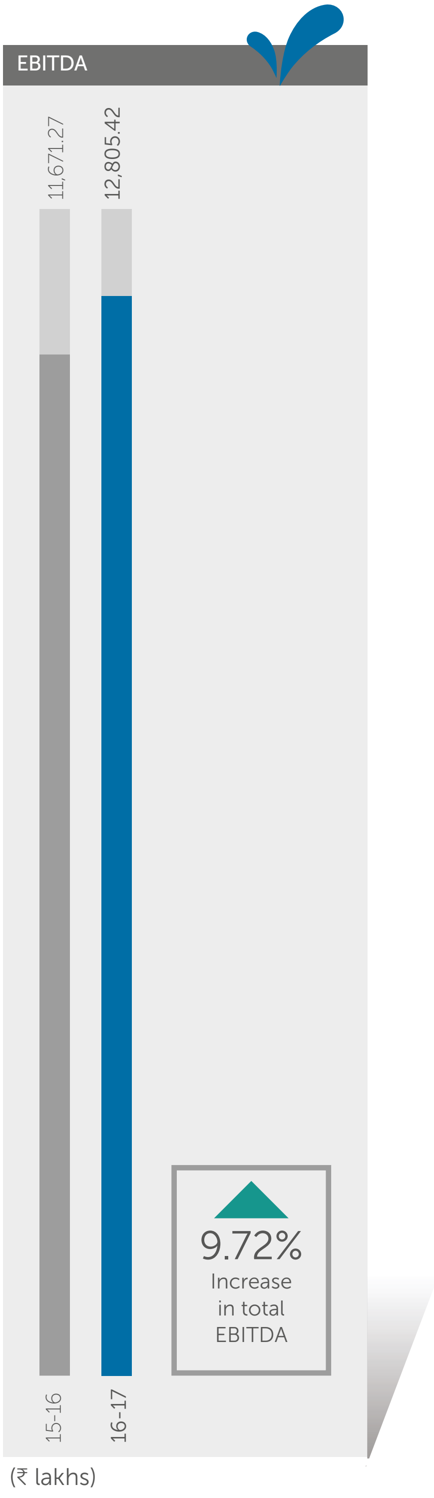
I must end with a significant development that transpired during the year under review.

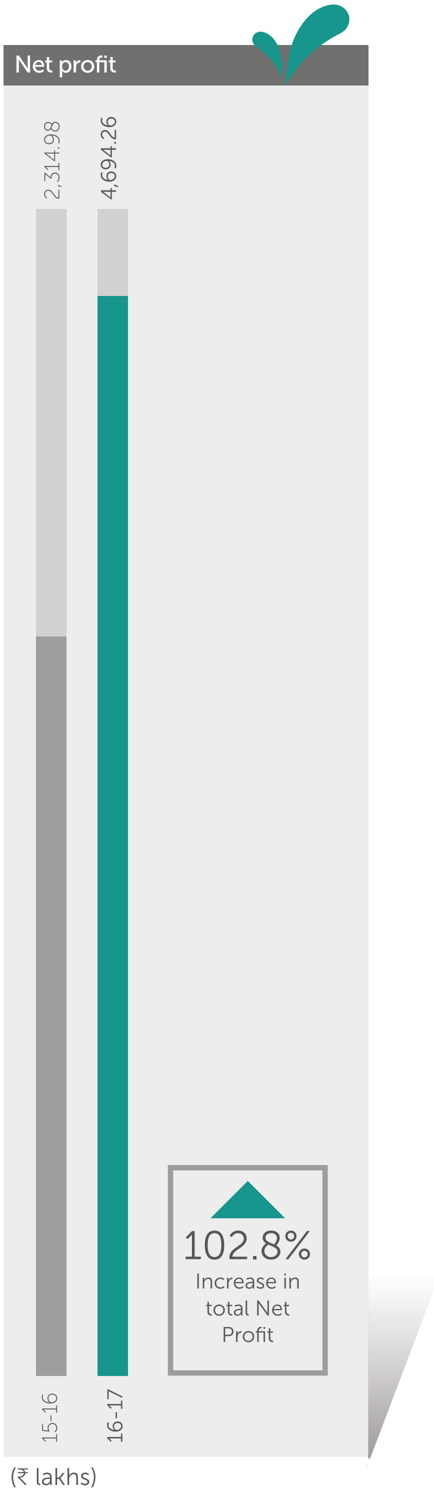
Sunfresh Agro Industries, the wholly-owned subsidiary of the company, received the 'Mega Project' certificate, under which it is entitled to receive VAT refund incentives for a maximum amount of ₹260 crore across seven years, reflecting under the other operating income to the company. During the year under review, Prabhat Dairy received ₹15.81 crore out of the total accruals of ₹33.22 crore as VAT refunds for three years ending 2016-17, which helped strengthen the company's non-operating income.

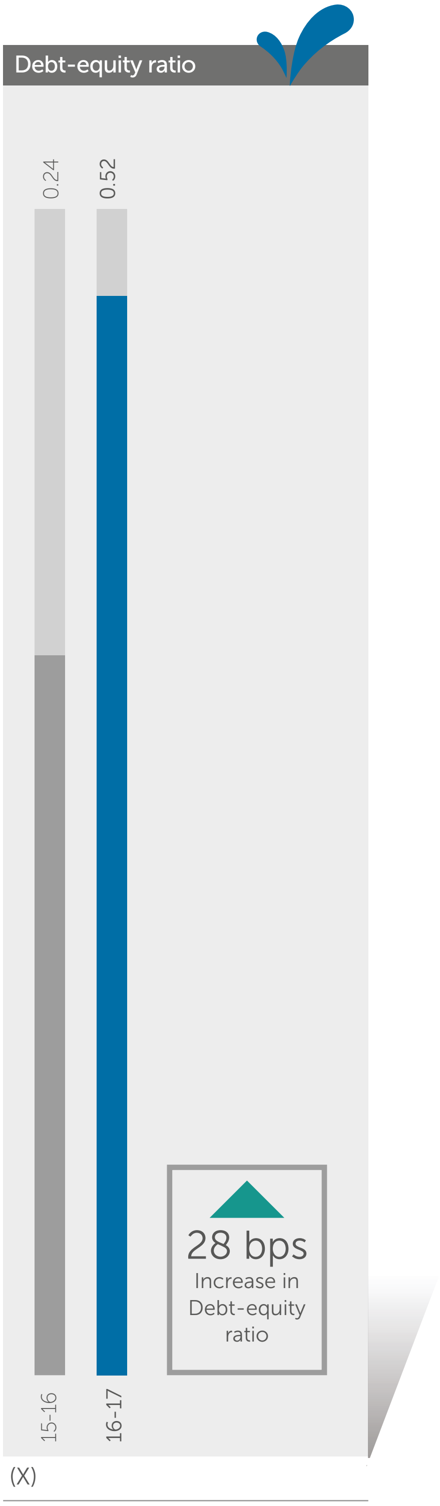
In view of these realities, I am pleased to state that Prabhat Dairy addresses a growing, profitable and sustainable future.

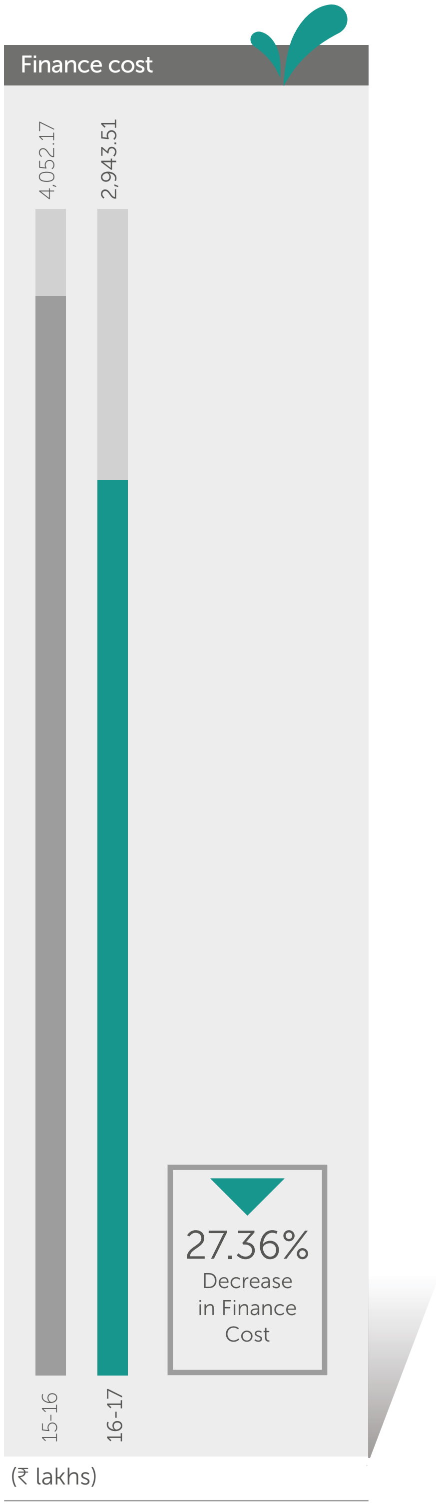
Our key performance indicators

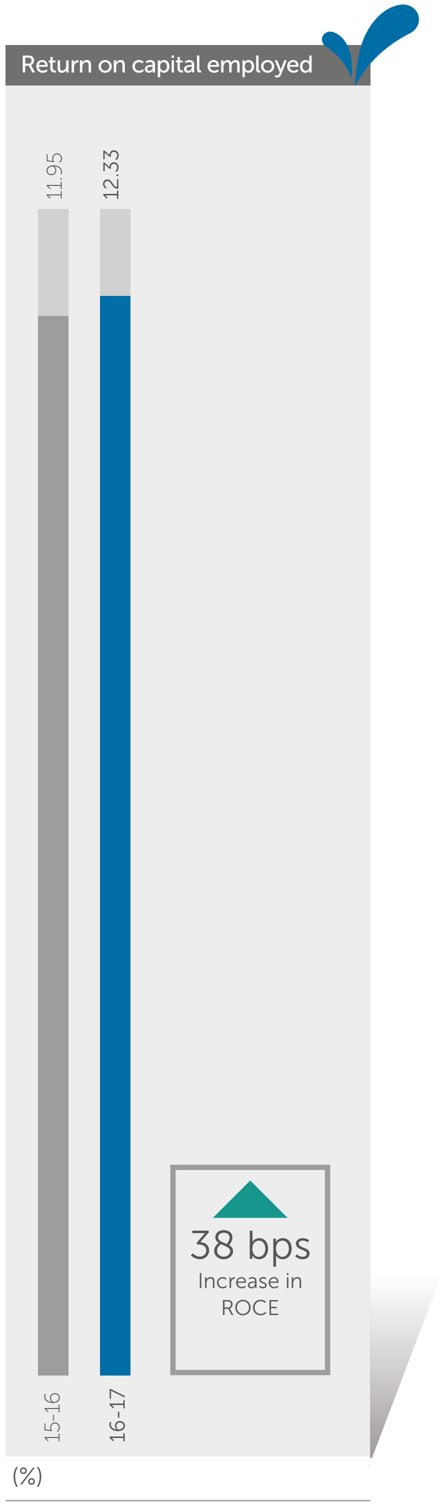







Debt-equity ratio
0.24
0.52
15-16
16-17
28 bps
Increase in Debt-equity ratio
(X)


Finance cost
4,052.17
2,943.51
15-16
16-17
27.36%
Decrease in Finance Cost
(₹ lakhs)


Return on capital employed
11.95
12.33
15-16
16-17
38 bps
Increase in ROCE
(%)

How we enhance business value

RESOURCE MANAGEMENT

Resource management
The company's strategy helped strengthen the bottomline across the years ending in 2016-17.

Directness
The margins in milk procurement are clearly influenced by the directness of procurement (without intermediaries) from dairy farmers and registered vendors - ~70% of its raw milk procurement quantum - making it possible to protect quality and graduate a transaction into a relationship of mutual trust and benefit.

Footprint
The company selected to grow its milk procurement footprint in Maharashtra, a significant cow milk-producing state of India. Prabhat has a well-coordinated network of collection centres and bulk chilling centres equipped with best-in-class equipment and infrastructure for milk collection.

Partners
The Company engaged dedicated partners called Prabhat Mitras to co-ordinate milk procurement (educating farmers in cattle breeding, nutrition, medication and cattle financing) and veterinary cum para-veterinary Pashu Mitras (assist in cattle medication, de-worming and vaccination). These engagements have made the company's business scalable.

Holistic welfare
The operative word in successful milk procurement is trust. Prabhat assists farmers with loan sanctions needed for cattle and livestock purchase, inculcates modern breeding practices to enhance milk productivity, supplies rich nutritive fodder at subsidised rates and veterinary support through qualified medical personnel – in addition to timely payment, fair valuations and remunerative prices.

Transparent pricing
Prabhat generates detailed receipts which outline various qualitative (fat and SNF content, among others) and quantitative aspects. The remuneration is transferred directly to the farmer's bank account.

IN-PROCESS EFFICIENCY

Infrastructure sophistication
Prabhat's production facilities in Shrirampur and Navi Mumbai are equipped with advanced technologies which enhance quality and operations control. Computerised milk testing facilities and comprehensive enterprise management programmes are complemented by innovative packaging and filling machines.

Supply chain
The company's competitiveness is defined not only by its milk aggregation availability; it is influenced by repeated engagement (twice a day) coupled with a cold chain that keeps milk fresh. The strength and consistent repeatability of this supply chain function defines competitiveness.

Logistics
The Company's milk processing units are located in the cow milk-producing belt of Maharashtra, enjoying ease-of-access to one of the largest urban milk consuming centres in the world and translating into proximity to large institutional customers on the one hand and retail consumer markets on the other.

Scale
Prabhat has made proactive investments in scale, sophisticated technologies and quality certifications. The company's manufacturing scale (aggregate milk processing capacity of 1.50 million litres per day) generates consistent customer-assuring supply. The company's cheese manufacturing capacity is the largest in India; the condensed milk capacity is one of the largest in Asia; the yoghurt plant is respected as one of the best in India.

Quality certifications
Prabhat has strengthened its business through certifications that validate its process integrity – Food Safety and Standards Authority of India, Agmark (for ghee and butter), IS 1166:1986 (for condensed milk, partly skimmed and skimmed condensed milk) and Halal (for skimmed milk powder, whole milk powder, dairy whitener, sweetened condensed milk and UHT milk varieties). ISO14001:2004 & OHSAS18001:2007

Knowledge capital
Prabhat employs one of the richest knowledge pools within the country's dairy sector – a hands-on understanding of milk farmer realities, in-process operations and downstream productisation. The result is a high operating efficiency that translates into lower costs, higher throughput and quality consistency.

DOWNSTREAM BUSINESS-BUILDING

Productisation
The company has combined milk processing with the manufacture of value-added downstream products like sweetened condensed milk, cheese, paneer, ghee, flavoured milk, skimmed milk powder, dairy whitener, UHT milk, shrikhand, curd, whole milk powder etc. Even as the latter business is relatively small, it is growing rapidly and is expected to account for 50% of revenues by 2020.

Outsourcing
Prabhat addresses the specialised needs of large and demanding food processing companies (multinational and Indian). This role as a dependable products supplier to these brands makes it possible for the company to comprehend transforming consumer needs on the one hand and provide the company with adequate through put that justifies investments in large manufacturing facilities (translating into economies of scale).

Distribution
The downstream business of the company warrants the placement and availability of branded products on the shelves of retailers, warranting the creation of a distribution network. The robustness of this network will enable the throughput of a larger number of products, enhancing share of the retailer's wallet and consumer convenience. The company's products were available across 1,10,000+ retail points in Maharashtra and 26 states.

Brand building
As a part of the brand building initiative, Prabhat Dairy in addition to promoting existing distinctive brands (Prabhat, Prabhat Milk Magic and Prabhat Flava) that address diverse lifestyles, purchasing power and age profiles, also launched Volup and Sinsane Ice cream brands to address a fast growing market.

Clientele
Prabhat has selected to work with demanding and financially robust institutional customers like Mondelez India Foods Private Limited, Abbott Healthcare Private Limited, Britannia Industries Limited, Mother Dairy Fruit & Vegetable Private Limited, Pizza Hut, Dominos and Patanjali, among others.

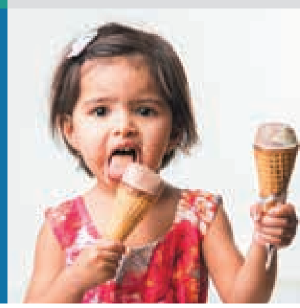
The big numbers

147
(million metric tonnes)
India's milk production

98.3
(million litres per day)
India's milk processing capacity

75
(million)
Dairy farmers in India

80,000
(₹ crore)
Indian organised dairy market size



How Prabhat transformed and strengthened its operations

Prabhat was affected by drought in Maharashtra in 2015 and 2016

- The company made arrangements to procure milk from adjoining states
- The company incurred a higher logistics cost
- The company ensured its milk processing infrastructure and value-added product facility operated at a high utilisation
- The company's downstream customers were serviced with consistency
- The company protected itself from margins erosion

Prabhat was once just a milk procuring company

- The Company extended its role to educate farmers in livestock management
- The Company arranged as well as provided finance for livestock purchase and management
- The Company partnered veterinary doctors to enhance cattle health
- The Company paid milk farmers directly through online transfers
- The procurement network further strengthened

18.5
India's percentage share in global milk production

35.4
Market share (%) of value-added dairy products

20.3
Market share (%) of India's organised dairy market

15
Average Indian household expenditure (%) on food accounted by milk / milk-based products

Prabhat was largely a milk processing company a few years ago

- The company embarked on the journey manufacture of dairy products
- The Company selected to work as a supply partner to large branded companies
- The Company prudently launched proprietary dairy brands
- The Company widened its product portfolio
- The proportion of branded dairy products increased from less than 20% of revenues in 2012-13 around 30% in 2016-17

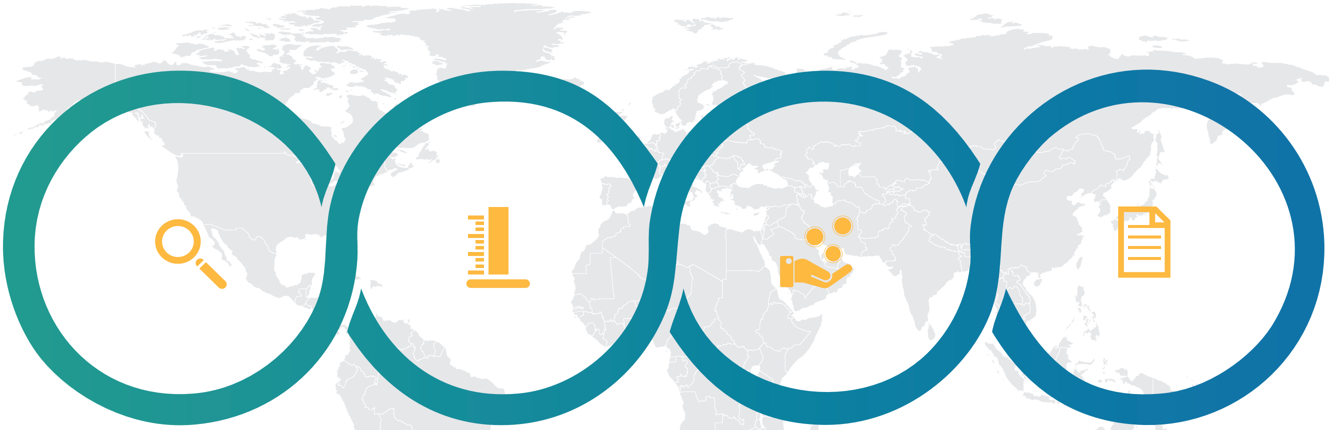
Prabhat was once a Maharashtra brand

- The Company widened its distribution network
- The Company entered into multi-tier distribution relationships
- The Company entered into outsourcing arrangements with prominent food companies
- The Company's HORECA supply networks helped deliver directly
- The Company's products are available in 26 states and 3 Union Territories

Our performance ambition

Goal

To emerge as a pan-India consumer milk and dairy product brand by FY2020 with 50% of revenues from branded products.



Goal contributors

- State-wide distribution network
- Strategic expansion of retail footprint
- Value-added product portfolio
- High operational productivity
- Strong procurement network

Performance measurement

- Grew revenues by 20.7% from ₹11,691.64 million in FY2015-16 to ₹14,111.3 million in FY2016-17
- Grew PBT margin from 3.13% in FY2015-16 to 3.93% in FY2016-17
- Grew net profit by 102.8% to ₹469.4 million in FY2016-17
- Increased the share of value-added products in the portfolio from 53.3% in FY2012-13 to 86.3% in FY2016-17

Prospective investments

- Leveraging technology to enhance operational efficiency and moderate costs
- Train employees to enhance productivity
- Extend into new markets through a superior logistic network

Prospective initiatives

- Focus on Tier-II and Tier-III towns with rising per capita incomes
- Connect with every strata of the consumer ecosystem through extensive engagement programmes
- Assist dairy farmers through relevant engagement programmes
- Increase share of value-added products in the portfolio (cheese, paneer, shrikhand, curd, ice cream, flavoured and UHT milk).

We intend to increase the share of value-added products in our portfolio (cheese, paneer, shrikhand, curd, ice cream, flavoured and UHT milk).

Milk procurement management

Logistics

- The Company procures a majority of the milk from nearest supply points to its milk processing plants to protect milk freshness
- The Company established a network of collection and bulk chilling centres outfitted
- These centres were invested with best-in-class equipment to monitor milk quality.

Partners

- The company engaged dedicated procurement partners (Prabhat Mitras)
- The Company engaged 40 field officers and 12 veterinarians (as of 31 March 2017).
- The Company engaged BAIF to operate cattle breeding centres (50 cattle breeding centres to provide doorstep services of Artificial Insemination (AI), vaccination, de-warming etc. to ~25,000 milk producers across 500 villages in Phase 1).

Infrastructure

- The Company tests collected raw milk at milk collection centres
- As of 31 March 2017, the Company had 481 milk collection centres and 115 bulk milk coolers (across 600 villages).

Discipline

- The Company outlined qualitative (fat and non-fat solid content, among others) and quantitative aspects.
- The proceeds were transferred directly to the farmer's bank account.

Dairy farmer welfare, 2016-17

- Launched Project Mahavistaar (bulk milk coolers installed in Ahmednagar and Solapur)
- Commenced Project Parivartan (56 bulk milk coolers installed coupled with timely payments, infrastructure development and enhanced quality)
- Extended area under dairy quality management program; arranged door-to-door visits for new farmers
- Commissioned 20 Prabhat Shetakari Suvidha Kendras (provided cattle feed, mineral mixtures, milking machines, chaff cutters, preventive medicines and silage bags)

Operational highlights, 2016-17

- The Company commissioned a network of bulk milk coolers in Ahmednagar, Solapur, Pune, Nashik and Aurangabad
- This increased access to pure cow milk (free of aflatoxins and antibiotics)
- The Company educated farmers in growing fodder, saving water and enhancing milk yields
- The Company supplied subsidised cattle feed to dairy farmers
- The Company commenced financial literacy programs at Shrirampur for dairy farmers

2016-17 review

- Drought impaired milk collection
- Raw milk prices increased by 40% over previous year
- The Company procured milk from Karnataka
- The Company partly countered a price hike through the manufacture of value-added products

Outlook

- Double the dairy farmer base in two years
- Widen milk collection and chilling centre network 80% in three years
- Strengthen farmer ties by providing veterinary services and quality cattle feed
- Associate with 10 more registered milk vendors in two years

Launched volup and sinsane

In the midst of the 2016 demonetisation, Budget proposals, the dairy industry going through crunches in milk supply and other issues, Prabhat Dairy continued to launch dairy products.

Prabhat's Volup offers a popular range of unique flavours blended with real milk ice cream. Some of the premium products on offer comprise sub-brands of Volup – Sinsane Chocolate Bars and Sinsane Sticks, Crunchies, Drippers, Fruit Crush and Kulfi etc. The menu also offers tubs, party packs and cups in a number of fruit and milk-based flavours.

Chocolate Cone

Belgian Exotica

French Vanilla Bar

Sinsane Tub Alphonso Mango

Twistie

Ringo

kesar kulfi

Butterscotch

Choc Choco Bomber

Krush

Sinsane Tub Zaffrani Badam Pista

Marketing, sales and distribution

Marketing overview

- Manufacture of value-added dairy products addresses the growing needs of prominent food and pharmaceutical companies
- These comprise brands like Mondelez, Abbott, Britannia, Mother Dairy, Patanjali, Sun Pharma, Vista Foods, Domino's, Pizza Hut, Vadilal, Global Consumer Products, ITC, among others.
- Prabhat Dairy established its presence across several states and key product segments through strategic marketing campaigns, which emphasise the freshness quotient and health consciousness.

Proprietary products

- The Company established its presence across several states and key product segments
- Promotion was directed through a variety of media (outdoor ads, digital campaigns, POS activations and newspaper inserts, among others) – guaranteeing a 360 degree coverage.

- Two lakhs recipe books were distributed across retailers during Diwali

Operational highlights, 2016-17

- Conducted an online social media campaign
- Inaugurated a call centre to service clients round-the-clock
- Participated in the prestigious Gulfood 2017, Dubai; engaged with leading distributors of cheese, paneer and condensed milk
- B2C segment accounted around 30% revenues (as on 31st March, 2017)

New launches, 2016-17

- Launched an innovative range of milk powders for preparing premium quality Punjabi paneer, Bengali sweets and curds
- Launched curd with no preservatives in Mumbai
- Launched fresh paneer in attractive thermoform packaging (extended shelf life from 15 to 21 days)
- Launched all-rounder cheese in HORECA division.
- Launched Volup range of ice creams for the upwardly mobile

Sales

Overview

- Periodic interventions enhanced capabilities, strengthening productivity
- The Company increased sales professionals to 270
- With the incursion of cutting-edge-technology in the realm of dairy products manufacture, the need for qualitative consistency sky-rocketed.
- Launched sales App

Operational highlights, 2016-17

- Registered a y-o-y growth of 18% in milk packing quantity
- Registered a y-o-y growth of 10% in curd sales

Distribution

Overview

- The Company continued to leverage its unique distribution networks like Mahavistar and HORECA (exclusively for Curd, Paneer, Cheese etc. distribution).
- The Company's distribution network comprised 40 CSA/super stockists, 6 C&F (carrying and forwarding) agents, 135+ modern retail shops, 800+ distributors as on 31st March 2017.
- HORECA presence across all major cities in India.
- In long shelf life products (LSP), the Company has more than 500 distributors in 26 States.

Outlook

- Introduce innovative products
- Enhance product availability in existing and new markets
- Increase the share of value-added products (cheese, paneer, shrikhand, curd, ice-cream, flavoured and UHT milk)
- Strengthen its respect as a B2B supplier of choice

Management discussion and analysis

Global economic overview

The pace of global economic activity was mixed in 2016 as a number of crosswinds affected re-acceleration. The year was marked by the United Kingdom's decision to exit the European Union and the election of Donald Trump as the American President. Within advanced economies, comprising the US, Europe and Japan, a protracted monetary policy support and return to fiscal neutrality underpinned a generally-accelerating output. In countries outside the advanced economies, the sources of slower growth comprised commodity price declines, overhangs from erstwhile credit growth and political turmoil.

Global growth was 3.1% in 2016, the forecast revised downwards by 10 bps for 2017 compared to the April 2016 projections. Long-term prospects of emerging market economies improved following a decline in interest rates in advanced economies and firming commodity prices.

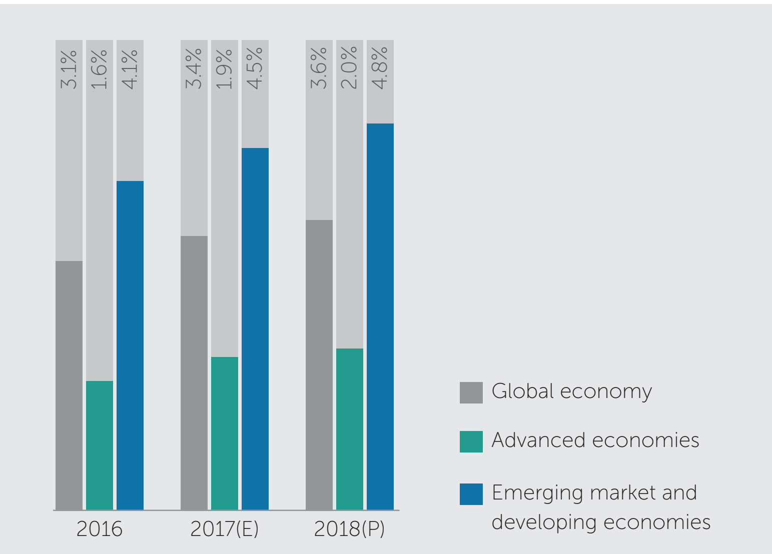
Asia and India demonstrated robust growth. The currencies of advanced commodity exporters have also strengthened, reflecting the firming of commodity prices; however, several emerging market currencies depreciated substantially.

Outlook

The global economy entered its sixth year of stagnation with growth estimates for 2017 continuing to trend the historical path. A projected stabilisation in energy and commodity prices may strengthen the case for resource-rich economies in 2017.

Global growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018, driven by stronger economic activity, expectations of robust global demand, reduced deflationary pressures and optimistic financial markets. *(Source: IMF).*

Economic growth



Indian economic overview

The Indian economy slowed in 2016-17 to 7.1% from 7.9% in FY2015-16, largely owing to the currency demonetisation in the third quarter of the financial year under review. However, the general undercurrent continued to be optimistic; India's consumer confidence index stood at 136 in Q4 2016, the highest in the world.

India retained its position as the fastest growing major economy in the world catalysed by strong consumption growth and enhanced government spending. Inflation declined on account of a decline in food inflation. This facilitated a 50 basis points rate cut by the RBI in 2016-17. A declining vulnerability on the external and fiscal front and fiscal consolidation by the government enhanced investor confidence that translated into record net foreign exchange inflows.

The year under review was also marked by the government's demonetisation initiative and the preparatory work related to the introduction of the goods and services Tax (GST). While the first initiative focused on eliminating the parallel economy, the second is expected to transform the country's taxation structure.

Outlook

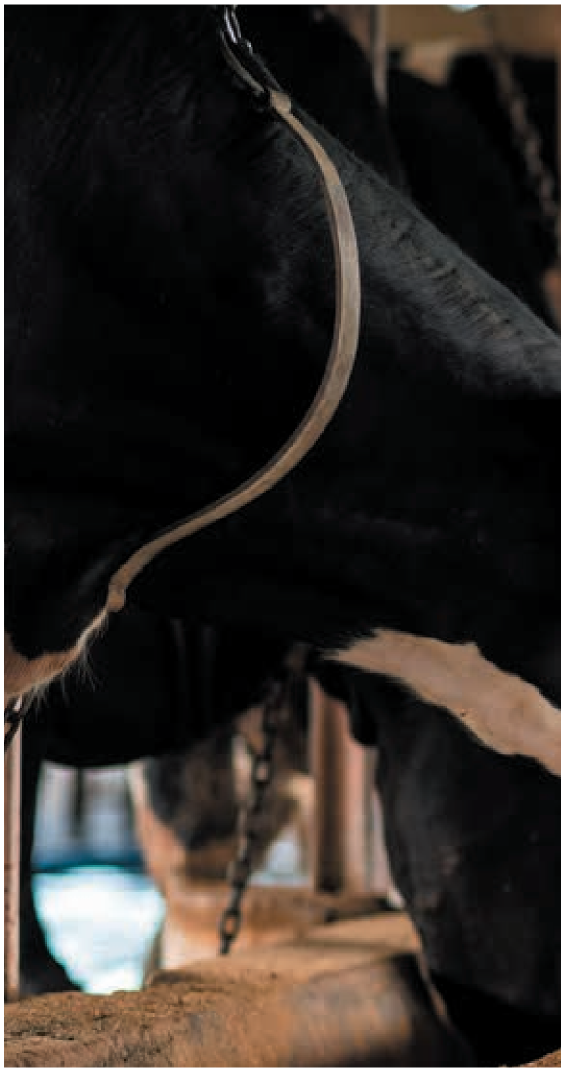
India's outlook remains positive with economic growth expected to rebound in the range of 6.75-7.5% in FY2017-18. The adoption of the Goods and Service Tax promises to create a unified taxation regime. This could enhance the efficiency of production and movement of goods and services across India. This critical fiscal policy could make an important contribution to raise India's medium-term GDP growth to >8%. The Union Budget 2017-18 laid a keen emphasis on rural infrastructural development which is supposed to have a cascading multi-sectoral impact. Finally, the Central Government's policies towards achieving fiscal consolidation, reforming the agricultural sector and the labour market and moderating inflation are expected to accelerate India's economic growth over the medium-term. *(Source: IMF)*

Global dairy market

The global dairy sector continued to face challenges with milk prices declining in most parts of the world in the last two years. Though a partial price recovery is expected, uncertainty remains due to the increased production volumes in the United States and the European Union.

While long-term global demand for dairy products continues to increase due to population and dairy consumption growth, the worldwide increase in milk production does not match the corresponding demand. The overall demand for solids-not-fat is not increasing at the same rate as butterfat, resulting in growing inventories of several dairy products, milk powder in particular.

Global milk production was estimated at 867 million metric tonnes, increasing from 805 million metric tonnes in 2015. Over the same period, per capita consumption of dairy products increased by 1.25% per annum in developing countries



and by 0.8% per annum in developed countries. A modest recovery in global dairy markets started and is expected to continue into 2017, on the back of curtailed production growth across the major export regions. However, there are headwinds ahead for the global dairy sector, with continual weak global demand and a significant stocks overhang.

During the past fiscal, global trade volumes of milk powder declined 4%, sales of cheese and butter increased 5% and shipments of whey products increased 9%. While the milk powder and cheese markets remain under pressure, the butter market remains tight, with Oceania prices approaching record highs. Despite robust growth in some of the South East Asian markets, demand from emerging markets remains muted, particularly in oil-dependent countries.

	2013	2014	2015	2016	2017 (estimated)
GDP (USD trillion)	1.92	2.04	2.11	2.26	2.30
Real GDP growth (%)	6.6	7.2	7.6	7.6	7.2
Inflation (%)	10.9	6.4	5.9	5.0	4.9
Exchange rate against the dollar	58.6	61.0	64.1	67.2	64.6

(Source: Euromonitor and IMF)

In 2015, global per capita dairy consumption was estimated at 111.3 kilograms and is expected to increase by 12.5% by 2025. In line with increased affluence in the Gulf, there was an increase in demand for 'on the go' food solutions. At over 3% CAGR, the Middle East and Africa emerged as the third fastest growing region for dairy products, overtaking Eastern Europe as the fifth largest region in 2016. The market is highly unsaturated with per capita spend on dairy at just US$25 per head, which is the lowest in the world. Affordability is one of the predominant barriers to increased adoption. Besides, the underdeveloped cold chain infrastructure in many MEA markets makes it difficult to reach consumers.
(Source: Rabobank, International Dairy Foundation, OECD, FAO, Euromonitor)

Product-wise revenue

Figures in crores

Product	Value	% with Total Revenue
Milk	191.8	13.70
Milk Powders	623.3	44.70
Butter + Ghee	288.5	20.70
Condensed Milk	164.1	11.80
Curd	20.6	1.50
Ice Cream	9.7	0.70
Flavoured Milk	2.9	0.20
UHT	11.6	0.80
Cheese, paneer & Shrikhand	39.1	2.80
Total Products Sale	1351.6	96.90
Trading & Others	32.8	2.30
Revenue from Services	10.5	0.80
Total Revenue	1394.9	100.00
Milk	191.8	14
Value added Products	1159.9	86

India is to become the third largest consumer market by 2025.
(Source: BCG)

Indian dairy market overview

India has the largest bovine population in the world with a processing capacity of 98.3 million litres per day. Over the past two decades, dairy farming has progressed towards emerging as an organised industry that encompasses not only increased production of milk and milk products, but also the breeding of high- yielding cattle, scientific animal rearing and customised feed production.

Dairy activities are traditionally integral to India's rural economy; the country ranks as the world's largest producer and consumer of dairy products with a 19% share. More than 90% of India's milk production is concentrated in 14 states (the top five being Uttar Pradesh, Rajasthan, Andhra Pradesh, Gujarat and Punjab).

Currently, 15% of the average households' food expenditure is on milk or milk-based products. The offtake of milk and milk-based products has increased not only in cities but also in small towns and rural areas due to the increased demand for quality products and growing health consciousness.

India's combined butter and ghee production for 2017 is estimated to rise 3.8% to 5.4 million metric tonnes. Milk sales went up by 2.81% in

December 2016 on a y-o-y basis from 321 lakhs litres per day to 329 lakhs litres. The last six months of 2016 saw milk production decline ~15% and milk prices increase ₹4-5 per litre. The prices of milk-based products strengthened 4.69%. The ice cream market in India is pegged to grow at a five-year CAGR of 17.03% till 2021 – from US$1.5 billion to $3.4 billion in 2021.

Several factors are responsible for an increasing number of international and domestic ice cream brands entering the market: improved cold storage facilities, changing consumer tastes, younger population and an increase in disposable incomes.

The Indian paneer industry's total output reached 1.6 million metric tonnes in 2016. Skimmed milk powder exports from India reached 1,542 metric tonnes while non-fat dry milk production levels were estimated at 570,000 metric tonnes.

In 2016, there were 75 million dairy farmers, with only 40% in the organised sector. The value of milk procured by village level dairy co-op societies stood at ~₹120 crore per day. The total milk procurement was 850 lakhs litres per day (co-op sector, private: 425 lakhs litres). Ghee represented the second largest (~13%) consumed dairy product in India after milk and is expected to grow at a six-year CAGR of 17% till 2020. *(Source: NDDB, USDA, Business Today, dairytechindia.com, indairyasso.org, Business Wire, Economic Times, IMARC)*

Governmental initiatives

The Government of India undertook a number of initiatives to strengthen the dairy sector which comprised the National Programme for Bovine Breeding and Dairy Development, National Dairy Plan (Phase-I) and Dairy Entrepreneurship Development Scheme. The Central Government-approved NDP-I strengthened the dairy sector by enhancing productivity, strengthening and expanding rural infrastructure for milk procurement and providing producers wider market access. The strategy was to improve genetic potential of bovines, producing required number of quality bulls, and superior quality of frozen semen and adopting adequate bio-security measures, among others.

The Union Budget 2017-18 announced the creation of the Dairy Infrastructure Development Fund under the aegis of NABARD. A sum of ₹8,000 crore was allocated across three years to manage and develop dairy processing units which was the largest endowment channelised towards the dairy sector. This could enable India to produce additional milk, generating an estimated ₹50,000 crore in farmer cash flow. *(Sources: Economic Times, DAHD)*

Growth drivers

Increasing per capita incomes: Consumer expenditures in the Tier-II and Tier-III cities are rising at a rate of ~14% and in the metros at a rate of ~12% per annum. Moreover, improved health consciousness has contributed to a visible increase in the demand of qualitatively consistent products. Result: The Indian dairy industry is anticipated to reach a market size of US$ 118 billion in 2017. *(Source: Financial Express; Economic Survey)*

Change in dietary patterns: Higher per capita incomes and urbanisation have changed food consumption patterns in Indian households. Case in point: consumption of milk and dairy products is increasing by 14.9% over the past six years, possibly the highest growth rate across major economies.

Nutritional benefits: Milk has traditionally been an important source of proteins, fats, carbohydrates and vitamins, especially for India's vegetarian population (~31% of the population base). It is expected that a strong demand for milk and dairy products will continue over the medium-term. India's per capita demand for milk is expected to report a y-o-y growth of 2.9x till 2020. *(Source: FAO)*

Shift towards consumption of packaged milk: Increasing concerns about safety and quality is driving consumers to shift from unpackaged milk to pasteurised packaged milk.

Outlook

Milk production in India reached 163.74 million tonnes during the year. Growing at a CAGR of 4% India's milk production is estimated to touch 180 million metric tonnes by 2020. This will allow India to account for a 21% share of the global milk output by 2020.

Statutory Section

Corporate Information

Board of Directors

Mr. Sarangdhar R. Nirmal, Chairman & Managing Director

Mr. Vivek S. Nirmal, Joint Managing Director

Mr. Ashok Sinha, Independent Director

Mrs. Seemantinee Khot, Independent Director

Mr. Haresh Shah, Additional Independent Director

Mr. Soundararajan Bangarusamy, Independent Director

Mr. Rajesh Srivastava, Independent Director

Chief Financial Officer

Mr. Raviraj Vahadane

Company Secretary & Compliance Officer

Ms. Priya Nagmoti

E-mail : priya.nagmoti@prabhatdairy.in

Auditors

B S R & Associates LLP
Chartered Accountants
Godrej Castlemine,
7th Floor Bund Garden Road
Near Ruby Hall, Pune – 411 001

Bankers / Lenders:

Kotak Mahindra Bank Ltd.

ICICI Bank Ltd.

HDFC Bank Ltd.

Rabobank International

Indusind Bank Ltd.

Societe Generale

Registrar & Share Transfer Agents

Karvy Computershare Private Limited
Plot no. 17 - 24 Vittal Rao Nagar, Madhapur,
Hyderabad, Andhra Pradesh -500081
Tel. no. - +91 40 44655000
Fax - +91 40 23431551

Wholly Owned Subsidiaries

1. Cheese Land Agro (India) Private Limited
2. Sunfresh Agro Industries Private Limited

Members of Audit Committee

1. Mr. Haresh Shah, Chairman
2. Mr. Ashok Sinha
3. Mr. Soundararajan Bangarusamy
4. Mrs. Seemantinee Khot
5. Mr. Rajesh Srivastava
6. Mr. Vivek S. Nirmal

Members of CSR Committee

1. Mrs. Seemantinee Khot, Chairperson
2. Mr. Sarangdhar R. Nirmal
3. Mr. Rajesh Srivasatva

Members of Risk Management Committee

1. Mr. Sarangdhar R. Nirmal, Chairman
2. Mr. Vivek S. Nirmal
3. Mr. Haresh Shah
4. Mr. Rajesh Srivastava

Stakeholders' Relationship Committee

1. Mr. Ashok Sinha, Chairman
2. Mr. Sarangdhar R. Nirmal
3. Mr. Vivek S. Nirmal

Nomination & Remuneration Committee

1. Mr. Ashok Sinha, Chairman
2. Mr. Haresh Shah
3. Mr. Rajesh Srivastava
4. Mrs. Seemantinee Khot

Registered & Corporate Office

Regd. Office & facilities :
121/2A, At Ranjankhol, Taluka Rahata,
Dist. Ahmednagar – 413720
Tel. no. - +91 2422 645500
Fax - +91 2422 265816

Corporate Office & facilities :
Plot No. D37/4, TTC Industrial Area, Turbhe,
Navi Mumbai – 400 705
Tel No. - +91 22 41287700
Fax - +91 22 41287777

Corporate Identification Number (CIN)
L15203PN1998PLC013068

Website:
www.prabhatfresh.com

Directors' Report

Dear Shareholders

Your Directors have pleasure in presenting the Nineteenth Annual Report on the business and operations of your Prabhat Dairy Limited ('the Company') together with the audited financial statements (Standalone and Consolidated) for the financial year ended March 31, 2017.

Financial Highlights (Standalone & Consolidated)

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. The financial statements for the financial year ended March 31, 2017 are the Company's first Ind AS compliant annual financial statements with comparative figures for the year ended March 31, 2016 also under Ind AS. The date of transition is April 1, 2015. The disclosure and effects of first time adoption of Ind AS are detailed in Note 47 of the standalone financial statements and Note 46 of the consolidated financial statements.

The standalone and consolidated financial highlights of your Company for the financial year ended March 31, 2017 are summarized as follows:

(Amount – ₹ In Lakhs)

Particulars	Standalone		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Revenue from Operations	113,115.89	100,007.79	140,986.50	116,769.92
Other Income	1,711.59	1,788.83	126.46	146.56
Total Income	114,827.48	101,796.62	141,112.96	116,916.48
Total Expenses	111,819.15	98,760.47	135,571.27	113,254.08
EBITDA	6,080.35	6,359.46	12,805.42	11,671.27
Depreciation and Amortisation	1,604.83	1,523.19	4,320.22	3,956.70
EBIT	4,475.52	4,836.27	8,485.20	7,714.57
Interest and Finance Cost	1,467.19	1,800.12	2,943.51	4,052.17
EBT (before exceptional item)	3,008.33	3,036.15	5,541.69	3,662.40
Exceptional item – VAT refund under mega status benefit to Subsidiary	–	–	1,891.47	–
PBT	3,008.33	3,036.15	7,433.16	3,662.40
Taxes	278.33	341.43	2,738.90	1,347.42
Profit / (Loss) after Tax	2,730.00	2,694.72	4,694.26	2,314.98
Other Comprehensive Income/(Loss), net of tax	20.04	13.73	33.84	4.97
Total Comprehensive Income / (Loss)	2,750.04	2,708.45	4,728.10	2,319.95

Operations and Financial Review (Consolidated)

The Indian Dairy industry witnessed an unprecedented disruption on account of shortage of rainfall during the previous two years whose resulting effect continued in the financial year under review and increase in prices for dairy products all over the world. Consequently, milk procurement was a big challenge. All these factors combined together have led to decline in operating margins during the year, however your Company smoothly withstood the unprecedented stressed situation with the effect of a slight decline of only 0.91% in its operating margins. The average milk procurement price was ₹26.65 per litre during the year vis a vis the average price of ₹20.76 during the previous year 2015-16 i.e. an increase of about 28%. To combat the effect of shortage of milk and increasing milk prices, your Company has got the milk converted at third party plants / locations which inter alia has increased the costs of goods sold.

Your Company has achieved the consolidated total gross revenue of ₹141,112.96 Lakhs in the current financial year as compared to ₹116,916.48 Lakhs in the previous financial year 2015-16, an increase of 20.70%. The consolidated gross margin increased by 14.32% during the year. Consolidated Earnings before interest (finance costs), tax, depreciation and amortization (EBITDA) is ₹12,805.42 Lakhs as compared to ₹11,671.27 Lakhs in the previous year registering a growth of 9.72%. Consolidated Profit before tax (before exceptional item) increased to ₹5,541 Lakhs as compared to ₹3,662.40 Lakhs in the previous year, a remarkable increase of 51.31%. Consolidated Profit after tax increased to ₹4,694.26 Lakhs in the current financial year as compared to ₹2,314.98 Lakhs in the previous year, an increase of 102.78% .The major contributing factor for the change is increase in the sales volume, improvements in the internal operational efficiencies and efficient management of funds including restructuring of funding facilities at lower cost and receipt of claim in the nature of grants in Sunfresh Agro Industries Pvt. Ltd., a step down wholly owned subsidiary of the Company under the Package Scheme of Incentives, 2007 from the Government of Maharashtra. The consolidated earnings per share of your Company has increased from ₹2.70 to ₹4.84 as on March 31, 2017.

During the year under review, the Company at consolidated level has recorded an income of ₹1,891.47 Lakhs as exceptional item which is the accrued income on account of the claim amount of grant to which Sunfresh Agro Industries Pvt. Ltd., step down wholly owned subsidiary of the Company is entitled to receive relating to previous years i.e. fiscal 2015 and 2016 under its mega status project under Package Scheme of Incentives, 2007 of the Government of Maharashtra. The grant amount accounted for the current financial year 2016-17 is ₹1,450.26 Lakhs. Out of the total accrued amount of ₹3,341.73 Lakhs till fiscal 2017, the Company has received the amount of ₹1,580.63 Lakhs during the financial year 2016-17. Apart from the profitability ratios mentioned, other key financial ratios eg. Leverage ratio, liquidity ratios and important efficiency ratios showed a marked improvement in your Company's operations. The consolidated net interest / finance cost paid by your Company reduced by 27.36% over the previous year which has significantly improved the cash flow.

During the year, the Company at consolidated level has maintained optimum working capital, better debtors turnover ratio as compared to previous year, constant credit period levels from suppliers and strategically maintained inventory levels to support increased operations and combat the effect of increasing prices on the cost of production.

There was no change in the capital structure during the year. However, the increase in Reserves & Surplus i..e owner's equity is mainly because of the net profit of ₹4,694.26 Lakhs in the current year which includes the income from mega status as detailed above.

During the year under review, your Company has launched in-house Ice-cream brands viz. 'VOLUP' – a popular brand and 'SINSANE' – a premium brand, with 40 SKUs. Under the "VOLUP" brand the Company is entering in to an exponential segment with high potential for growth in the long term. Foray into this vibrant product segment has enabled the Company achieve its another milestone while keeping up its tradition to deliver high quality products.

The Company is taking all initiatives to achieve its brand presence / visibility which is evident from the fact that the company has spent ₹1,717.98 Lakhs during the year on advertisement and sales promotion vis a vis ₹939.77 Lakhs during the previous year.

During the year, at the consolidated level, the sale of milk powders and flavoured milk gained a good momentum. The sale of cheese, paneer and shrikhand also picked up during the year with increase in capacity utilization of their respective plants. At the consolidated level, the sale of milk, milk powders, butter, ghee and condensed milk remained on the top in the contribution to the consolidated total revenue of your Company. Your Company has enhanced capacity utilization across its plant. There has also been a significant increase in the revenue from co-packing services provided by the Company. In the consolidated total sales, value added products contributed 86% and the remaining contribution was of milk.

The consolidated performance of your Company marked a perceivable improvement over the previous financial year. In context to the industry and its position in the economic environment and market variables, the results are seen to be favourable. Your Company's thrust has been on reshuffling the product – mix conducive to its bottom line, optimal allocation of resources, flexible planning and exercising austerity measures across all functional activities.

Though there is always a perception of clear competition to a higher water mark with new players penetrating into the high-end market space, your company at a consolidated level has taken a decision for exercising austerities in all spheres of its operations, further improving productivity and focusing on repayment of the debts gradually from internal accruals. This would enable your company to become operationally more competitive coupled with its unbeatable strength of strong backward and its forward integration.

Your company has always maintained its policy to retain talent and also to hone the skills of its employees for deliverance of their capabilities and creativity to contribute to their work place and your Company at large.

Though the going would be interlaced with many challenges your Company is confident to overcome these as the fundamentals of your Company are strong and strategic initiatives taken have started to pay off.

Your Company continues to strengthen its market position both in terms of revenue as well as customers and national presence.

Material Changes and Commitments

There are no material changes or commitments affecting the financial position of the Company which have accrued between the end of the financial year and the date of this Report.

Dividend

The standalone profit after tax of the Company for fiscal 2017 is ₹2,730.00 lakhs after provision for taxes of ₹278.33 lakhs and all expenses. The disposable profit is ₹7,405.28 lakhs taking into account the balance of retained earnings of ₹5,145.52 brought forward from the previous year. The Company's dividend policy is based on the profitability and key financial metrics of the Company, the Company's capital position and requirements for future. Given the financial performance and in line with the philosophy of the Company "Partners in Progress – a participative and an inclusive growth approach for stakeholders", your Directors are pleased to recommend a dividend of ₹0.40 per equity share of face value of ₹10 each (4%) aggregating to ₹390.70 lakhs for the year ended March 31, 2017 on which the dividend distribution tax is ₹79.54 Lakhs.

During the year under review, the company retained the entire surplus in the profit and loss account and no amount from profit was transferred to General Reserves.

There is no outstanding amount in the Unpaid Dividend Account 2016 and no amount is due for transfer to Investor Education and Protection Fund.

Changes in Share Capital:

The paid up Equity Share Capital of the Company at the beginning and at the end of the year as on April 1, 2016 and March 31, 2017 remained the same at ₹976,761,310 comprising of 97,676,131 equity shares of ₹10 each.

The Initial Public Offer (IPO) proceeds raised in the financial year 2015-16 have been fully utilized for the purposes as stated in the Prospectus issued for the IPO.

As on March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

Details of Subsidiary / Associate / Joint Venture Companies

As on March 31, 2017, your Company has the following 2 subsidiaries:

1. Cheese Land Agro (India) Pvt. Ltd.

2. Sunfresh Agro Industries Pvt. Ltd. (material subsidiary)

The Company does not have any associate or joint venture company.

There has not been any material change in the nature of the business of the subsidiaries. As required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Consolidated Financial Statements of your Company and all its subsidiaries are provided in this Annual Report. The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 notified under section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and shown the financial resources, assets, liabilities, income, profits and other details of your Company and its subsidiaries as a single entity. Since both the subsidiaries are wholly owned subsidiaries, there has been no minority interest. The Consolidated Financial Statements for the financial year ended March 31, 2017 are the Company's first IND-AS compliant annual consolidated financial statements with comparative figures for the year ended March 31, 2016 also under IND-AS. The date of transition is April 1, 2015.

The particulars of subsidiaries as on March 31, 2017 have been included in Form MGT – 9 which is annexed to this Report as Annexure -1.

The performance and financial position of subsidiaries included in the Consolidated Financial Statements is provided in accordance with the provisions of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 as a separate statement annexed to the Notes on Accounts containing the salient features of the financial statements of the Company's subsidiaries in Form AOC -1 and forms an integral part of this Report.

The Company will make available separate audited financial statements of the subsidiaries to any member upon request. These documents / details are available on the Company's website at www.prabhatfresh.com and will also be available for inspection by any Member of the Company at its registered office and corporate office.

The policy for determining material subsidiaries formulated by the Board of Directors is disclosed on the Company's website and is accessible on http://www.prabhatfresh.com/wp-content/uploads/2016/01/Material-subsidiary-policy.pdf.

Deposits

Your company has neither invited nor accepted any deposits within the meaning of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 from the public during the year under review. Also there is no amount of principal or interest outstanding on account of such deposits, as on the date of the Balance Sheet.

Credit Rating

Your Company enjoys credit rating of A+ issued by ICRA for its long term borrowings as well as for its short term working capital facilities. On the outlook front, ICRA has assigned the outlook of 'Stable' to the company and its subsidiaries

Particulars of Loans, Guarantees or Investments by the Company

As per the provisions of Section 186(4) of the Companies Act, 2013 full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security are given in the notes forming part of the financial statements.

Vigil Mechanism / Whistle Blower Policy

Your Company has in place a Whistle Blower Policy covering Vigil Mechanism for Directors and employees to report genuine concerns or grievances about unethical behaviour, actual or suspected fraud or violation of your Company's Code of Conduct. Adequate safeguards are provided against victimization to those who avail of the mechanism The Whistle Blower Policy has been hosted on the website of the Company at http://www.prabhatfresh.com/wp-content/uploads/2015/12/Whistle-Blower.pdf. Further details regarding the Vigil Mechanism is given in the Corporate Governance Report.

Significant and material orders passed by the Regulators or Courts or Tribunals impacting the Going Concern status of the Company and its future operations

There are no significant and / or material orders passed by the Regulators or courts or Tribunals that would impact the going concern and status of future operations of the Company. However, on October 9, 2015, a search was conducted by the Income Tax Department pursuant to the provisions of section 132(1) and 133A of the Income Tax Act, 1961 at the offices of the Company at Shrirampur, Pune and Navi Mumbai and also at the offices of the subsidiaries of the Company and the residence of Executive Directors residing at Shrirampur. The Company had submitted copies of all the documents requisitioned by the Tax Authorities. During the year under review, the Company and its subsidiaries have decided to file an application with the Hon'ble Income Tax Settlement Commission ('ITSC') with respect to the expected litigation that may arise pursuant to the aforesaid search carried out by the Income Tax Authorities for the assessment years 2010-11 to 2016-17 and the Company and its subsidiaries are in the process of filing such application with ITSC. Based on best estimate, management has carried an evaluation of possible tax obligation that may arise out of the said litigation. As per the management evaluation, the Company and its subsidiaries in the aggregate will have to pay additional tax amounting to ₹268.81 Lakhs (including interest thereon) (gross of reversal of excess tax provision for earlier years – ₹196.81Lakhs), reverse MAT credit entitlement amounting to ₹347.14 Lakhs for assessment years 2010-11 to 2016-17 and provide for additional deferred tax liability charge due to write off of certain fixed assets in tax block for which depreciation claim would not be allowed by the tax authorities amounting to ₹542.36 Lakhs at the consolidated level. Accordingly, total provision made pursuant to above matter amounts to ₹1,158.31 Lakhs at the consolidated level. As per the management best estimate of the Company and its subsidiaries they will not have any additional tax liability or penalty other than already accounted as detailed hereinabove into books of accounts. Since the ultimate outcome of the assessment proceeding resulting from settlement application cannot be presently determined, no additional provision for tax including penalty, if any, as a result of such outcome, is made in the financial statements for the year 2016-17.

Directors and Other Key Managerial Personnel

i) Directors:

(a) Changes in the composition of the Board of Directors and other Key Managerial Personnel:

During the year under review, the shareholders of the Company have appointed Mr. Rajesh Srivastava as an Independent Director for a period of three years and also appointed Mr. Raphael Plihon as a Non-Executive Director liable to retire by rotation at the previous Eighteenth Annual General Meeting of the Company held on September 30, 2016.

Mr. Raphael Plihon has resigned a Director of the Company with effect from May 23, 2017. The Board places on record its sincere appreciation to Mr. Raphael Plihon for his valuable contribution and guidance to the Company during his tenure.

During the year, Mr. Omprakash Venkatswamy Bundellu, an Independent Director has also resigned from the Directorship of the Company with effect from February 13, 2017. The Board places on record its sincere appreciation to Mr. Omprakash Venkatswamy Bundellu for his valuable contribution and guidance to the Company during his tenure.

Your Board, based on the recommendation of Nomination and Remuneration Committee, has also co-opted Mr. Haresh Shah as an Additional Independent Director of the Company in accordance with the provisions of section 161 and 149 of the Companies Act, 2013. Mr. Haresh Shah holds office till the date of the date of the ensuing Annual General Meeting pursuant to the provisions of section 161 of the Companies Act, 2013. The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company proposing the candidature of Mr. Haresh Shah for confirmation/appointment as an Independent Director of the Company in the forthcoming Annual General Meeting. Your Board recommends to appoint/confirm the appointment as Independent Director in the forthcoming Annual General Meeting.

(ii) Independent Directors:

The Board of the Company as at March 31, 2017 consisted of seven Directors, out of which four are Independent Directors, two are Executive Directors and one is Non-Executive Director.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which have been relied by the Company and were placed at the Board Meeting held on May 23, 2017.

(iii) Retirement by Rotation:

In terms of Section 152(6)(c) of the Companies Act, 2013 and the Company's Articles of Association, Mr. Sarangdhar R. Nirmal is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Brief profile of the Directors proposed to be appointed / re-appointed are annexed to the Notice convening the Nineteenth Annual General Meeting forming part of this Annual Report.

Key Managerial Personnel

The following are the key managerial personnel of the Company and continue to hold the respective offices:

1. Mr. Sarangdhar R. Nirmal : Chairman & Managing Director
2. Mr. Vivek S. Nirmal: Joint Managing Director
3. Mr. Raviraj Vahadane (Mr. Amit Gala Upto April 26, 2016): Chief Financial Officer
4. Ms. Priya Nagmoti : Company Secretary

Committees of the Board

In order to strengthen its functioning and smoothen the functioning of the Company, the Board of Directors has constituted the following Committees:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee
6. Finance Committee

Details of the Committees along with their charter, composition and meetings held during the year, are provided in the Corporate Governance Report which forms part of this Report.

Audit Committee

Audit Committee currently comprises of Mr. Haresh Shah as the Chairman of the Audit Committee with other members being Mr. Ashok Sinha, Mr. Soundararajan Bangarusamy, Mr. Rajesh Srivastava, Mrs. Seemantinee Khot and Mr. Vivek S. Nirmal. Further details relating to the Audit Committee are provided in the Corporate Governance Report, which forms part of this Report. Mr. Omprakash Venkatswamy Bundellu ceased to be a member and the Chairman of the Audit Committee with effect from February 13, 2017 and Mr. Haresh Shah has been inducted as a member and the Chairman of the Audit Committee with effect from May 23, 2017.

Board and Committee Meetings

A calendar of Board and Committee Meetings is circulated in advance to all the Directors. During the year, five meetings of the Board of Directors were held. The details of the Board of Directors and Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

Nomination and Remuneration Policy

The Board of Directors has, on the recommendation of the Nomination & Remuneration Committee, framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This Policy amongst others lays down the criteria for selection and appointment of Board members. The details of this Policy are annexed as Annexure - 2 and forms an integral part of this Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its committees, culture, execution and performance of specific duties, obligations and governance.

The Board has carried out the annual performance evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations. The manner in which the evaluation has been carried out has been provided in the Corporate Governance Report. The Board of Directors expressed their satisfaction with the evaluation process.

The details of programs for familiarization of Independent Directors of your Company is available on your Company's website www.prabhatfresh.com.

Auditors:

Statutory Auditors:

At the Eighteenth Annual General Meeting held on September 30, 2016, the members appointed M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024) as statutory auditors for a period of five years commencing from the conclusion of the Eighteenth Annual General Meeting till the conclusion of the Twenty Third Annual General Meeting subject to the ratification by the members at every Annual General Meeting. M/s. B S R & Associates LLP have given their unwillingness for ratification of their appointment at the ensuing Nineteenth Annual General Meeting. The Board of Directors therefore recommend to appoint M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) as the statutory auditors of the Company for a period of five years to hold office from the conclusion of the Nineteenth Annual General Meeting till the conclusion of the Twenty Fourth Annual General Meeting of the Company. The Audit Committee of the Board of Directors has recommended the appointment of M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) as the statutory auditors of the Company by the shareholders at the ensuing Annual General Meeting.

M/s. M S K A & Associates, Chartered Accountants have given a certificate to the effect that their appointment, if made, shall be in compliance with the provisions of Section 139 and 141 of the Companies Act, 2013.

Necessary resolution seeking approval of the members for appointment of new statutory auditors has been incorporated in the Notice convening the Annual General Meeting forming part of this Report.

There are no qualifications, reservation or adverse remark or disclaimer made by the statutory auditors M/s. B S R & Associates LLP in the audit report on the standalone financial statements of the Company for the year ended March 31, 2017 except that in the Auditors' Report on consolidated financial statements of the Company, the auditors have drawn attention to note 49 to the Consolidated Financial Statements which explains that the material subsidiary has recognised Government Grant related to Income, which it is entitled to receive under the Package Scheme of Incentives 2007 ('the Scheme') of Government of Maharashtra, pertaining to prior periods during the current year ended 31 March 2017. These benefits are in the nature of Government Grants in accordance with Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. In the auditors' view, had the material subsidiary recognised such grant in the respective period when it should have, the Exceptional item (in relation to revenue from operations), Profit before tax, Tax expense, Net profit after tax and Earnings per share would have been lower for the year ended 31 March 2017 by ₹ 1,891.47 lakhs, ₹ 1,891.47 lakhs, ₹ 374.16 lakhs, ₹ 1,517.31 lakhs and ₹ 1.55 respectively. Further, Revenue from operations, Profit before tax, Tax expense, Net profit after tax and Earnings per share would have been higher for the year ended 31 March 2016 by ₹ 1,891.47 lakhs, ₹ 1,891.47 lakhs, ₹ 458.21 lakhs, ₹ 1,433.26 lakhs and ₹ 1.66 respectively. Deferred tax liability (net) and Other equity as on 31 March 2016 would have been higher by ₹ 458.21 lakhs and ₹ 1,433.26 lakhs respectively.

The Company has received an Eligibility Certificate from the Department of Industries, Government of Maharashtra under the Package Scheme of Incentives, 2007 pursuant to which the Company is eligible to receive benefits in the form of Electricity Duty exemption, Stamp Duty exemption and Industrial Promotion Subsidy (in the form of refund of Value Added Tax and Central Sales Tax), subject to fulfilment of certain conditions under the Scheme and acceptance of the claim by the Department. These benefits are in the nature of Government Grants in accordance with Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Considering the uncertainty of the timings when the actual amount of the admitted claim will be received from the Government which depends on a number of factors beyond the control of the Company, the the management has not recognized the income related to the Government Grant during the previous years on accrual basis. During the year under review, the Company has received the refund claims and immediately on receipt of the first claim, the Company has recognized the claim amount in respect of previous year as an Exceptional Item in its books of accounts since after receipt of first claim the certainty in respect of admission and receipt of claim gets established.

Therefore, in the opinion of the Board of Directors, the aforesaid stand of the management in accounting of the receipts of government grant does not have any adverse impact on the Company.

Cost Auditors:

In conformity with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board on the recommendation of the Audit Committee has appointed M/s. JNP & Associates, Cost Accountants, as the Cost Auditors, to conduct the Cost Audit of your Company for the financial year ended March 31, 2018, at a remuneration as specified in the notice convening the Annual General Meeting. The Cost Audit Report for the financial year 2016-17 will be placed before the Board of Directors at the next Meeting of the Board of Directors.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be ratified by the shareholders. Accordingly, the Board recommends the same for ratification by the shareholders at the ensuing Annual General Meeting.

Secretarial Auditor:

In terms of the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Shravan A. Gupta & Associates, a firm of Company Secretaries in practice (C.P. No. 9990) to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2017. The Secretarial Audit Report is annexed herewith as Annexure -3 and forms an integral part of this Report. There are no qualifications, reservation or adverse remark or disclaimer made in the Secretarial Audit Report.

Internal Control Systems and their Adequacy

Your Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The internal controls cover operations, financial reporting, compliance with applicable laws and regulations, safeguarding assets from unauthorized use and ensure compliance of corporate policies. Internal controls are reviewed periodically by the internal auditors, and are subject to management reviews with significant audit observations and follow up actions reported to the Audit Committee. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them in accordance with the changes in the business dynamics, if required.

Related Party Transactions

All transactions entered with Related Parties for the financial year under review as detailed in Note no. 48 of the Standalone Financial Statements were on arm's length basis and in the ordinary course of business and that the provisions of section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Further, there are no material related party transactions during the year under review with the promoters, Directors or key managerial personnel. The Company has developed a framework through Standard Operating Procedures for the purpose of identification and monitoring of such related party transactions.

All related party transactions even though carried on in the ordinary course of business and on an arms' length basis are placed before the Audit Committee for approval. Omnibus approval for few transactions is given by the Audit Committee on an annual basis and the details of actual transactions against such approval is placed before the Audit Committee for every quarter for review and monitoring.

The Policy on Related Party Transactions as approved by the Board of Directors has been hosted on the website of the Company. The weblink of the same has been provided in the Corporate Governance Report. None of the Directors has any material pecuniary relationship or transactions vis – a vis – the company except as members of the Company and except as disclosed in the financial statements.

The particulars of Related Party Transactions in prescribed Form AOC – 2 are annexed as Annexure - 4 and forms an integral part of this Report.

None of the related party transactions entered into by the Company were in conflict with the Company's interest. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel, etc. which may have potential conflict with the interest of the Company at large.

The disclosure as required by Schedule V, Clause A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

(₹ in Lakhs)

Particulars	Name of the Subsidiary	Maximum amount of loans / advances / investments outstanding during the year ended March 31, 2016	Amount outstanding at the end of the year i.e. March 31, 2017
Loans and advances in the nature of loans to subsidiary (incl. interest)	Sunfresh Agro Industries Pvt. Ltd.	NIL	NIL
	Cheese Land Agro (India) Pvt. Ltd.	14,545.07	14,545.07

Particulars	Name of the Subsidiary	Maximum amount of loans / advances / investments outstanding during the year ended March 31, 2016	Amount outstanding at the end of the year i.e. March 31, 2017
Loans and advances in the nature of loans to associates (incl. interest)	NIL	NIL	NIL
Loans and advances in the nature of loans to firms / companies (excluding subsidiary of the Company) in which Directors are interested (incl. interest)	NIL	NIL	NIL

None of the aforesaid subsidiary, associate company or the Company or firm in which Directors are interested hold any shares of or other investment in the Company.

Corporate Governance

Your Company is committed to maintain highest standards of Corporate Governance. Your Company continues to be compliant with the requirements of Corporate Governance as enshrined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). A Report on Corporate Governance as stipulated under the Listing Regulations forms part of the Annual Report. A Certificate from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance, as stipulated in the Listing Regulations forms part of the Annual Report.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming an integral part of this Annual Report.

Extract of Annual Return

In terms of the provisions of Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration)Rules, 2014, an extract of the Annual Return in Form MGT 9 for the financial year ended March 31, 2017 is annexed herewith as Annexure - 1 and forms part of this Report.

Managerial Remuneration

Disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other details as required pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as Annexure – 5.

Except as disclosed under, none of the Directors or Managing Director of the Company received any remuneration or commission from any subsidiary of your Company during the financial year ended March 31, 2017:

Sr. No.	Name of the Director of the Company	Designation in the Company	Name of the Subsidiary from which remuneration received	Capacity in which remuneration received	Amount of remuneration received (₹ in Lakhs)
1.	Mr. Vivek S. Nirmal	Joint Managing Director	Sunfresh Agro Industries Pvt. Ltd.	Managing Director	36.00

The details of the remuneration paid to the Director including Executive Directors of the Company are given in Form MGT – 9 forming part of the Directors' Report.

Particulars of Employees

Disclosure pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure - 5 and forms part of this Report.

Business Responsibility Reporting

Business Responsibility Report as stipulated under Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your Company for the financial year ended March 31, 2017.

Risk Management and Internal Financial Controls

Your Company's system of financial and compliance controls with reference to the financial statements and risk management is embedded in the business process by which your Company pursues its objectives. Additionally, the Audit Committee and the Board of Directors assess the implementation of risk management and risk mitigation measures through their review of potential risks which could negatively impact the operations including additional oversight in the area of financial risks and controls, the proposed budget and plan, your Company's strategic framework besides inherent risks associated with the products / goods dealt with by the Company as well as execution of any project. Major risks identified by the Company's business and functions are systematically addressed through mitigating actions on a continuing basis. In the view of the Board of Directors, there are no material risks, which may threaten the existence of your Company.

The Board of Directors of your Company has laid down the policies and procedures for internal financial controls to be followed by the Company for ensuring the orderly and efficient conduct of its business, in order to achieve the strategic, operational and other objectives over a long period and that its exposure to risks are within the acceptable limits decided by the Board. In addition, the policies and procedures have been designed with an intent to ensure safeguarding of Company's assets, prevention and detection of frauds and errors, the accuracy in completeness of the accounting records and the timely preparation of reliable financial information.

The management is committed to ensure effective internal financial controls environment, which provides assurance on the efficiency of its business operations coupled with adherence to its established policies, safety / security of its assets besides orderly and legitimate conduct of Company's business in the circumstances, which may reasonably be foreseen. Your Company has defined organization structure, authority levels, delegated powers, internal procedures, rules and guidelines for conducting business transactions. Your Company's system and process relating to internal controls and procedures for financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Indian Accounting Standards as notified under the Companies Act, 2013 and the Rules framed thereunder and all other applicable regulatory / statutory guidelines, etc. for disclosure with reference to financial statements.

Your Company's internal control systems are supplemented by an extensive program of internal audit program of internal audit by an independent firm of Chartered Accountants. Internal audits are conducted at regular intervals and a summary of the observations and recommendations of such audits are placed before the Audit Committee. The Internal Auditors, the Audit Committee as well as the Board of Directors conduct an evaluation of the adequacy and effectiveness of the system of internal financial controls system on ongoing basis.

Though not mandatory as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee, details whereof are set out in the Corporate Governance Report forming part of this Annual Report. Further, your company has formally adopted a Risk Management Policy and Framework to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy, framework and procedure.

Your Company has a well - established Enterprise – wide Risk Management (ERM) framework in place for identification, evaluating and management of risks, including the risks which may threaten the existence of the Company. In line with your Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organized approach for evaluating and managing risks.

A detailed exercise is carried out to identify, evaluate, manage and monitor the risks. The Committee / Board periodically reviews the risks and suggest steps to be taken to control and mitigate the same through a properly defined framework.

Anti – Sexual Harassment Policy

Your Company laid down an Anti Sexual Harassment Policy and it is made available on the website of the Company. The Company has zero tolerance on Sexual Harassment at workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and there were no cases pending to be addressed / resolved either at the beginning or at the end of the year.

Quality, Environment and Safety

Your Company continues its focus on quality and strives to exceed customer expectations at all times. It is certified under various standards to meet client demands and enhance value delivery. In addition to these, your Company is conscious of the importance of environmentally clean and safe operations and therefore maintains its commitment to health, safety and environment by continually improving its processes in accordance with ISO 14001 and OHSAS 18001 standards.

The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservations of natural resources.

The Company is certified as TUV SUD, Agmark, IS 1166:1986, Halal, FSSAI, etc. which are a testimony of the robustness of business processes and at large the quality culture imbibed in the organization.

Human Resources and Industrial Relations

Your Company continues to be an employer of choice with robust hiring of high quality talent, high engagement scores, focus on development and effective retention of high potential employees.

Value based HR programs have enabled your Company's HR team to be strategic partners for the business. To keep pace with the evolving demands of the Value Added Products, HR has shifted focus to building capability in newer areas to be able to predict, diagnose and take actions that will improve business performance. The employee engagement scores continue to be high despite a great deal of volatility in the macro environment. This has resulted in your Company's ability to retain best talent.

Your Company has had continuous focus on Diversity and Inclusivity. Your Company has hired some of the best talent from FMCG industry. In addition your Company has laid stress to build a women friendly workplace by introducing various initiatives around hiring, development and progression of women employees in the organization.

Your Company has been awarded as the 'HR Professional of the Year' in the SME Category at the Sixth Annual HR Excellence Awards organised by Genius and Times Jobs in August, 2016. Your Company is also undertaking branding initiative in association with MMA, Navi Mumbai Chapter and NSDC to ensure that employees with the right skill-sets are recruited and retained. Your Company has also taken part in the Great Place to Work Survey which conducted assessments pertaining to trust and cultural indices and chalked out action plans which will be executed in June 2017 onwards. Three case studies of your Company has been published in the prestigious journal – Best HR Practices 2017 brought out by Dun & Bradstreet and Sodexo.

Your Company has focused on identifying internal talent and nurture them through the culture of continuous learning and development, thereby building capabilities for creating future leaders. Your Company has also focused on continual process improvement through various techniques and methodologies. These HR strategies have continued to have strong alignment with your Company's vision to successfully build and sustain Company's standing as one of most admired and valuable corporate in dairy sector despite unrelenting competitive pressure.

Overall, the industrial relations remain cordial during the year. However, two labour unions have been formed in your Company out of which one Union having majority of members has signed a Memorandum of Settlement with the Company while the other Union has filed a case against the Company with the Labour Court in Thane, which the Company is contesting with an outlook of positive outcome in its favour.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed pursuant to section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given to the extent applicable in Annexure – 6 forming part of this Report.

Green Initiatives in Corporate Governance:

In line with the 'Green Initiative' the Company has effected electronic delivery of Notice of Annual General Meeting and Annual Report to those members whose e-mail ids were registered with the respective Depository Participants and downloaded from the depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. The Companies Act, 2013 and the underlying rules as well as Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 permit the dissemination of financial statements and annual report in electronic mode to the members. Your Directors are thankful to the members for actively participating in the Green initiative and seek your continued support for implementation of the Green Initiative.

Directors' Responsibility Statement

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement / confirm in terms of Section 134 of the Companies Act, 2013:

1. That in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. 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 as at March 31, 2017 and of the profit of the Company for the year ended on that date;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in

accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. That annual accounts have been prepared on a going concern basis;

5. That the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

6. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Social Responsibility (CSR)

In terms of the provisions of section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report, which forms part of this Annual Report.

Your Company has also in place a CSR Policy and the same is available on your Company's website www.prabhatfresh.com/investordesk.

During the financial year 2016-17, the Company has spent ₹21.01 Lakhs towards CSR activities as against ₹15.47 Lakhs required to be spent during the financial year 2016-17. The Company during the year has gradually increased the volume of its CSR projects. The Company's key objective is to make a difference to the lives of the underprivileged and help bring them to a self – sustaining level and is committed to CSR engagement. We are increasing capacity of CSR team to take up more projects and expand the existing scale of CSR activities.

The particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure – 7 forming part of this Report.

Appreciation and Acknowledgements

The Company is grateful to the Government of India and other Regulators for their continued co-operation, support and guidance. The Company wishes to thank its investors, banking community, rating agencies and stock exchanges for their support.

The Company would like to take this opportunity to express sincere thanks to its all its valued customers, dealers, agents and suppliers for their continued support and patronage. Your Directors express their deep sense of appreciation to all the employees whose outstanding professionalism, commitment and initiative has made the organization's growth and success possible and continues to drive its progress. Finally, your Directors wish to express their gratitude to the members for their trust and support.

For and on behalf of the Board

Sd/-
Sarangdhar R. Nirmal
Chairman
DIN : 00035234

Place : Navi Mumbai
Date : 11/07/2017

ANNEXURE - 1

FORM NO. MGT – 9

EXTRACT OF ANNUAL RETURN
as on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	:	L15203PN1998PLC013068
(ii)	Registration Date	:	November 25, 1998
(iii)	Name of the Company	:	Prabhat Dairy Limited
(iv)	Category / Sub-Category of the Company	:	Company Limited by Shares / Indian Non – Government Company
(v)	Address of the Registered Office and contact details	:	121/2A, At Post Ranjankhol, Tilaknagar Taluka Rahata, Dist Ahmednagar – 413720 | Tel No. 02422-645500
(vi)	Whether listed Company (Yes / No)	:	Yes
(vii)	Name, address and contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited "Karvy Selenium Tower B" Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana Tel. No. +91 40 67162222 | Fax No. : +91 40 23431551 Contact Person : Mr. M. Murlikrishna E-mail id: prabhat.ipo@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sr. No.	Name and description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Butter and Ghee	10504	20.70%
2.	Milk	10501	13.70%
3.	Milk Powders	10502	44.70%
4.	Condensed Milk	10502	11.80%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / subsidiary / Associate	% of shares held	Applicable section
1.	Cheese Land Agro (India) Private Limited ('CLAIPL') Gat No. 121/2A, At Ranjankhol, Taluka Rahata, Dist. Ahmednagar – 413720	U15209PN2010PTC136135	Subsidiary	100%	2(87)
2.	Sunfresh Agro Industries Private Limited	U01122PN2007PTC129505	Subsidiary	Direct holding – 29.29% Holding through CLAIPL – 70.71%	2(87)

Note : The Company does not have any Holding or Associate Company.

IV. SHAREHOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

	Category of Shareholders	No. of Shares held at the beginning of the year i.e. on 01/04/2016				No. of Shares held at the end of the year i.e. on 31/03/2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoter and Promoter Group									
(1)	Indian									
(i)	Individual / HUF	43208483	0	43208483	44.24	47806395	0	47806395	48.94	4.70
(ii)	Central Govt.	0	0	0	0	0	0	0	0	0
(iii)	State Govt.(s)	0	0	0	0	0	0	0	0	0
(iv)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(v)	Banks / FI	0	0	0	0	0	0	0	0	0
(vi)	Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)		**43208483**	**0**	**43208483**	**44.24**	**47806395**	**0**	**47806395**	**48.94**	**4.70**
(2)	Foreign									
(a)	NRIs – Individuals	0	0	0	0	0	0	0	0	0
(b)	Other – Individuals	0	0	0	0	0	0	0	0	0
	© Bodies Corporate	0	0	0	0	0	0	0	0	0
(d)	Banks / FI	0	0	0	0	0	0	0	0	0
(e)	Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)		**43208483**	**0**	**43208483**	**44.24**	**47806395**	**0**	**47806395**	**48.94**	**4.70**
B.	Public Shareholding									
1.	Institutions									
(a)	Mutual funds	3286137	0	3286167	3.36	3719790	0	3719790	3.81	0.44
(b)	Banks / FI	45792	0	45792	0.05	48295	0	48295	0.05	0
(c)	Central Govt.	0	0	0	0	0	0	0	0	0
(d)	State Govt. (s)	0	0	0	0	0	0	0	0	0
(e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f)	Insurance Companies	0	0	0	0	0	0	0	0	0
(g)	FIIs	4480255	0	4480255	4.59	2560393	0	2560393	2.62	-1.97
(h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i)	Others:	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)		**7812184**	**0**	**7812184**	**8.00**	**6328478**	**0**	**6328478**	**6.48**	**-1.52**
2.	Non-Institutions									
(a)	Bodies Corporate									
(i)	Indian	16244315	0	16244315	16.63	11748584	0	11748584	12.03	-4.60
(ii)	Overseas	22516760	0	22516760	23.05	22516760	0	22516760	23.05	0
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹1 lakh	1737130	3	1737133	1.78	4011200	3	4011203	4.11	2.33
(ii)	Individual shareholders holding nominal share capital in exess of ₹1 lakh	5415528	0	5415528	5.54	4549124	0	4549124	4.66	-0.89

Category of Shareholders		No. of Shares held at the beginning of the year i.e. on 01/04/2016				No. of Shares held at the end of the year i.e. on 31/03/2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c)	Others:									
(i)	Clearing Members	658465	0	658465	0.67	265302	0	265302	0.27	-0.40
(ii)	Non Resident Indians	75063	0	75063	0.08	395343	0	395343	0.40	0.33
(iii)	NRI Non-Repatriation	0	0	0	0	54842	0	54842	0.06	0.06
(iv)	Trusts	8200	0	8200	0.01	100	0	100	0.00	-0.01
Sub-total (B)(2)		46655461	3	46655464	47.77	43541255	3	43541258	44.58	-3.19
Total Public Shareholding (B) = (B)(1) + (B)(2)		54467645	3	54467648	55.77	49869733	3	49869736	51.06	-4.17
C.	Shares held by Custodianfor GDRs and ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)		97676128	3	97676131	100	97676128	3	97676131	100	0

(ii) Shareholding of Promoters and Promoter Group:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year on 01/04/2016			Shareholding at the end of the year on 31/03/2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares of the Company	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares of the Company	
1.	Sarangdhar R. Nirmal, Trustee of Nirmal Family Trust	39833483	40.78	Nil	44431395	45.49	12.07	4.71
2.	Sarangdhar Ramchandra Nirmal	1125000	1.15	Nil	1125000	1.15	Nil	0
3.	Vivek Sarangdhar Nirmal	1125000	1.15	Nil	1125000	1.15	Nil	0
4.	Kishor Ramchandra Nirmal	1125000	1.15	Nil	1125000	1.15	1.15	0

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Sarangdhar R. Nirmal, Trustee of Nirmal Family Trust				
	At the beginning of the year	39833483	40.78	39833483	40.78
	Sold during the year	-	-	39833483	40.78
	Bought during the year on:				
	23/08/2016	126000	0.13	39959483	40.91
	28/02/2017	4246912	4.35	44206395	45.26
	02/03/2017	225000	0.23	44431395	45.49
	At the end of the year	44431395	45.49	44431395	45.49
2.	Sarangdhar Ramchandra Nirmal				
	At the beginning of the year	1125000	1.15	1125000	1.15
	Bought during the year	0	0	0	0
	Sold during the year	0	0	0	0
	At the end of the year	1125000	1.15	1125000	1.15

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
3.	Vivek Sarangdhar Nirmal				
	At the beginning of the year	1125000	1.15	1125000	1.15
	Bought during the year	0	0	0	0
	Sold during the year	0	0	0	0
	At the end of the year	1125000	1.15	1125000	1.15
4.	Kishor Ramchandra Nirmal				
	At the beginning of the year	1125000	1.15	1125000	1.15
	Bought during the year	0	0	0	0
	Sold during the year	0	0	0	0
	At the end of the year	1125000	1.15	1125000	1.15

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

Sr. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	India Agri Business Fund Ltd.				
	At the beginning of the year	14039331	14.37	14039331	14.37
	Bought during the year	0	0	14039331	14.37
	Sold during the year	0	0	14039331	14.37
	At the end of the year	14039331	14.37	14039331	14.37
2.	Vistra ITCL India Ltd. (formerly known as IL and FS Trust Company Limited)				
	At the beginning of the year	7391226	7.57	7391226	7.57
	Bought during the year	0	0	7391226	7.57
	Sold during the year	0	0.00	7391226	7.57
	At the end of the year	7391226	7.57	7391226	7.57
3.	Societe De Promotion Et De Participation Pour La Cooperation Economique				
	At the beginning of the year	8477429	8.68	8477429	8.68
	Bought during the year	0	0	8477429	8.68
	Sold during the year	0	0	8477429	8.68
	At the end of the year	8477429	8.68	8477429	8.68
4	DSP Blackrock Micro Cap Fund				
	At the beginning of the year	0	0	0	0
	Bought during the year	2940077	3.01	2940077	3.01
	Sold during the year:	0	0	2940077	3.01
	At the end of the year	2940077	3.01	2940077	3.01
5	Reliance Capital Limited				
	At the beginning of the year	2744000	2.81	2744000	2.81
	Bought during the year	0	0	2744000	2.81
	Sold during the year	2744000	2.81	0	0.00
	At the end of the year	0	0.00	0	0.00
6	Styrax Commodities Ltd.				
	At the beginning of the year	2434740	2.49	2434740	2.49
	Bought during the year	0	0	2434740	2.49
	Sold during the year	600000	0.61	1834740	1.88
	At the end of the year	1834740	1.88	1834740	1.88

Sr. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Lata Bhanshali				
	At the beginning of the year	1939100	1.99	1939100	1.99
	Bought during the year	0	0	1939100	1.99
	Sold during the year	1939100	1.99	0	0
	At the end of the year	0	0.00	0	0.00
8	Ecap Equities Limited				
	At the beginning of the year	1713414	1.75	1713414	1.75
	Bought during the year	8902	0.01	1722316	1.76
	Sold during the year	682088	0.70	1040228	1.06
	At the end of the year	1040228	1.06	1040228	1.06
9	Smaller Companies Portfolio of The Genesis Emergin				
	At the beginning of the year	1412913	1.45	1412913	1.45
	Bought during the year	0	0	1412913	1.45
	Sold during the year	1412913	1.45	0	0
	At the end of the year	0	0	0	0
10	Wasatch Micro Cap Fund				
	At the beginning of the year	1349035	1.38	1349035	1.38
	Bought during the year	150965	0.15	1500000	1.54
	Sold during the year	0	0	1500000	1.54
	At the end of the year	1500000	1.54	1500000	1.54
11	HDFC Trustee Company Limited – HDFC Capital Builder				
	At the beginning of the year	1305600	1.34	1305600	1.34
	Bought during the year	0	0	1305600	1.34
	Sold during the year	525887	0.54	1285341	1.32
	At the end of the year	779713	0.80	779713	0.80
12	Arvind Jagannath Nirmal				
	At the beginning of the year	1125000	1.15	1125000	1.15
	Bought during the year	0	0	1125000	1.15
	Sold during the year	0	0	1125000	1.15
	At the end of the year	1125000	1.15	1125000	1.15
13	Payal Bhanshali				
	At the beginning of the year	0	0	0	0
	Bought during the year	975000	1.00	975000	1.00
	Sold during the year	0	0	975000	1.00
	At the end of the year	975000	1.00	975000	1.00
14	Meenu Bhanshali				
	At the beginning of the year	0	0.00	0	0
	Bought during the year	975000	1.00	975000	1.00
	Sold during the year	0	0.00	975000	1.00
	At the end of the year	975000	1.00	975000	1.00

(v) Shareholding of Directors and Key Managerial Personnel:

	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. Sarangdhar R. Nirmal, Chairman & Managing Director				
At the beginning of the year	1125000	1.15	1125000	1.15
Bought during the year	0	0	0	0
Sold during the year	0	0	0	0
At the end of the year	1125000	1.15	1125000	1.15
Mr. Vivek S. Nirmal, Joint Managing Director				
At the beginning of the year	1125000	1.15	1125000	1.15
Bought during the year	0	0	0	0
Sold during the year	0	0	0	0
At the end of the year	1125000	1.15	1125000	1.15
Mr. Amit Manhar Gala, Chief Financial Officer (for the period from December 12, 2015 to April 26, 2017)				
At the beginning of the year	20000	0.02	20000	0.02
Bought during the year	0	0	20000	0.02
Sold during the year	10000	0.01	10000	0.01
At the end of the year	10000	0.01	10000	0.01

V. INDEBTEDNESS:

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount as on 01.04.2016	9,327.31	-	-	9,327.31
ii) Interest due but not paid as on 01.04.2016	-	-	-	-
iii) Interest accrued but not due as on 01.04.2016	-	-	-	-
Total (i+ii+iii)	**9,327.31**	**-**	**-**	**9,327.31**
Change in Indebtedness during the financial year 2016-17				
* Addition	7,260.46	-	-	7,260.46
* Reduction	25.06	-	-	25.06
@ Amortisation of processing charges on Indostar loan as per EIR	39.57	-	-	39.57
Net Change	**7,274.97**	**-**	**-**	**7,274.97**
Indebtedness at the end of the financial year: 31.03.2017				
i) Principal Amount	16,602.28	-	-	16,602.28
ii) Interest accrued on loans but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**16,602.28**	**-**	**-**	**16,602.28**

@ As per the provisions of Ind AS 109 – "Financial Instruments", financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method (EIR).

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole –time Directors and / or Manager: (₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total amount
		Mr. Sarangdhar R. Nirmal	Mr. Vivek S. Nirmal	
1.	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	70.00	24.00	94.00
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961 (₹)	Nil	Nil	Nil
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Options	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission:			
	As % of profit			
	Others, specify	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	70.00	24.00	94.00
	Ceiling as per the Act	156.00	156.00	

B. Remuneration to other Directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors					Total amount
		Mr. Ashok Sinha	Mr. O.V. Bundellu	Mr. B. Soundararajan	Mrs. Seemantinee Khot	Mr. Rajesh Srivastava	
1	**Independent Directors:**						
	Fee for attending Board / Committee meetings (excluding service tax)	3.00	4.00	1.75	3.00	2.25	14.00
	Commission (excluding service tax)	Nil	Nil	Nil	Nil	N.A.	Nil
	Others, please specify	Nil	Nil	Nil	Nil	N.A.	Nil
	Total (1)	**N.A.**					
2	**Other Non-Executive Directors:**						
	Fee for attending Board / Committee meetings	N.A.	N.A.	N.A.	N.A.		
	Commission	N.A.	N.A.	N.A.	N.A.	Nil	
	Others, please specify	N.A.	N.A.	N.A.	N.A.	Nil	
	Total (2)	**N.A.**	**N.A.**	**N.A.**	**N.A.**		
	Total (B) = (1+2)						
	Total Managerial Remuneration	₹94.00 Lakhs and sitting fee of ₹14.00 Lakhs					
	Overall Ceiling as per the Act	₹343.20 Lakhs					

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		CMD	CEO	Company Secretary	CFO		
		Mr. Sarangdhar R. Nirmal	Mr. Vivek s. Nirmal	Ms. Priya Nagmoti	Mr. Raviraj Vahadane	Mr. Amit Gala	
1	Gross Salary						
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	70.00	24.00	26.49	27.06	21.05	168.60
(b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4	Commission:						
	- As % of profit						
	- Others, specify	Nil	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total	70.00	24.00	26.49	27.06	21.05	168.60

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Detail of Penalty / Punishment / Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty	--------------Not applicable---------------------				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	--------------Not applicable---------------------				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	--------------Not applicable---------------------				
Punishment					
Compounding					

ANNEXURE - 2

Nomination, Remuneration and Evaluation Policy

Introduction:

The Company considers human resources as its invaluable assets. This policy on nomination, remuneration and evaluation of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and the listing agreement with stock exchanges in order to pay equitable remuneration to the Directors, KMPs and other employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

Objective and Purpose of the Policy:

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to retain, motivate and promote talent and ensure long term sustainability of talented managerial persons and create competitive advantage and achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

Applicability:

This Nomination, Remuneration and Evaluation Policy (the "Policy") applies to the Board of Directors (the "Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of Prabhat Dairy Limited (the "Company").

"Key Managerial Personnel (KMP) means—

(i) Chairman & Managing Director;

(ii) Company Secretary,

(iii) Whole-time Director;

(iv) Chief Financial Officer; and

(v) Such other Officer as may be prescribed.

The term "Senior Management Personnel" means to include all members other than the Directors and KMPs of the Company, who are the functional heads of the departments/ divisions/branches of the Company.

Accountabilities:

1. The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
2. The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

Nomination and Remuneration Committee:

The Board has constituted a Nomination and Remuneration Committee which is responsible for:

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
2. identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
3. recommending to the Board on the selection of individuals nominated for directorship;
4. making recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Officials so appointed/reappointed;
5. assessing the independence of independent directors;
6. such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act 2013 and Rules thereunder.
7. to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
8. ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
9. to devise a policy on Board diversity;
10. to develop a succession plan for the Board and to regularly review the plan;

The Nomination and Remuneration Committee comprises of the following:

a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

c) Membership of the Committee shall be disclosed in the Annual Report.

d) Term of the Committee shall be continued unless terminated by the Board of Directors.

Chairman of the Committee:

a) Chairman of the Committee shall be an Independent Director.

b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

Committee Members' Interest:

a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Voting:

a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

Appointment of Directors/KMPs/Senior Officials:

1. Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/a level below KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee shall have regard to:

   - assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;

   - the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;

   - the skills and experience that the appointee brings to the role of KMP/Senior Official and how an appointee will enhance the skill sets and experience of the Board as a whole;

   - the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

2. Personal specifications:

Qualification:

- Degree holder in relevant disciplines (e.g. management, accountancy, legal); or

- Recognised specialist

Experience:

- Experience of management in a diverse organisation

- Experience in accounting and finance, administration, corporate and strategic planning or fund management

- Demonstrable ability to work effectively with a Board of Directors

Skills:

- Excellent interpersonal, communication and representational skills

- Demonstrable leadership skills

- Extensive team building and management skills

- Strong influencing and negotiating skills

- Having commitment to continuous professional development to refresh knowledge and skills

Abilities and Attributes:

- Commitment to high standards of ethics, personal integrity and probity

- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace

Letters of Appointment:

Each Director/KMP/Senior Officials is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

Remuneration of Directors, Key Managerial Personnel and Senior Management:

The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall be commensurate to retain and motivate the human resources of the Company. The compensation package will also take into account the experience of the personnel, the complexity of the job, work duration and risks & responsibilities associated with the work.

The objective is to set the total remuneration at levels to attract, motivate and retain high-calibre and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group present globally, established through independent compensation surveys, from to time.

General:

1. The remuneration / compensation / commission, etc. to Directors, KMPs and other senior officials will be determined by the Committee and recommended to the Board for approval.
2. The remuneration payable to Directors, KMPs and other senior officials shall be valued as per the provisions of the Income Tax Act, 1961 and the rules framed thereunder.
3. All the remuneration payable by the Company shall be subject to deduction of tax at source at the applicable rates.
4. The Nominations & Remuneration Committee shall determine individual remuneration packages for Directors, KMPs and Senior Officials of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee may consult with the Chairman of the Board as it deems appropriate. Remuneration of the Chairman shall be recommended by the Committee to the Board of the Company.

Remuneration to Executive Directors:

1. The remuneration including commission / increments to be paid to the Managing Director / Whole time Director / Manager / Executive Directors shall be in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder as well as within the limits approved by the shareholders of the Company, if any.
2. Where any insurance taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as a part of the remuneration payable to any such personnel. Provided that if such person is proved guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Non-executive / Independent Directors:

1. The remuneration payable to each Non-executive Director shall be based on the remuneration structure as determined by the Board and as revised from time to time depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the Rules made thereunder.
2. The remuneration to the Non-executive Directors including Independent Director may be paid within the monetary limit approved by the shareholders, subject to the overall limits not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
3. The Non-executive Directors including Independent Directors shall be entitled to receive sitting fees for every meeting of the Board of Directors or any Committee thereof. The amount of the sitting fee shall be such amount as approved by the Board of Directors as per the provisions of the Companies Act, 2013 and the Rules made thereunder.
4. The Non – executive Directors including Independent Directors shall also be entitled to be reimbursed for the travelling expenses for attending the Board / committee meetings. They shall also be reimbursed for the accommodation expenses maximum for a period of 2 days if all the meetings of the Board and Committee are scheduled in a single day and for 3 days if the meetings are scheduled for 2 consecutive days, and for attending those meetings they are required to stay in a hotel. Alternatively, the Company may make arrangement at its own cost for their stay.
5. The Independent Directors shall not be entitled to any stock options of the Company.

Remuneration to KMPs and other senior officials:

The Directors, Key Management Personnel and other senior official's salary shall be based and determined on the individual person's responsibilities, performance, experience, leadership abilities, initiative taking abilities, knowledge base and in accordance with the limits as prescribed statutorily, if any.

Components of Remuneration:

The Committee would determine the remuneration of Directors and KMPs and formulate guidelines for remuneration payable to other employees.

The remuneration and reward structure for Directors, KMPs and other senior officials may comprise of two broad components:

1. Annual Remuneration;
2. Long term rewards

1. Annual Remuneration: It refers to the annual compensation payable to the employees of the Company. This may comprise of the following:

   a. Fixed compensation: The fixed salaries shall be competitive and based on the individual personnel's responsibilities, performance, designation and grade.

   b. Variable compensation: The variable compensation shall be a performance linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. Every employee shall sign a performance contract which clearly articulates the key performance measures for that particular defined role. This variable compensation will be directly linked to the performance on individual components of the performance contract and the overall performance of the business. Provided however that such variable salaries shall not exceed 10% percentage of the fixed annual salaries of such individual employee. An employee's variable pay would therefore, be directly dependent on key performance measures that represent the best interest of shareholders.

   c. Non-monetary benefits: Senior management personnel of the Company may be entitled to customary non-monetary benefits such as Company cars and free internet access, laptops, mobiles, accommodation (furnished / unfurnished), etc. within the overall limits of remuneration approved for such personnel.

   d. Gratuity/group insurance: Personnel may also be entitled to group insurance and other key man insurance protection. Further as required by the law necessary gratuity shall be paid to the personnel.

2. Commission: The directors may be paid commission if approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any director of the Board.

   Long term Rewards: This may include long – term incentive plans under which incentives may be granted to eligible key employees based on their contribution to the performance of the Company, relative position in the company and length of service under the supervision and approval of the Committee. The company could implement various long term awards / schemes that could include long term incentive programme spread over several years with payouts in multiple tranches linked to the Company's performance. Another form of long term awards could be in the nature of stock options of the Company which may be granted to key employees and high performers in the Company who would be selected by the Committee based on their criticality, past performance and potential. The grant, vesting and other scheme details would be formulated by the Committee from time to time. These long term reward schemes would be implemented to attract and retain key talent in the industry.

Evaluation / Assessment of Directors/ KMPs/ Senior Officials of the Company:

The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis and to satisfy the requirements of the Listing Agreement.

The following criteria may assist in determining how effective the performances of the Directors/KMPs/Senior officials have been:

- Leadership & stewardship abilities
- contributing to clearly defined corporate objectives & plans
- Communication of expectations & concerns clearly with subordinates
- obtain adequate, relevant & timely information from external sources.
- review & approval achievement of strategic and operational plans, objectives, budgets
- regular monitoring of corporate results against projections
- identify, monitor & mitigate significant corporate risks
- assess policies, structures & procedures
- direct, monitor & evaluate KMPs, senior officials
- review management's succession plan
- effective meetings
- assuring appropriate board size, composition, independence, structure
- clearly defining roles & monitoring activities of committees
- review of company's ethical conduct

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/

Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

Deviations from the Policy:

The Nomination and Remuneration Committee or the Board may deviate from this Policy if there are specific reasons to do so in an individual case and in case of any such deviations, the statutory approvals, if any as required shall be obtained by the Company and remuneration shall be paid subject to such statutory approvals.

Amendments to the Policy:

This Policy is framed based on the provisions of the Companies Act, 2013 and the Rules thereunder and the listing agreement with stock exchanges.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions of this Policy inconsistent with the act or regulations, then the provisions of the Act or regulations would prevail over the Policy and the provisions of this Policy would be modified in due course to make it consistent with the law.

This Policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modifications in the Policy as recommended by the Committee would be given for approval of the Board of Directors.

ANNEXURE - 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2017

[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
M/s. PRABHAT DAIRY LIMITED
CIN: L15203PN1998PLC013068
121/2A At Post Ranjankhol Rahata, Dist Ahmednagar
Maharashtra 413720

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company and its subsidiaries 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 Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act 2013 and the Rules made thereunder;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iv) Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder;

(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 (Listing Obligations and Disclosure Requirements), Regulations, 2015.

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations, 2009;(Not Applicable as Company has not issued any further share Capital during the year)

(e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable

(i) The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014 – Not Applicable

(j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable

(vi) The laws as are applicable specifically to the Company are as under:

a. The Bombay Rent Act, 1947

b. The Companies Act, 2013

c. The Payment of Bonus Act, 1965

d. The Payment of Gratuity Act, 1972

e. The Payment of Wages Act, 1936

f. The Employees Provident Funds and Miscellaneous Provisions Act, 1952

g. The Shop & Establishment Act, 1948

h. The Negotiable Instrument Act, 1881

i. The Information technology Act, 2000

j. The Contract Labour Act, 1970

k. The Income Tax Act, 1961

l. The Central Sales Tax Act, 1956

m. Central Excise Act, 1944

n. The Finance Act, 1994

o. Intellectual Property Laws

p. The Employee State Insurance Act,1948

q. Food Safety and Standards Act, 2006

r. Legal Metrology Act, 2009

s. Bureau of Indian Standard Act, 1986

t. The Sale of Goods Act, 1930

u. The Factories Act, 1948

v. The Maharashtra Agricultural Produce Marketing Act, 1963

w. Infant Milk Substitutes Feeding Bottles and Infant Foods Act, 1992

x. The Environment Protection Act, 1986

y. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

z. Minimum Wages Act, 1948

aa. Maternity Benefit Act, 1961

bb. Industrial Disputes Act, 1947

cc. Employees Compensation Act, 1923

dd. Prevention of food Adulteration Act, 1954

ee. The Indian Contract Act, 1872

(vii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) Corporate Governance Voluntary Guidelines- 2009 issued by Ministry of Corporate Affairs Government of India;

(iii) Corporate Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;

(iv) The Company has been the holding company of following companies.

a) Sunfresh Agro Industries Private Limited

b) Cheese Land Agro (India) Private Limited

(v) The Company is a non-government company /non-financial Company.

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

We Further report that, during the year under review:
The status of the Company during the financial year has been that of a Listed Company.

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 Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, 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.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Company has complied with the provisions of the Act and Rules made under that Act in carrying out the following changes:

(a) Directors/KMP:
We Further Report that:

a) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.

b) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities.

c) The company has outstanding loans amounting to ₹14,545.07 Lakhs (including interest) as on March 31, 2017 given to companies i.e. wholly owned subsidiary in which directors are interested and not given guarantees and provided securities to companies in which directors were interested, and has complied with the provisions of the Companies Act, 2013.

d) The Company has made loans and investments; or given guarantees or provided securities to other business entities and has complied with the provisions of the Companies Act, 2013 and any other statutes as may be applicable.

e) The amount borrowed by the Company from its directors, members, bank(s)/ financial institution(s) and others were within the borrowing limits of the Company. Such borrowings were made by the Company in compliance with applicable laws.

f) The Company has not defaulted in the repayment of public deposits, unsecured loans and debentures, facilities granted by bank(s)/financial institution(s) and non-banking financial companies.

g) The Company has created, modified or satisfied charges on the assets of the company and complied with the applicable laws.

h) All registrations in the various statutes and local laws as applicable to the company are valid as on the date of report.

i) The Company has issued and allotted the securities to the persons-entitled thereto and has also issued letters and certificates thereof as applicable to the concerned persons within the stipulated time in compliance with the provisions of the Companies Act, 2013 and other relevant statutes during the period under review.

j) The Company has paid all its Statutory dues During the Period Except the Following under review.

Nature of the statute	Nature of the Dues	Period to Which it Relates	Amount Demanded (Rs.)	Amount paid under Protest (Rs.)	Forum where Dispute is Pending
The Income Tax Act, 1961	Income tax	AY 2007-08	1,609,413	-	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2009-10	2,825,447	1,900,000	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2011-12	1,695,240	-	Deputy Commissioner of Income Tax, Ahmednagar
The Income Tax Act, 1961	Income tax	AY 2012-13	25,702,172	23,000,000	Commissioner of Income Tax (Appeals), Pune

k) The Company has complied with the provisions of the Listing regulation during the period under review.

l) The Company has provided a list of statutes in addition to the laws as mentioned above and it has been observed that there are proper systems in place to ensure compliance of all laws applicable to the company.

Shravan A. Gupta & Associates
Practicing Company Secretary

Sd/-
Shravan A. Gupta
ACS: 27484, CP: 9990

Place: Mumbai
Dated :- 23rd May 2017

ANNEXURE - 4

FORM AOC – 2

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

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

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

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions'	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
----------------------N.A.-------------------								

2. Details of contracts or arrangements or transactions at Arm's length basis:

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any (₹ in Lakhs)	Date of approval by the Board	Amount paid as advances, if any
1.	Sunfresh Agro Industries Pvt. Ltd., wholly owned subsidiary of the Company	Purchase of goods in the ordinary course of business at an arm's length price	April 1, 2016 to March 31, 2017	7,200.62	Since these related party transactions are in the ordinary course of business and are at an arm's length basis, approval of the Board is not applicable. However, these are reported to the Audit Committee / Board at their quarterly meetings.	Nil
		Sale of goods in the ordinary course of business at an arm's length price		53,867.24		Nil
		Re-imbursement of expenses		405.24		Nil
2.	Prabhat Agro Multi State Co-operative Society Limited, a co-operative society in which the Chairman of the Company is the Chairman	Purchase of goods in the ordinary course of business at an arm's length price	April 1, 2016 to March 31, 2017	2,525.67		50.66
3.	Mr. Sarangdhar R. Nirmal, Chairman and Managing Director of the Company	Availing various transport vehicles on lease in the ordinary course of business at an arm's length price	April 1, 2016 to March 31, 2017	3.49		Nil

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any (₹ in Lakhs)	Date of approval by the Board	Amount paid as advances, if any
4.	Cheese Land Agro (India) Pvt. Ltd. ('CLAIPL')	Converted the outstanding amount of the interest free unsecured loan given to CLAIPL in the fiscal 2012 which was repayable on March 31, 2016 as the loan repayable on demand with an interest at the rate of 7.50% per annum.	Repayable on demand	2,993.51	May 18, 2016	N.A.
5.	Cheese Land Agro (India) Pvt. Ltd. ('CLAIPL')	Extended the repayment tenure of the outstanding amount of unsecured loan given to CLAIPL in the fiscal 2013 which was repayable on March 31, 2017 for a further period of two years subject to payment of interest at the rate of 7.5% per annum	April 1, 2017 to March 31, 2019	11,551.56	February 13, 2017	N.A.

For & on behalf of the Board
For Prabhat Dairy Ltd.

Sd/-
Sarangdhar R. Nirmal
Chairman & Managing Director
DIN:00035234

Place : Navi Mumbai
Date : 23/05/2017

ANNEXURE - 5

DISCLOSURE AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1 & 2. Ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Directors & KMPs in the Financial Year 2016-17:

Sr. No.	Name of the Director / KMP	Designation	Ratio of Remuneration of each Director to Median Remuneration of Employees	Percentage increase in Remuneration during FY 2016-17
1.	Mr. Sarangdhar R. Nirmal	Chairman & Managing Director	33.82	0
2.	Mr. Vivek S. Nirmal	Joint Managing Director	11.59	0
3.	Mr. Ashok Sinha	Independent Director	1.45*	NA
4.	Mrs. Seemantinee Khot	Independent Director	1.45*	NA
5.	Mr. O.V. Bundellu (upto February 13, 2017)	Independent Director	1.93*	NA
6.	Mr. Soundararajan Bangarsamy	Independent Director	0.84*	NA
7.	Mr. Rajesh Srivastava	Independent Director (w.e.f. September 30, 2016 prior to that Non-Executive Director)	1.09*	NA
8.	Mr. Raviraj Vahadane (w.e.f. April 27, 2016)	Chief Financial Officer	13.07	NA
9.	Mr. Amit Gala (upto April 26, 2016)	Chief Financial Officer	10.17	NA
10.	Ms. Priya Nagmoti	Company Secretary	12.80	0

Note : The ratio of median remuneration of each Independent Director to median remuneration of employees has been calculated on total amount of sitting fee to Independent Directors paid during the year against the median per month remuneration of employees.

3.	Percentage increase in the median remuneration of employees in the financial year	55.54%	
4.	Number of permanent employees on the rolls of the Company as at March 31, 2017	800	
5.	Explanation on the relationship between average increase in remuneration and Company performance	Average increase in remuneration was 76.56%. The standalone turnover of the Company increased by 13.11% and Profit After Tax increased by 1.31%	
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Total Revenue (₹ in Lakhs)	113,115.89
		Profit Before Tax (₹ in Lakhs)	₹ 3,008.33
		Total remuneration to KMPs (incl. Managing Director and Whole time Director) (₹ in Lakhs)	168.60
		Total Remuneration of KMPs as % to:	
		Total Revenue	0.15%
		Profit Before Tax	5.60%
7.	i. Variations in the market capitalization of the Company	The market capitalization as on March 31, 2017 was ₹118,823.01 Lakhs as compared to ₹107,151.00 Lakhs as on March 31, 2016 i.e. an increase of 10.09%.	
	ii. Price Earnings ratio (P/E) of the Company as at the closing of March 31, 2017.	P/E 43.14 based on standalone EPS and P/E 25.13 based on consolidated EPS as on March 31, 2017.	
		100.64 based on standalone EPS and 38.49 based on consolidated EPS as on March 31, 2016.	

	iii. Percentage increase over / decrease in the market quotations of the shares of the Company as on March 31,2017 compared to the rate at which the Company came out with the last public offer in September, 2015:	5.78%
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in remuneration of the employees other than managerial personnel was 76.56% as compared to no increase in managerial remuneration which is on account of appointment of new employees at senior levels.

9. Comparison of remuneration of the Key Managerial Personnel against the performance of the Company:

Name of the KMPs	Remuneration in FY 2015-16 (₹ in Lakhs)	Revenue (in Rs.) (₹ in Lakhs)	Remuneration as % of revenue	Profit Before Tax (PBT) (in Rs.) (₹ in Lakhs)	Remuneration (as % of PBT)
Mr. Sarangdhar R. Nirmal	70.00	114,827.48	0.06%	3,008.33	2.33%
Mr. Vivek S. Nirmal	24.00	114,827.48	0.02%	3,008.33	0.80%
Mr. Raviraj Vahadane(w.e.f. April 27, 2016)	27.06	114,827.48	0.02%	3,008.33	0.90%
Mr. Amit Gala (upto April 26, 2016)	21.05	114,827.48	0.02%	3,008.33	0.70%
Ms. Priya Nagmoti	26.49	114,827.48	0.02%	3,008.33	0.88%

10.	The key parameters for any variable component of remuneration availed by the Directors	Not Applicable
11.	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	0.66
12.	Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, KMPs and other employees.

Other than as disclosed above, there was no employee who:

(a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and twenty lakh rupees;

(i) If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than ten lakh rupees per month;

(ii) If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole – time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

For & on behalf of the Board
For Prabhat Dairy Ltd.

Sd/-
Sarangdhar R. Nirmal
Chairman & Managing Director
DIN:00035234

Place : Mumbai
Date : 23/05/2017

ANNEXURE - 6

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014:

The information as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is as follows:

A. Conservation of Energy:

1. Some of the energy conservation measures undertaken during 2016-17 are:

(a) Commissioned captive cogeneration power facility to optimize energy costs.

(b) Installed VFD-operated air compressors and LED lights, among others to reduce power costs by 2%.

(c) Commissioned AMPACK, a high – speed curd packaging machine.

(d) Automated production facilities in Shrirampur and Navi Mumbai to boost efficiencies, enforce quality control and process large orders.

(e) Installed RO Polisher and trial is going on, which will solve the water problems.

(f) Replaced the existing 5 small boilers with one new large boiler which will reduce energy consumption.

(g) Ordered 20 KL Milk Homogenisor to upgrade processing capacity which will save apprx. 20% of electricity.

(h) Replaced manual IQF for Paneer with continuous IQF which will save on manpower and energy cost.

(i) RO plant installed which will reduce steam consumption.

(j) Solar energy utilization for generation of hot water to feed boiler.

2. Additional investments and proposals, if any being implemented for reducing energy consumption:

Your Company has already implemented the initiatives stated above and will extend and expand them wherever applicable. Your Company is continuously striving to achieve the quality production with further reduction in the consumption of electricity, fuel, water and other resources. It is also intended to reduce the packing material cost by optimization of packing material by marinating high quality.

3. Impact of measures at (1) and (2) above:

Fuel and energy costs have seen a decline in the past year with the successful energy reduction plan undertaken in both electricity / fuel consumptions. There has also been a reduction in the consumption of water.

B. Technology Absorption, Adaptation and Innovation:

(a) Efforts in brief, made towards absorption, adaptation and innovation:

Your Company has undertaken the following activities during the year:

• Installed a high speed pouch packaging machine to meet incremental demand of customers in a timely manner.

• Installed milk R.O. plant for maximum concentration of milk and water removal.

• Rented cold storage containers to avoid shortage of cold chain product space.

• Hired reefers to enhance storage and guarantee product freshness across SKUs.

• Introduced value added products, utilizing by-products.

• Anhydrous Milk Fat Plant commissioned with new technology which will reduce steam consumption and ultimately reduce manufacturing costs.

• Three effects steam ejector replaced with single effect steam ejector with small vaccum pump.

(b) Benefits derived as a result of the above:

The above initiatives resulted and will further result in achieving higher productivity and better energy utilization with reduced energy cost and has enhanced process capability to give superior and consistent product quality, new products, achieve economies.

(c) Details of imported technology:

Your company has imported a high pressure pump cum homogenisor for being used in its 40 TPD new Drier plant which has increased its efficiency. Also high speed packaging machines, UHT Sterilizer, Cream Sterilizer, Stephen Cooker for cheese plant, etc. are imported in order to achieve higher efficiency, quality, speed and economies.

C. Technology Absorption

Your Company has undertaken efforts to absorb the best available technology for processing of milk and manufacturing of milk products.

Research and Development (R&D)

Details of efforts made in technology absorption are as follows:

(a) Core areas of research by the Company:

• Your Company R&D team's core focus is to continue to deliver significantly superior and organoleptically advantaged innovations, renovating the core to be superior to competition, process development, value engineering of the product and packaging, building healthier product portfolio backed up with solid nutrition science and claim substantiation process, building state-of-the-art analytical excellence and ensuring regulatory compliance.

• Improve product safety and shelf life

• Process improvement is underway for mix preparations and processing for enhancing product quality, stability and food safety.

• Product Diversification

• Quality enhancement to achieve International Standards.

(b) Benefits delivered as a result of above R&D initiatives:

These core areas of research will help your Company to launch certain new to market disruptive advantaged, nutritionally superior products. Core products range will continue to be renovated to stay relevant and competitive in the market place. Health and wellness category will see range of products based on nutritional benefits and fortification in coming year. Strong pipeline of innovations and few category innovations will be the key benefits from the above initiatives.

(c) Expenditure on R & D:

In view of insignificant amount incurred, the expenses incurred on the research and development cannot be specifically segregated and presented.

(d) Future plan of action:

Your Company's R&D team will continue to focus on consumer winning technology & ingredients led disruptive and core innovations, strong health and wellness innovations based on nutrition claims, work on new adjacent category innovations for launch and reducing the cost of product and packaging recipe while continuing to build product advantage.

More importance will be given on product / process development / innovation, to bring down cost without compromising on product quality and to achieve international standards in quality and taste.

D. Foreign Exchange Earnings and Outgo:

During the year under review, there were no foreign exchange earnings. Expenditure incurred in foreign exchange were ₹139.18 Lakhs (previous year – ₹124.69 Lakhs).

For & on behalf of the Board
For Prabhat Dairy Ltd.

Sd/-
Sarangdhar R. Nirmal
Chairman & Managing Director
DIN:00035234

Place : Navi Mumbai
Date : 23/05/2017

ANNEXURE - 7

CSR Activities

PRABHAT CSR is guided by well thought Policy:

Prabhat believes that business sustenance is possible only with Inclusive Growth, and is committed to well-being of local communities and environmental sustainability.

Prabhat aspires to integrate sustainability perspective across all its business policies and operations.

Prabhat's CSR operations focus on improvements in agro based livelihoods of local communities, as they are the primary stakeholders.

Prabhat implements development initiatives in partnership with Nirmal Rural Multi Purpose Institute, Sunfresh Agro Pvt Ltd, local SHGs, educational institutions, Govt departments and is open to partnership with organizations with common goals of local area development.

Prabhat spends 2% of its profit for CSR, and makes public disclosures of CSR outcomes.

Prabhat's CSR Values:

Prabhat upholds three values that guide its CSR operations;

A. Environmental Sustainability: Minimizing environmental foot print of the business operations, by demonstrating and promoting efficient use of natural recourses, particularly water, soil (land) and livestock, which directly contribute to milk production.

B. Stakeholder's Responsiveness: Responding to stakeholder interests, particularly of local community to which primary stakeholders - the milk producing farmers belong by providing timely,quality extension services and improving their access to inputs, finance and information etc.

C. Business Responsibility: Doing business ethically and taking responsibility that business operations will not harm environment, employees, stakeholders or civil society at large.

CSR performance 2016-17

VETERINARY SERVICES:

Rational: Reliable Vet services not accessible or affordable to majority of the milk producers

Focus: making dairy business more affordable – by Preventive Health Care and breed improvement

Activities & Output: support veterinary services

1.	Vaccination	15506 cattle
2.	Model Prabhat Dairy Farms 250 Dairy Farms	
3.	Tick Control	13173 Cattle
4.	De-worming	13983 Cattle
4	Cattle health Camp	133 camps & 832 cattle
5	Awareness to producers on breeding feeding & management	

Outcome:

• Approx .20% Reduction veterinary health care cost to participating farmers

• Approx 12% Increase in milk production of participating farmers

• Average Fat increased from 3.95 to 4.05 among participating farmers

• At least 200 farmers adopted new technology in dairy farming

CATTLE BREEDING PROGRAM:

Rational: Increasing access of reliable & qualitative Artificial Insemination services

Focus:. Genetic Improvement through AI to Produce high yielding Crossbred Progeny

Activities & Out put

Engaged BAIF to deliver AI and knowledge transfer to local youth and avail high quality semen doses of higher genetic value.

1.	Go Vikas Kendra (Animal Development Centers)	46 centers
2.	On job AI Training (Theory, Practical) 57 Trainee	
3.	AI services	3341 cattle
4.	Pregnancy diagnosis	415 cattle

Out come

1. 50% conception rate

2. 57 Youth got Employment as AI Technitians

3. Reliable & Qualitative AI Services available at door step of milk producers

EXTENSION SERVICES:

Rational: Lack of awareness and exposure to dairy farmers, particularly women

Focus: Introducing best practices of dairy farming and improving gender balance

Activities & Output:

1. Practical inputs given to 8658 farmer families in 5 village clusters

Nutrition awareness (balance ration , fodder mgmt)	
Clean milk production	
Demonstration silage making	
Awareness on clean milk production	1877 farmers

2. Regular SHG Meetings 97 SHGs, 1092 members

Outcome:

- Over 2000 Families access extension services monthly
- 206 SHG members started dairy business
- 121 SHG members started goat rearing
- 96 new loose housing units
- 6 SHGs manage milk collection center
- 1 cattle feed production unit started successfully

CAPACITY BUILDING:

Rational: Milk Producers follow traditional methods,

Need knowledge, awareness and skills to adopt appropriate technology

Techniques to improve production and productivity.

Youth are falling out of dairy business

Focus: Awareness generation for adaptation of improved practices

Activities & Out put:

Training to youths in Profitable Dairy Farming/ Entrepreneur	
Farmers Training on feeding ,breeding & management	888
Networking with Government, NGO & Corporates to sustain the training activity	ID No of VTP from MSSDS
Development of training module	Modules are in place
Information and Education materials like calendars, posters and pamphlets	
Capacity building of women to increase their participation in dairy business	

Outcome:

- 80% youths adopted improved dairy farming /got employment
- At least 25% farmers adopted silage making
- Greater engagement of women

IMPORTANT COLLABORATION:

1. LIFE (Livelihood Initiative For Empowerment)

   YUVA–LEAD project has been initiated ,meeting with college teaching staff / Soft skill training at PVP college is started

2. Wall of Humanity
   - Over 200 citizens contributed in kind and continues
   - Over 1000 needy persons received utility items

3. MSSDS (Maharashtra State Skills Development Society)
   - Approved center for vocational training, Empanelled with MSSDS

4. LabourNet – for Recognition Prior Learning – Dairy farmers –Planned on 29th -31st March for 300 farmers

5. Agriculture Skill Council of India: National level TTT was organized for ASCI on Dairy farmers /Entrepreneur 9th to 11th March 2017

Review of Cattle breeding program /Gau Vikas Programme of Prabhat Dairy (Implemented by BAIF)

The project was inaugurated with the opening ceremony of first Cattle Development Center on dated 26/9/2016 at Taklimiya village in Rahuri taluka. At the end of six months of operation, pace of progress slow.

The reason for the same is given below:

1. AI Target Assumption

50 CDCs were planned with a monthly target of 75 Artificial Inseminations (AI) per month per CDC which translates to 3,750 AI per month and 22,500 inseminations for six months.

Based on the experience of BAIF in other states, the target was finalized in view of density of cattle population, total dependence on AI and unorganized nature of existing AI services.

However, due to over sight BAIF team failed to consider intense competition from over 500 private AI technicians providing breeding services in the area. These technicians are experienced and senior in age and are providing services since last many years. It will take some more time the new technicians to establish their credibility and settle down.

2. Area of Operation

Normally , CDCs are opened in potential area to thrive. However, In Vaijapur and Kannad taluka of Aurangabad, 6 CDCs have been established to develop milk potential of the area. The AI target cannot be achieved at present due to backwardness of the area.

A CDC located in peri-urban area, where cattle density is low coupled with intense competition from private AI Technicians was also closed down.

3. Human Resources

Normally, para-vets with diploma in Animal Husbandry are given training in AI procedure. The staff selected was just SSC pass with just two months training. At present there are 22 AI Technicians with Diploma and 24 without Diploma.

Most of the AI Technicians are below 20 years of age and are not able to influence and earn trust of the farmers.

4. Age of Center

The CDCs have been established in four batches. Age wise classification of CDC is as under: Age of the CDC directly correlated to performance as the AI worker at CDCs will take some time to stabilize.

SN	Number Of Center	Months functioning
1	7	1
2	12	2
3	9	3
4	5	4
5	7	5
6	4	6
7	10	7

Things would have been different if all the 50 CDCs were established in one go,

5. CDC Beneficiary

Initially it was decided to limit services only to farmers supplying milk to Prabhat Dairy. This affected the performance. Later it was decided to extend services to all the dairy farmers to improve performance. Many farmers still think that the services are limited to Prabhat producers.

6. Continuity of the Center in-charge

During last six month 15 Centre in-charges have left the job, 5 CDCs have been closed, 2 CDC in-charges have been changed and 1 CDC is Vacant. The CDC remains vacant for period varying from 1-6 months, during period of instability and work get affected.

Prabhat Dairy Team and BAIF team have taken some corrective action and as a result the Current Status on performance is as under.

From Average AI/ Month/ functional CDC which was 7.06 in September 2016, has improved and for the month of March 2017 it is 28.31.

As on 31/3/2017, out of the planned 50 CDCs, 42 are functioning, 6 are being revived and 2 to be established.

It is expected that by the month of May 2017, all the 50 CDCs would be functional and we will get the desired results.

Capacity Building Work:

Sr.no	Course name	Duration	Batch size	Focus	Expected Impact	Target Group	Numbers
1	Artificial Insemination technician	2 months	30	Basics of Artificial insemination & Advance techniques with vaccination ,preventive measures, importance of genetic improvement	Morbidity get down, Calf raring practice increased, Increase milk productivity, New modern dairy farms, technology adaption, profit margin increased, Availability of quality AI services	Youths	57
2	Profitable dairy farming	1 Day	50	Breeding ,feeding & management, importance of genetic improvement, Introduction to advance technology	Morbidity get down, Calf raring practice increased, Increase milk productivity, New modern dairy farms, technology adaption, profit margin increased	Famer couples	788
3	Dairy Entrepreneur	1 month	25	Basic -Dairy Entrepreneur advance -Linkages with financial institutions, Soft skills, Characteristics of Successful entrepreneur	Increased in milk through new dairy farms, usages of new technology in dairy farms, adoption of new technology, Expansion of Dairy Business or start dairy business	Youths	38
4	SHG training	1 day	15	Basic -Micro finance, Group strengthening & advance -Dairy farming, use of technology, networking	No of MCC run by women increased, Morbidity get down ,milk increased,% of diseases of cattle has been reduced, Various Income Generation Activities has been started successfully ,Gender justice	Women	1092

Sr.no	Course name	Duration	Batch size	Focus	Expected Impact	Target Group	Numbers
5	Dairy Farming (Recognition Prior learning) under Pradhan Mantri Kaushal VikasYojana (PMKVY)	3 days	50	Recognition prior learning program for Dairy Farmer is to give them recognition by providing certificate from Agriculture Sector Skill Council	Dairy Farmers got recognition & Certificate of 'Dairy Farmers ' they will get the benefit of Government scheme	Farmers	150

Annual Responsibility Statement of the CSR Committee

1. The following is the brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken:

- A well thought mission for inclusive growth, that contributes to well being and sustainability of its surroundings:
  - local community, particularly small and marginal farmers, women and youth.
  - local environment, and natural resources like water, soil, vegetation and livestock
- Protecting long term interests of both the company and its key stakeholders.
- A focused response to socio-economic and environmental issues raised by business operations.

2. The following is a reference to the web-link to the CSR Policy and projects or programs:

   www.prabhatfresh.com

3. The following is the Composition of the CSR committee as on March 31, 2017:

   Mrs. Seemantinee Khot, Chairman (Independent Director)

   Mr. Sarangdhar R. Nirmal, Member (Chairman & Managing Director)

   Mr. Rajesh Srivastava, Member (Independent Director)

4. The following is the Average net profit of the Company for last three financial years.

Year	Net Profit (₹ in Lakhs)
2013-14	356.44
2014-15	667.81
2015-16	1,296.08
Total	**2,320.33**
Average	773.44

5. The following is the Prescribed CSR expenditure (2% of the amount as in item 4 above):

   ₹15.47/- Lakhs (Rupees Fifteen Lakhs Forty Seven Thousand only)

6. The following are the details of CSR spent during the financial year:

   (a) total amount to be spent for the financial year : ₹15.47 Lakhs

   (b) amount unspent, if any : NIL

   (c) manner in which the amount spent during the financial year is detailed below:

(₹ in Lakhs)

(1) S. No.	(2) CSR Project or activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
1	Cattle Breeding & Development Program	Animal Welfare	Dist. Ahmednagar, Maharashtra	9.77	9.77	9.77	Through BAIF Institute for Sustainable Livelihoods and Development (BISLD), a Not for profit company incorporated under section 25 of the Companies Act, 1956 having CIN: U73200PN2012NPL142984
2	Veterinary Services (Preventive Healthcare)	Animal Welfare		11.03	11.03	11.03	Direct
3	Capacity Building	Rural Development Projects		0.21	0.21	0.21	Through NGO i.e. Nirmal Rural Multipurpose Institution registered under Bombay Public Trusts Act, 1950 under registration no. F/2446 Ahmednagar.
	TOTAL			21.01	21.01	21.01	

*Give details of implementing agency

The CSR Committee hereby confirm and certify to the Board that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company during the financial year ended on March 31, 2017.

Sd/-
Seemantinee Khot
Chairperson, CSR Committee
DIN: 07026548

Sd/-
Sarangdhar R. Nirmal
Chairman & Managing Director
DIN: 00035234

Corporate Governance Report

Your Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017 in terms of Regulation 34(3) read with Schedule V Clause C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance in simple words means the way a corporation is governed. Corporate governance refers to mechanisms, processes and relations by which corporations are controlled and directed. Corporate Governance is a systematic process driven by the ethical conduct of the business and affairs in an organization aimed at promoting sustainable business and enhancing shareholders value in long term. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability across all business practices. Corporate governance essentially involves balancing the interests of a Company's stakeholders such as shareholders, management, customers, suppliers, financiers, government and the community. We believe that Corporate Governance is a continuous journey for sustainable value creation for all these stakeholders driven by our values of Integrity, Commitment, Passion, Seamlessness and Speed.

Prabhat is aiming to become one of the front runners in India to adopt and implement best governance practices. Our governance practices are a product of self desire, reflecting the culture of trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process.

Our governance philosophy rests on five basic tenets:

- Board accountability to the Company and shareholders
- Strategic guidance and effective monitoring bby the Board
- Protection of minority interests and rights
- Equitable treatment of all shareholders; and
- Superior transparency and timely disclosure.

In line with this philosophy, Prabhat continuously strives for excellence through adoption of best governance and disclosure practices. Corporate Governance has always been intrinsic to the management of the business and affairs of our Company. Corporate Governance in Prabhat is a reflection of principles entrenched in our values and policies, leading to value driven growth. At Prabhat ensuring fairness, transparency and accountability across all business processes is of utmost importance. We believe that good governance practices stem from the culture and mindset of the organization. While making business decisions our objective is to meet stakeholder's interest and societal expectations. We, at Prabhat are committed in fostering and sustaining a culture that integrates all components of good governance and demonstrates highest standard of ethical and responsible business conduct. Your Company confirms compliance to the Corporate Governance requirements as enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), the details of which for the financial year ended March 31, 2017 is as set out hereunder:

I. BOARD OF DIRECTORS

An active, informed and independent Board of Directors ('Board') is a pre-requisite for strong and effective corporate governance. The Board plays a crucial role in overseeing how the management safeguards the interest of all the stakeholders. The Board ensures that the Company has clear goals aligned to the shareholders' value and growth. The Board critically evaluates strategic direction of the Company and exercises appropriate control to ensure that the business of the Company is conducted in the best interest of the shareholders and society at large. The Board is duly supported by the Joint Managing Director and Senior Management Personnel in ensuring effective functioning of the Company.

Composition of the Board

The Company has a balanced and diverse Board, which includes independent professionals and confirms to the provisions of the Companies Act, 2013 and the Listing Regulations. Your Company's Board represents a confluence of experience and expertise from diverse areas of food processing industry, corporate social responsibility, banking, finance, business management, entrepreneurship, etc. As on March 31, 2017, the Board comprises of 7 (seven) members comprising of an Executive Chairman and Managing Director, Executive Joint Managing Director, a Non - Executive Director and four Independent Directors which includes a woman Director on the Board of Directors of the Company. The composition of the Board reflects the judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company.

The Board periodically evaluates the need for change in its size and composition to ensure that it remains aligned with statutory and business requirements.

None of the directors is a Director on the Board of more than ten public limited companies or act as an Independent Director in more than seven listed companies. Further, none of the Directors is a member of more than ten Committees or Chairman of more than five Committees, across all the Companies in which he / she is a director. Except Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal, who are related to each other as father and son, no other Directors are related to each other. The Company has issued a formal letter of appointment to all the Independent Directors as prescribed under the provisions of the Companies Act, 2013 and the terms and conditions of their appointment has been uploaded on the website of the Company. The Company has received declaration from all the Independent Directors confirming that they meet the criteria of independence as specified under Section 149(6) of the Companies Act, 2013 and they are qualified to act as an Independent Director.

Board Meeting Procedure:

The annual calendar of meeting is broadly determined at the beginning of each year. The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. Apart from the above, additional Board Meetings are convened to address the specific needs of the Company. In case of urgent business exigencies some resolutions are also passed by circulation, as permitted by law, which is confirmed and noted in the subsequent Board Meeting. Time gap between two consecutive meetings does not exceed 120 days. Video Conferencing / teleconferencing facilities are also made available to enable participation of Directors, in case they are unable to attend the meeting physically. There is a structured manner in which the agenda items are prepared and presented. The Company Secretary in consultation with the Chairman and Managing Director and the Joint Managing Director prepares the detailed agenda for the meeting. All the agenda items are backed by comprehensive agenda notes and relevant supporting papers containing all the vital information, so as to enable the Directors to have focused discussion at the meeting and take informed decisions. The agenda and agenda notes are circulated to all the Directors well in advance, usually a week before the Meeting. In case of sensitive agenda matters, where it is not practical to circulate the relevant information as part of the agenda papers, the same is tabled at the meeting. In special and exceptional circumstances, additional or supplementary agenda items are taken up for discussion with the permission of the Chairman and Independent Directors. The members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to exercise their right to bring up matters for discussion at the meeting with the permission of the Chairman and other Independent Directors. The Senior Management Personnel and outside professional experts are invited to the Board and / or Committee Meetings to apprise and update the members on the items being discussed at the meeting. All the relevant information as enumerated in Part A of Schedule II of the Listing Regulations is placed before the Board and the Board in particular reviews and approves corporate strategies, business plan, annual budget, capital expenditure, etc. The Board periodically reviews the compliance status of all the applicable laws and is regularly updated in various legal and regulatory developments involving the Company. Action Taken Report in respect of the decisions arising out of the previous meetings is placed at the succeeding meeting of the Board / Committee. The Members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company. All the decisions are taken after detailed deliberations by the Board Members at the meetings.

The draft minutes of each Board / Committee meetings are circulated to all Directors for their comments within 15 days of the meeting. The Company Secretary, after incorporating comments, received if any, from the Directors, records the minutes of each Board /

Committee meeting within 30 days from conclusion of the meeting. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments promptly.

During the financial year 2016-17, five meetings of the Board of Directors were held on May 18, 2016, September 13, 2016, November 14, 2016, December 8, 2016 and February 13, 2017. The intervening gap between two Board meetings did not exceed 120 days as mentioned under section 173 of the Companies Act, 2013 and the Listing Regulations.

The names and categories of the Directors on the Board, their attendance at the Board and Annual General Meeting held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies as on March 31, 2017 are given below:

Sr. No.	Name of the Director	Category	No. of Board Meetings Attended	Attendance at the AGM held on September 30, 2016	Directorships in other Companies (excluding Prabhat)*	No. of Board Committees in which Chairman / Member (excluding Prabhat)**	
						Chairman	Member
1	Mr. Sarangdhar R. Nirmal (DIN 00035234)	Promoter and Executive Chairman	5	Yes	NIL	NIL	NIL
2	Mr. Vivek S. Nirmal (DIN 00820923)	Promoter and Executive Director	5	Yes	NIL	NIL	NIL
3	Mr. Ashok Sinha (DIN 00299600)	Independent and Non – executive Director	5	No	2	NIL	2
4	Mr. Omprakash Venkatswamy Bundellu (DIN 00032950)***	Independent and Non – executive Director	4	Yes	1	1	NIL
5	Mr. Soundararajan Bangarusamy (DIN 00063462)	Independent and Non – executive Director	4	No	NIL	NIL	NIL
6	Mrs. Seemantinee Khot (DIN 07026548)	Independent and Non – executive Director	5	No	NIL	NIL	NIL
7	Mr. Rajesh Srivastava (DIN 00302223)	Inependent Director and Non-executive Director w.e.f. September 30, 2016 (prior to that Non-Executive Director)	2	No	6	NIL	2
8	Mr. Raphael Plihon (DIN 06814236)	Non-executive Director	5	No	NIL	NIL	NIL

* Does not include private companies, foreign companies and companies established under section 8 of the Companies Act, 2013.

** Represents Audit Committee and Stakeholders' Relationship Committee in public companies excluding that of Prabhat Dairy Limited.

***Resigned as an Independent Director with effect from February 13, 2017.

None of the Non-executive Directors of the Company held any shares or convertible instruments of the Company as at March 31, 2017.

Induction and Familiarization Program for Board Members:

A formal letter of appointment together with the Induction Kit is provided to the Independent Directors, at the time of their appointment, setting out their role, functions, duties and responsibilities. The Directors, are familiarized with the Company's business and operations and interactions are held between the Directors and senior management of the Company. Directors are familiarized with the organizational set-up, functioning of various departments, internal control processes and relevant information pertaining to the Company. Apart from the above, periodic presentations are also made at the Board / Committee meetings to familiarize the Directors with the Company's strategy, business performance, business environment, regulatory framework, operations review, risk management and other related matters.

The details of familiarization programs are posted on the website of the Company viz. www.prabhatfresh.com

Meeting of Independent Directors

The Independent Directors met on March 31, 2017 without the presence of Non-Independent Directors and the management, and discussed, inter alias, on matters pertaining to evaluation of the performance of the Board as a whole, evaluation of the performance of the Chairman, Executive Directors and Non-Executive Directors. They also assessed the quality, quantity and timeliness of flow of information between the management and the Board of Directors, which is necessary for the Board to effectively and reasonably perform their duties, etc.

The Independent Directors expressed satisfaction on the overall performance of the Directors and the Board as a whole. Inputs and suggestions received from the Directors were considered at the Board Meeting and are being implemented.

Performance Evaluation of Board

A formal evaluation mechanism is in place for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation was done based on the criteria which includes, among others, providing strategic perspective, Chairmanship of Board and Committees, attendance and preparedness for the meetings, contribution at meetings, effective decision making ability, role of the Committees, etc. The Directors expressed their satisfaction with the evaluation process.

Code of Conduct

The Board of Directors have laid down the Code of Conduct for all the Board Members (incorporating inter alia, duties of Independent Directors) and Senior Management Personnel of the Company, which is also uploaded on the website of the Company at www.prabhatfresh.com. The Code is derived from three inter linked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. Code of Conduct provides guidance and support for ethical conduct of the business. All Board Members and Senior Management Personnel have affirmed compliance to the Code of Conduct. A declaration signed by the Chairman and Managing Director affirming the compliance with the Code of Conduct by the Board Members and Senior Management Personnel of the Company for the financial year ended March 31, 2017 is annexed and forms part of this Report.

II. COMMITTEES OF THE BOARD

The Board Committees play a vital role in improving Board effectiveness in areas where more focused and extensive discussions are required. Some of the Board functions are performed through specially constituted Board Committees comprising of an effective mix of Executive and Non-Executive / Independent Directors. Board Committee's ensures focused discussion and expedient resolution of diverse matters. The Board committees include Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Finance Committee, CSR Committee and Risk Management Committee. All the Committees have formally established terms of references / Charter. The minutes of the Committee meetings are reviewed and noted by the Board.

The role and composition of the aforesaid Committees, including the number of meetings held and the related attendance of the members are given below:

A. Audit Committee:

The Company has an Audit Committee at the Board level with power and role that are in accordance with the Listing Regulations and the Companies

Act, 2013. The Audit Committee oversees the accounting, auditing and overall financial reporting process of the Company. The Audit Committee acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors inter alia to oversee the financial reporting process of the Company.

The Committee is governed by a Charter which is in Line with the regulatory requirements mandated by the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Powers of Audit Committee:

The powers of Audit Committee include the following:

i. To investigate any activity within its terms of reference;

ii. To seek information from any employee;

iii. To obtain outside legal or other professional advice;

iv. To secure attendance of outsiders with relevant expertise, if it considers necessary;

v. To call for a separate meeting with statutory and internal auditors with or without the Management Team;

vi. To call for a separate meeting with the Chairman and Managing Director / Joint Managing Director, other members of the management team to get an independent feedback and also to give feedback received from the auditors;

vii. Appoint any external firm to conduct special reviews of the Company (financial or legal) subject to the approval of the Board;

viii. Perform other activities as requested by the Board of Directors; and

ix. Carry out additional functions as contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.

Terms of Reference:

The broad terms of reference of Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information that the financial statement is correct, sufficient and credible.

2. Recommendation for appointment, remuneration and terms of appointment of auditor of the Company.

3. Approval of payment to statutory auditors for any other services rendered by statutory auditors.

4. Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:

    a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

    b. Changes, if any, in accounting policies and practices and reasons for the same;

    c. Major accounting entries involving estimates based on the exercise of judgment by management;

    d. Significant adjustments made in the financial statements arising out of audit findings;

    e. Compliance with listing and other legal requirements relating to financial statements;

    f. Disclosure of any related party transactions;

    g. Qualifications in the draft audit report.

5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing with the management, the statement f uses /application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a

public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

7. Review and monitor the auditor's independence and performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company 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 thereon.
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 (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To review:
    a. Management Discussion and Analysis of financial condition and results of operations;
    b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
    c. Management letters / letters of internal control weaknesses issued by the Statutory Auditors, if any;
    d. Internal audit reports relating to internal controls and weaknesses; and
22. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

In addition to reviewing financial results on quarterly basis, Audit Committee Meetings are also convened for reviewing Internal Audit Reports pertaining to various functions and also for reviewing the implementation of Internal Financial Control framework. The Company has appropriate internal control systems for business processes, covering operations, financial reporting and compliance with applicable laws and regulations. Regular internal audits and management reviews ensure that the responsibilities are executed effectively. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them, as appropriate.

The Committee also oversees the performance of the internal and statutory auditors and also recommends their appointment and remuneration to the Board. Information as detailed in Part C of Schedule II of the Listing Regulations is mandatorily being reviewed by the Audit Committee. The minutes of the Audit Committee Meetings forms part of the Board

Agenda. The Chairman of the Audit Committee Meeting briefs the Board on the discussions held during the Audit Committee Meeting.

Composition, Meetings and Attendance

The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. As on March 31, 2017, the Audit Committee comprises of five members and one permanent observer, of which four members, including the Chairman, are Independent Directors and one member is an Executive Director. The majority of the Audit Committee members possess accounting and financial management expertise. The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 30, 2016.

The Chairman and the Managing Director and the Chief Financial Officer of the Company are permanent invitees to the Audit Committee Meetings. Representative of the Statutory Auditors and Internal Auditors of the Company are also invited to the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Committee Meetings to present reports on the respective functions that are discussed at the meetings from time to time. External professional experts are also invited to the Audit Committee Meetings as and when considered necessary.

During the financial year 2016-17, five meetings of the Audit Committee were held on May 18, 2016, August 29, 2016, September 13, 2016, November 14, 2016 and February 13, 2017. The intervening gap between two meetings did not exceed 120 days.

The composition of the Audit Committee and the attendance of the members at the meetings held during the year are as under:

Sr. No.	Name of Committee Member	Category	No. of Audit Committee Meetings held during the year	No. of meetings attended
1	Mr. Ashok Sinha	Chairperson, Independent Director upto May 18, 2016	5	5
2	Mr. Omprakash Venkatswamy Bundellu*	Chairperson, Independent Director with effect from May 18, 2016	5	4
3	Mr. Soundararajan Bangarusamy	Independent Director	3	3
4	Mrs. Seemantinee Khot	Independent Director	5	5
5	Mr. Rajesh Srivastava	Independent Director (w.e.f. September 30, 2016) (prior to that Non-Executive Director)	5	3
6	Mr. Vivek S. Nirmal	Executive Director	5	5
7	Mr. Raphael Plihon	Permanent Observer	5	4

* Mr. Omprakash Venkatswamy Bundellu, Independent Director and member of the Audit Committee was appointed as the Chairman of the Committee with effect from May 18, 2016. He resigned as an Independent Director of the Company with effect from February 13, 2017 and therefore also ceased to act as the Chairperson of the Audit Committee.

The necessary quorum was present for all the meetings. The Chairperson of the Audit Committee Meeting was present at the Annual General Meeting of the Company held on September 30, 2016.

All the recommendations made by the Audit Committee were accepted by the Board.

B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee has been entrusted with the role of formulating criteria for determining the qualifications, positive attributes and independence of the Directors as well as identifying persons who may be appointed at senior management levels and also devising a policy on remuneration of Directors, Key Managerial Personnel and other senior employees.

Terms of Reference:

The broad terms of reference of Nomination and Remuneration Committee includes the following:

a. Set the level and composition of remuneration which is reasonable and sufficient to attract, retain and motivate Directors and Senior management of the quality required to run the Company successfully;

b. Set the relationship of remuneration to performance;

c. Check whether the remuneration provided to Directors and Senior Management includes a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

d. Formulate appropriate policies, institute processes which enable the identification of individuals who are qualified to become Directors and who may be appointed in senior Management and recommend the same to the Board;

e. Review and implement succession and development plans for Managing Director, Executive Directors and Senior Management;

f. Devise a policy on Board diversity; and

g. Formulate the criteria for determining qualifications, positive attributes and independence of Directors.

Composition, Meetings and Attendance

The composition of the Committee meets the requirements of section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. As on March 31, 2017, the Committee comprises of three Non-Executive Directors, of which all are Independent Directors. The Company Secretary acts as a Secretary to the Committee.

During the year, the Committee was reconstituted on May 18, 2016 with Mr. Ashok Sinha as the Chairman of the Committee and Mrs. Seemantinee Khot, Mr. Omprakash Venkatswamy Bundellu, Mr. Rajesh Srivastava and Mr. Raphael Plihon as the members of the Committee. Mr. Raphael Plihon resigned as a member of the Committee with effect from November 14, 2016. Mr. Omprakash Venkatswamy Bundellu resigned as an Independent Director of the Company with effect from February 13, 2017 and consequently he ceased to act as a member of the Committee.

The composition of the Nomination and Remuneration Committee and particulars of meetings attended by the members are given below:

Two meetings of the Committee were held on April 22, 2016 and April 26, 2016 during the financial year 2016-17.

Sr. No.	Name of Committee Member	Category	No. of Nomination & Remuneration Committee meetings attended
1	Msr Ashok Sinha	Chairperson (w.e.f. May 18, 2016), Independent Director	2
2	Mr. Omprakash Venkatswamy Bundellu	Chairperson (upto May 18, 2016)	2
3	Mr. Rajesh Srivastava	Non-executive Director	NIL
4	Mr. Raphael Plihon	Non-executive Director	1
5	Mrs. Seemantinee Khot	Independent Director	N.A.

Remuneration Policy

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on remuneration of Directors and Senior Management Employees. The Company's Remuneration Policy is directed towards rewarding performance based on periodic review of the achievements. The remuneration policy has been disclosed as an Annexure to the Directors' Report in this Annual Report.

Remuneration of Directors

(i) **Remuneration to the Executive Directors**

The appointment and remuneration of Executive Directors including Chairman and Managing Director and Whole time Director is governed by the recommendation of the Nomination and Remuneration Committee, resolutions passed by the Board of Directors and shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of the Chairman and Managing Director and the Joint Managing Director comprises of salary, perquisites and allowances and contributions to Provident and their Retirement Benefit Funds as approved by the shareholders at the General Meetings. Annual increments are linked to performance and as decided by the Nomination and Remuneration Committee and recommended to the Board for approval thereof.

(ii) **Remuneration to Non-Executive / Independent Directors:**

The Non-Executive / Independent Directors are paid remuneration by way of sitting fee for each meeting of the Board or Committee of Directors attended by them. The Non-Executive Independent Directors do not have any material pecuniary relationship or transactions with the Company. The Non-Executive / Independent Directors are also entitled to reimbursement of expenses incurred in performance of their duties as Directors and Members of Committee.

The following table gives details of remuneration paid to Executive Directors for the financial year under review:

Name of Director	Salary (₹ in Lakhs)	Benefits and Perquisites	Performance Linked Incentives	Total (₹ in Lakhs)
Mr. Sarangdhar R. Nirmal	70.00	-	-	70.00
Mr. Vivek S. Nirmal	24.00	-	-	24.00

The following table gives the details of the sitting fees paid to the Independent Directors during 2016-17:

Name of the Director	Category
Name of the Director	Sitting Fee (excl. taxes) (₹ in Lakhs)
Mr. Ashok Sinha	3.00
Mrs. Seemantinee Khot	3.00
Mr. Omprakash Venkatswamy Bundellu (Ceased as Director w.e.f. February 13, 2017)	4.00
Mr. Soundararajan Bangarusamy	1.75
Mr. Rajesh Srivastava	2.25

C. STAKEHOLDERS RELATIONSHIP COMMITTEE:

Stakeholders' Relationship Committee ensures quick redressal of the complaints of the stakeholders and oversees the process of share transfer. The Committee also monitors redressal of Shareholders'/ Investors' complaints grievances viz. non-receipt of annual report, dividend payment, issue of duplicate share certificates, transmission of shares and other related complaints. In addition, the Committee also monitor other issues including status of Dematerialization / Rematerialization of shares issued by the Company.

Composition, Meetings and Attendance

The composition of Stakeholders' Relationship Committee is in conformity with the provisions of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. As on March 31, 2017, the Committee comprises of three members namely, Mr. Ashok Sinha (Chairperson), Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal. The Company Secretary acts as a Secretary to the Committee. During the financial year 2016-17, there was no requirement of holding any meeting of the Stakeholders' Relationship Committee.

Compliance Officer

Ms. Priya Nagmoti, Company Secretary, acts as the Compliance Officer of the Company. The Compliance Officer briefs the Committee on the grievances / queries of the investors and the steps taken by the Company for redressing their grievances. She is responsible for complying with the provisions of the Listing Regulations, requirements of securities laws and SEBI Insider Trading Regulations. The Compliance Officer can be contacted at:

Prabhat Dairy Ltd.
Plot No. D37/4, TTC Industrial Area,
Turbhe MIDC, Navi Mumbai – 400705
Tel : 022 41287700
E-mail: priya.nagmoti@prabhatdairy.in

Investor Grievances Redressal Status

During the financial year 2016-17, the complaints and queries received from the shareholders were general in nature and were mainly pertaining to non-receipt of dividend, non-receipt of annual report, etc. All the complaints were resolved to the satisfaction of the investors.

The status of complaints received and resolved during the financial year 2016-17 is as under:

Pending complaints as on April 1, 2016	Complaints received during the year	Complaints disposed during the year	Complaints pending as on March 31, 2017
0	16	16	0

To redress investor grievances, the Company has a dedicated e-mail id investor@prabhatdairy.in to which investors may send complaints.

D. FINANCE COMMITTEE:

The Company has constituted a Finance Committee to approve matters relating to availing of financial / banking facilities and other related treasury and banking activities. Finance Committee looks into matters pertaining to borrowings, working capital management, foreign currency loans, besides other powers granted to it by the Board.

Composition, Meetings and Attendance

During the financial year 2016-17, the Finance Committee comprised of three members namely, Mr. Sarangdhar R. Nirmal, Mr. Omprakash Venkatswamy Bundellu and Mr. Vivek S. Nirmal. Mr. Omprakash Venkatswamy Bundellu resigned as a Director of the Company with effect from February 13, 2017 and consequently he ceased as a member of the Finance Committee. The Company Secretary acts as the Secretary to the Committee. During the financial year 2016-17, five meetings of the Finance Committee were held on April 19, 2016, May 17, 2016, July 25, 2016, September 30, 2016 and December 8, 2016.

The composition of the Finance Committee and the attendance of the members at the meetings held during the year are as under:

Name of the Director	Category	No. of Meetings held during the year	No. of meetings attended
Mr. Sarangdhar R. Nirmal	Chairman & Managing Director	5	5
Mr. Omprakash Venkatswamy Bundellu	Independent Director	5	5
Mr. Vivek S. Nirmal	Joint Managing Director	5	5

E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In compliance with the requirements of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee ('CSR Committee'). The CSR Committee evaluates and recommends to the Board the CSR activities to be undertaken during the year and amount to be spent on CSR activities. The CSR Committee monitors the CSR policy from time to time.

During the year 2016-17, the CSR Committee comprised of four members including one Independent Director who chairs the Committee. Mrs. Seemantinee Khot, Independent Director is the Chairperson of the Committee, Mr. Sarangdhar R. Nirmal, Mr. Rajesh Srivastava and Mr. Raphael Plihon are the members of the Committee. The Company Secretary acts as a Secretary to the Committee. During the financial year 2016-17, two meetings of the Committee were held on June 16, 2016 and February 27, 2017.

The composition of the CSR Committee and the attendance of the members at the meetings held during the year are as under:

Sr. No.	Name	Status	No. of meetings held during the year	No. of meetings attended
1	Mrs. Seemantinee Khot	Chairperson and Independent Director	2	2
2	Mr. Rajesh Srivastava	Independent Director*	2	1
3	Mr. Raphael Plihon	Non-Executive Director**	2	1
4	Mr. Sarangdhar R. Nirmal	Executive Director	2	2

* Mr. Rajesh Srivastava became Independent Director with effect from September 30, 2016. Prior to that he was a Non-Executive Director.

** Mr. Raphael Plihon resigned as a member of the Committee with effect from November 14, 2016.

During the year under review, the Company has undertaken various CSR activities details whereof are provided in the Directors' Report. The focus areas for Company's CSR activities were social and rural development and sustainable livelihood projects.

The Company formulated CSR Policy which is uploaded on the website of the Company viz. http://www.prabhatfresh.com/wp-content/uploads/2015/12/CSR-Policy.pdf

F. RISK MANAGEMENT COMMITTEE:

Though not mandatory under the Listing Regulations, the Company has constituted a Risk Management Committee. The Committee's prime responsibility is to frame, implement and monitor the Enterprise Risk Management framework for the Company. The Committee reviews and monitors the risk management plan and ensures its effectiveness. During the financial year 2016-17, the Committee comprised of Mr. Omprakash Venkatswamy Bundellu, Mr. Rajesh Srivastava, Mr. Raphael Plihon, Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal as its members. Mr. Omprakash Venkatswamy Bundellu resigned as an Independent Director of the Company with effect from February 13, 2017 and consequently he ceased as a member of the Committee. Mr. Raphael Plihon has resigned as a member of the Committee with effect from November 14, 2016. The Chief Financial Officer is a permanent invitee to all the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

During the year 2016-17, two meetings of the Risk Management Committee were held on May 18, 2016 and February 13, 2017.

III. SUBSIDIARY COMPANIES

The subsidiary companies are managed by their individual Board of Directors. The Company monitors the performance of subsidiary companies on periodic basis. The statement containing the details of all significant transactions entered into by subsidiary companies is tabled before the Board periodically. Minutes of the Board meetings of unlisted subsidiary companies are placed before the Board for review and noting. Sunfresh Agro Industries Pvt. Ltd. is the material non-listed Indian subsidiary of the Company. The policy for determining material subsidiary is available on the Company's website www.prabhatfresh.com.

IV. DISCLOSURES

a. Related Party Transactions

All contracts / arrangements / transactions entered by the Company during the financial year 2016-17 with the related parties as detailed in note no. 48 of the standalone financial statements were in the ordinary course of business and at an arm's length basis. None of the related party transactions entered into by the Company were in conflict with the Company's interest. There are no materially significant Related Party Transactions made by the Company with its Promoters, Directors or Key Managerial Personnel etc. which has / may have potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for their approval. Omnibus approvals are taken for the transactions which are repetitive in nature. In compliance with Listing Regulations, the necessary statements / disclosures with respect to related party transactions, are tabled before the Audit Committee and the Board if Directors on quarterly basis. The details of the transactions with Related Parties are provided in the accompanying financial statements as required under Ind AS 24. In line with requirements of the Companies Act, 2013 and Regulation 23 of the Listing Regulations, the Company has adopted a Policy on Related Party Transactions which is available at Company's website www.prabhatfresh.com.

b. Disclosure of Accounting Treatment

In the preparation of standalone and consolidated financial statements, your Company has followed all the applicable Accounting Standards and the generally accepted principles in India.

c. Details of non-compliance with regard to the Capital Markets

There has been no instance of non-compliance by your Company and no penalties or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

d. Proceeds from public issues, rights issues, preferential issues, etc.

During the year under review, no proceeds were raised by the Company from public issues, rights issue, preferential issue, etc.

e. Insider Trading

In order to regulate trading in securities of the Company by the Directors ad designated employees, your Company has adopted a Code of Conduct for Trading in listed or proposed to be listed securities of your Company. Insider Trading Code prevents misuse of unpublished price sensitive information and it also provide for periodical disclosures and obtaining pre-clearance for trading in securities of your Company by the directors, Designated employees and Connected Persons of your Company.

f. Whistle Blower Policy

Your Company has established a Vigil Mechanism / Whistle Blower Policy for directors and employees for addressing complaints received from directors and employees concerning unethical behaviour, actual or suspected fraud and violation of code of conduct or ethics policy of your Company. The Policy provides adequate safeguards against victimization of Director(s) / Employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. Your Company hereby affirms that no Director / Employee has been denied access to the Chairman of the Audit Committee.

g. **Compliance with the Mandatory Corporate Governance Requirements as prescribed under the Listing Regulations**

The Board of Directors periodically review the compliance of all applicable laws. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 of the Listing Regulations. The Company has obtained a Certificate affirming the compliances from M/s. B S R & Associates LLP, Chartered Accountants, the Company's statutory auditors and the same is appended as an Annexure to this Report.

V. MANGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis forms part of the Directors' Report.

VI. SHAREHOLDERS' INFORMATION

a. **Disclosure regarding appointment or re-appointment of Directors**

Brief profile of the Directors seeking appointment or re-appointment is annexed to the Notice convening the 19th Annual General Meeting forming part of this Annual Report.

b. **Communication to Shareholders**

The Company's quarterly financial results, presentation made to Institutional Investors / analysts, quarterly report, official news releases and other general information about the Company are uploaded on the the Company's website (www.prabhatfresh.com).

Quarterly financial results, presentation made to Analysts, Quarterly reports, official news releases and official media releases are also sent to the Stock Exchanges.

The quarterly financial results of the Company are generally published in the Financial Express (All Editions), Gavkari (upto the quarter ending on December 31, 2016) and Kesari (from the quarter and year ending on March 31, 2017) (a regional daily published in the district of Ahmednagar).

At the end of each quarter, the Company organizes performance review call with the analysts and investors and the transcripts of the same are thereafter uploaded on the website of the Company www.prabhatfresh.com.

c. **General Body Meetings:**

The details of the last three Annual General Meetings of the Company and the Special Resolutions passed thereat are as under:

AGM	Financial Year	Date and Time	Venue	Details of Special Resolution Passed
16th	2013-14	September 30, 2014 at 4.00 p.m.	Registered office of the Company	No Special Resolution was passed
17th	2014-15	August 27, 2015 at 2.30 p.m.	Registered office of the Company	No Special Resolution was passed.
18th	2015-16	September 30, 2016 at 2.30 p.m.	Registered office of the Company	No Special Resolution was passed.

Extra – Ordinary General Meeting:

During the financial year 2016-17, no Extra-ordinary General Meeting was held.

Postal Ballot

There was no Special Resolution passed through Postal Ballot during the financial year 2016-17. None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

D. GENERAL SHAREHOLDER INFORMATION:

<table>
<tr><td>1</td><td colspan="2">Annual General Meeting – Date, time and venue</td><td colspan="2">10th day of August, 2017 at 2.30 p.m. at the registered office of the Company at 121/2A, At Ranjankhol, Taluka Rahata, Dist. Ahmednagar - 413720</td></tr>
<tr><td>2</td><td colspan="2">Financial year</td><td colspan="2">April 01 to March 31, 2018</td></tr>
<tr><td></td><td colspan="2">Financial Calendar:</td><td colspan="2">August 27, 2015 at 2.30 p.m.</td></tr>
<tr><td></td><td>Sr. No.</td><td colspan="2">Financial Reporting for</td><td>Tentative Dates</td></tr>
<tr><td></td><td>1</td><td colspan="2">First Quarter Results</td><td>In or before second week of August, 2017</td></tr>
<tr><td></td><td>2</td><td colspan="2">Second Quarter and Half Yearly Results</td><td>In or before second week of November, 2017</td></tr>
<tr><td></td><td>3</td><td colspan="2">Third Quarter and Nine-Months Results</td><td>In or before second week February, 2018</td></tr>
<tr><td></td><td>4</td><td colspan="2">Fourth Quarter and Annual Results</td><td>In or before fourth week of May, 2018</td></tr>
<tr><td></td><td>5</td><td colspan="2">Annual General Meeting for the year ending on March 31, 2018</td><td>In or before the fourth week of September, 2018</td></tr>
<tr><td>3</td><td colspan="2">Book Closure / Record Date</td><td colspan="2">Wednesday, August 3 to Thursday, August 10, 2017 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.</td></tr>
<tr><td></td><td colspan="2">Dividend Payment Date</td><td colspan="2">Dividend, if declared would be paid on or before Saturday,September 9, 2017.</td></tr>
<tr><td>4</td><td colspan="2">Listing on Stock Exchanges</td><td>1.</td><td>BSE Limited (BSE), P.J. Towers, Dalal Street, Mumbai – 400 001</td></tr>
<tr><td></td><td colspan="2"></td><td>2.</td><td>National Stock Exchange of India Limited (NSE), Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Annual Listing fees for financial year 2017-18 has been duly paid to BSE Limited and National Stock Exchange of India Limited.</td></tr>
<tr><td>5</td><td colspan="2">Stock code</td><td>1.</td><td>BSE Limited – 539351</td></tr>
<tr><td></td><td colspan="2"></td><td>2.</td><td>National Stock Exchange of India Limited – PRABHAT</td></tr>
<tr><td></td><td colspan="2">International Securities Identification Number (ISIN) with Depositories viz. NSDL and CDSL for the Company's equity shares</td><td colspan="2">INE302M01033</td></tr>
</table>

6 Market price data – high, low during each month in last financial year:

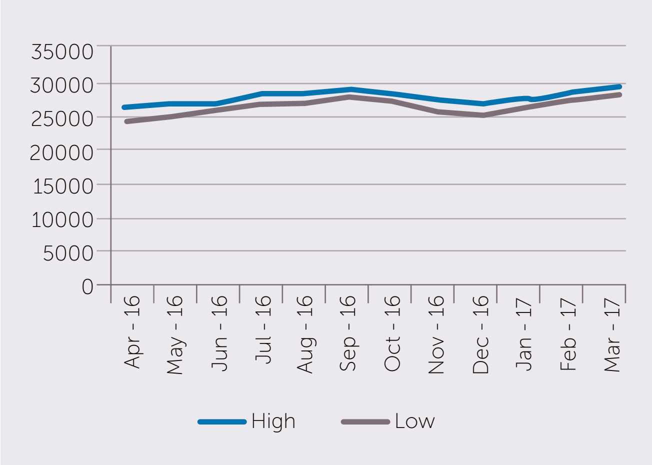
Month	BSE			NSE		
	High Price	Low Price	Volume (No. of Shares)	High Price	Low Price	Volume (No. of Shares)
Apr-16	127.70	106.40	563486	127.75	106.45	1643846
May-16	112.60	97.20	416641	112.50	96.80	1185505
Jun-16	108.70	94.05	336307	108.50	93.70	1234775
Jul-16	104.00	90.35	478880	103.70	90.40	1169726
Aug-16	97.70	76.80	2075065	97.85	74.00	7837185
Sep-16	127.05	90.00	3449643	127.15	89.35	11889174
Oct-16	135.55	112.00	2058596	135.70	114.50	6337905
Nov-16	123.00	96.00	844158	122.65	95.00	3665543
Dec-16	107.65	91.20	506180	108.50	91.40	2298048
Jan-17	112.50	96.00	630004	112.50	96.10	3896717
Feb-17	150.00	108.90	3315374	151.00	108.75	13547232
Mar-17	137.65	117.10	1574829	137.90	117.55	6503598

Particulars	BSE	NSE
Closing share price as on March 31, 2017 (₹)	121.65	121.65
Market capitalization as on March 31, 2017 (₹ in Lakhs)	118,823.01	118,823.01

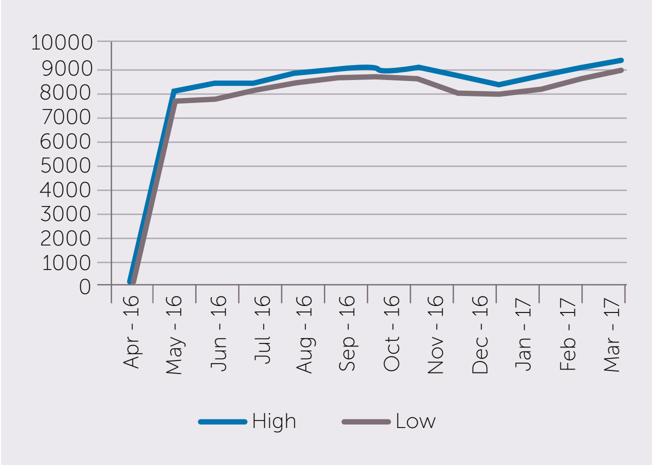
STOCK PERFORMANCE VIS – A – VIS BSE S&P SENSEX:

	S&P BSE Sensex		BSE	
Month	High Price	Low Price	High Price	Low Price
Apr-16	26100.54	24523.20	127.70	106.40
May-16	26837.20	25057.93	112.60	97.20
Jun-16	27105.41	25911.33	108.70	94.05
Jul-16	28240.20	27034.14	104.00	90.35
Aug-16	28532.25	27627.97	97.70	76.80
Sep-16	29077.28	27716.78	127.05	90.00
Oct-16	28477.65	27488.30	135.55	112.00
Nov-16	28029.80	25717.93	123.00	96.00
Dec-16	26803.76	25753.74	107.65	91.20
Jan-17	27980.39	26447.06	112.50	96.00
Feb-17	29065.31	27590.10	150.00	108.90
Mar-17	29824.62	28716.21	137.65	117.10

S&P BSE Sensex



NSE Nifty



STOCK PERFORMANCE VIS – A – VIS NSE NIFTY:

NSE Nifty			NSE	
Month	High Price	Low Price	High Price	Low Price
Apr-16	7992.00	7516.85	127.75	106.45
May-16	8213.60	7678.35	112.50	96.80
Jun-16	8308.15	7927.05	108.50	93.70
Jul-16	8674.70	8287.55	103.70	90.40
Aug-16	8819.20	8518.15	97.85	74.00
Sep-16	8968.70	8555.20	127.15	89.35
Oct-16	8806.95	8506.15	135.70	114.50
Nov-16	8669.60	7916.40	122.65	95.00
Dec-16	8274.95	7893.80	108.50	91.40
Jan-17	8672.70	8133.80	112.50	96.10
Feb-17	8982.15	8537.50	151.00	108.75
Mar-17	9218.40	8860.10	137.90	117.55

9	Registrar and Transfer Agents	Share transfer, dividend payment and all other investor related matters are attended to and processed by our Registrar and Transfer Agents i.e. Karvy Computershare Pvt. Ltd. having their office at: Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 Tel No. : +91 40 67162222 Fax No. : +91 40 23431551 Contact Person : Mr. M. Murlikrishna E-mail id: prabhat.ipo@karvy.com

10	Share transfer system	The transfer of shares in physical form is processed and completed by the Registrar and Transfer Agent within a period of seven days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL / CDSL through respective Depository Participants. In compliance with the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, a Practising Company Secretary carries out the audit of the system of share transfer and a certificate to that effect is issued.
	Nomination of Shares	Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participant as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can also be obtained from the Company's Registrar and Share Transfer Agent.
	Electronic Clearing Service	The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the Depositories for depositing dividends. Dividend will be credited to the Member's bank account through NECS wherever complete core banking details are available with the Company. In case where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's records. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. The Company complies with the SEBI requirement.
	Service of documents through electronic mode	As a part of Green Initiatives, the members who wish to receive the notice / documents through e-mail, may kindly intimate their e-mail address to the Company's Registrar and Transfer Agent, Karvy Computershare Pvt. Ltd. to their dedicated e-mail id i.e. "prabhat.ipo@karvy.com"

11 DISTRIBUTION OF SHAREHOLDING: AS ON MARCH 31, 2017

Distribution Schedule as on March 31, 2017

Category (Amount)	Total Cases	Total Cases %	Total Shares	Total Amount	Total Amount %
1-5000	14674	88.82	1787355	17873550	1.83
5001- 10000	958	5.80	795337	7953370	0.81
10001- 20000	460	2.78	702661	7026610	0.72
20001- 30000	132	0.80	343107	3431070	0.35
30001- 40000	52	0.31	184965	1849650	0.19
40001- 50000	56	0.34	265344	2653440	0.27
50001- 100000	88	0.53	640641	6406410	0.66
100001 & Above	102	0.62	92956721	929567210	95.17
Total	**16522**	**100.00**	**97676131**	**976761310**	**100.00**

Categories of Shareholders as on March 31, 2017:

Sr. No.	Particulars	No. of Shares	% of holding
(A)	**Promoter Holding**		
(a)	**Individuals / HUF / Trust**	47,806,395	48.94
(b)	Bodies Corporate		
	Sub - Total (A)(1)	**47,806,395**	**48.94**
(B)	**Public Shareholding**		
1	**Institutions**		
(a)	Mutual Funds / UTI	3,719,790	3.81
(b)	Financial Institutions / Banks	48,295	0.05
	Foreign Portfolio Investor / Foreign Institutional Investors	2,560,393	2.62
©	Foreign Portfolio Investor / Foreign Institutional Investors	2,560,393	2.62
(d)	Insurance Companies		
(e)	Foreign Financial Institution		
(f)	Foreign Mutual Fund		
(g)	Foreign Nationals		
	Sub – Total (B)(1)	**6,328,478**	**6.48**
2	**Non-Institutions**		
(a)	Bodies Corporate	11,730,822	12.01
(b)	Individuals		
I	Individual Shareholders holding nominal share capital up to Rs. 2 Lacs	4,361,616	4.47
Ii	Individual Shareholders holding nominal share capital in excess of Rs. 2 Lacs	4,198,711	4.30
©	Trusts	100	0.00
(d)	Foreign National		
(e)	Hindu Undivided Family		
(f)	Foreign Companies	22,516,760	23.05
(g)	Non Resident Indians (Non Repat)	54,842	0.06
(h)	Non Resident Indians (Repat)	395,343	0.40
(i)	Clearing Member	265,302	0.27
(j)	NBFC registered with RBI	17,762	0.02
	Sub-Total (B)(2)	**43,541,258**	**44.58**
(B)	**Total Public Shareholding**	**49,869,736**	**51.06**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**		
	GRAND TOTAL (A) + (B) + (C)	**97,676,131**	**100.00**

12	Dematerialization of shares and liquidity	100% (only 3 shares held in physical form) of the equity shares of the Company have been dematerialized (NSDL – 93.62% and CDSL- 6.38%) as on March 31, 2017. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the Depositories. The face value of the shares is Rs. 10 each.
	Reconciliation of Share Capital Audit Report	As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.
13	Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity	There are no outstanding global depository receipts or American depository receipts or warrants or any convertible instruments as on March 31, 2017.
14	Commodity price risk or foreign exchange risk and hedging activities	Please refer to the Directors' Report.
15	Plant locations	The facilities of the Company are being operated at the following locations: 1. Nirmalnagar, at Ranjankhol, Taluka Rahata, Dist. Ahmednagar – 413720 2. Plot No. D37/4, TTC Industrial Area, Turbhe, Navi Mumbai – 400705 The facilities of the material subsidiary of the Company i.e. Sunfresh Agro Industries Pvt. Ltd. are located at: Nirmalnagar, at Ranjankhol, Taluka Rahata, Dist. Ahmednagar – 413720.
16	Address for correspondence	**Correspondence with the Company:** Prabhat Dairy Limited Plot No. D37/4, TTC Industrial Area, Turbhe, Navi Mumbai – 400705 Ph. No. : +91 22 41287700 E-mail id: investor@prabhatdairy.in **Compliance Officer:** Ms. Priya Nagmoti GM-Finance & Company Secretary Ph. No. +91 22 4128 7700 E-mail id: priya.nagmoti@prabhatdairy.in **Registrar & Share Transfer Agent:** Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 **For Demat of Shares:** Respective Depository Participants of the shareholders.
	Details of shares held in demat suspense account	NIL

VII. CEO/CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, Certificate signed by the CEO / CFO of the Company is appended as an Annexure to this Report.

VIII. REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms an integral part of the Annual Report. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

IX. AUDITORS' CERTIFICATION

As required under Regulation 34 of the Listing Regulations, the certificate from the Company's Auditors' M/s. B S R & Associates LLP, Chartered Accountants, affirming compliance with the conditions of Corporate Governance as stipulated in the aforesaid Regulations is appended as an Annexure to this Report.

DECLARATION PURSUANT TO SCHEDULE V(D) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

As required by Schedule V(D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that the Company has adopted a Code of Conduct for all Board members and Senior Management of the Company. The Code is available on the Company's website www.prabhatfresh.com.

I confirm that the Company has in respect of the financial year ended March 31, 2017, received from all the Board members and Senior Management team, a declaration of compliance with the aforesaid Code of Conduct as applicable to them.

For Prabhat Dairy Limited

Sd/-
Sarangdhar R. Nirmal
Chairman & Managing Director
DIN: 00035234

Navi Mumbai
May 23, 2017

CEO / CFO CERTIFICATION

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the certification by the joint Managing Director and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained as under:

We, Vivek Sarangdhar Nirmal, Joint Managing Director and Raviraj Vahadane, Chief Financial Officer of Prabhat Dairy Limited ('the Company') do hereby confirm and certify to the Board of Directors of the Company that:

1. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (ii) 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. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
   (i) significant changes in internal control over financial reporting during the year;
   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Prabhat Dairy Limited

Sd/-	**Sd/-**
Vivek S. Nirmal	**Raviraj Vahadane**
Joint Managing Director	Chief Financial Officer
DIN : 00820923	

Place : Navi Mumbai
Date: May 23, 2017

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of **Prabhat Dairy Limited**

We have examined the compliance of conditions of Corporate Governance by Prabhat Dairy Limited ('the Company'), for the year ended 31 March 2017, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the code of ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restrictions on Use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership number: 103334
Place: Pune
Date: 23 May 2017

Independent Auditors' Report

To the Members of
Prabhat Dairy Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Prabhat Dairy Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 18 May 2016 and 24 June 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government 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.

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

   a) We have sought and except for the matters described in clause (g) (iv) below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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 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 Ind AS financial statements – Refer Note 37 to the standalone Ind AS 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; and

      iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 50.

For B S R & ASSOCIATES LLP
Chartered Accountants
Firm Registration No: 116231W /W-100024

Sd/-
Shiraz Vastani
Partner
Membership No.: 103334

Place: Navi Mumbai
Date: 23 May 2017

Annexure A to the Independent Auditors' Report on the standalone Ind AS financial statements – 31 March 2017

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties are held in the name of the Company.

(ii) The inventory, except goods in transit and stock lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and there were no material discrepancies noted during such verification. In respect of significant stocks lying with third parties at the year end, written confirmations from major parties have been obtained.

(iii) According to the information and explanations given to us, and based on the audit procedures performed by us, the Company had granted unsecured interest free loans amounting to ₹15,300.38 lakhs to its subsidiary company, which is a party covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). As per the original terms of repayment, interest free loans granted amounting to ₹3,748.82 lakhs were due on 31 March 2016 and balance interest free loans amounting to ₹11,551.56 lakhs were due on 31 March 2017. Out of the interest free loans due on 31 March 2016, the subsidiary company repaid ₹755.31 lakhs on due date and terms of the balance loans amounting to ₹2,993.51 lakhs were modified on 18 May 2016 with effect from 1 April 2016 to "repayable on demand along with interest thereon".

The terms of the loans due on 31 March 2017 amounting to ₹11,551.56 lakhs have been renewed on 13 February 2017. As per the new repayment terms, the loans are due for repayment on 31 March 2019 along with interest thereon.

(a) In our opinion, the rate of interest and other terms and conditions on which the loans have been granted to the subsidiary company, listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.

(b) In the case of the loans granted to the subsidiary company listed in the register maintained under Section 189 of the Act, there were no loans along with interest thereon which were due for repayment during the year as stipulated or rescheduled.

(c) There are no overdue amounts in respect of the loans granted to the subsidiary company listed in the register maintained under Section 189 of the Act.

(iv) According to the information and explanations given to us, the Company has complied with the Sections 185 and 186 of the Act with respect to loans given and investments made. The Company has not issued any guarantees or provided any security.

(v) The Company has not accepted any deposits in accordance with the provisions of Section 73 to 76 of the Act and the rules made there under.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of its products and the Company is in the process of updating the prescribed accounts and records for the year.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Sales tax, Employees' State Insurance, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Sales tax, Employees' State Insurance and other statutory dues were in arrears as at 31 March 2017, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us there are no dues of Income tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax and Sales tax, which have not been deposited by the Company on account of disputes other than those stated below:

Name of the statute	Nature of the dues	Period to which the amount relates*	Amount Demanded (Rs.)	Amount paid under protest (₹)	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	AY 2007-08	1,609,413	-	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2009-10	2,825,447	1,900,000	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2011-12	1,695,240	-	Deputy Commissioner of Income Tax, Ahmednagar
The Income Tax Act, 1961	Income tax	AY 2012-13	25,702,172	23,000,000	Commissioner of Income Tax (Appeals), Pune

*AY stands for Assessment Year.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks. The Company did not have any loan or borrowings from financial institutions, government or any debentures outstanding during the year.

(ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised money by way of further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the managerial remuneration is paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the standalone Ind As financial statements.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & ASSOCIATES LLP
Chartered Accountants
Firm Registration No: 116231W /W-100024

Sd/-
Shiraz Vastani
Partner
Membership No.: 103334

Place: Navi Mumbai
Date: 23 May 2017

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Prabhat Dairy Limited on the standalone Ind AS financial statements for the year ended 31 March 2017.

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

We have audited the internal financial controls over financial reporting of Prabhat Dairy Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

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

Auditors' Responsibility

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

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

Inherent Limitations of Internal Financial Control Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & ASSOCIATES LLP
Chartered Accountants
Firm Registration No: 116231W /W-100024

Sd/-
Shiraz Vastani
Partner
Membership No.: 103334

Place: Navi Mumbai
Date: 23 May 2017

Balance Sheet as at 31 March 2017

(₹ in Lakhs, except share data)

	Notes	31 March 2017	31 March 2016	01 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	14	12,888.76	13,797.13	14,855.54
Capital work-in-progress	15	516.61	151.59	126.45
Intangible assets	14	70.62	97.14	89.67
Financial assets				
(i) Investments	16	17,396.80	16,165.77	18.81
(ii) Loans	17	11,551.56	-	8,831.53
(iii) Deposit with suppliers		-	-	3,500.00
(iv) Other financial assets	18	80.18	96.65	115.31
Income tax assets (net)		269.01	283.17	53.17
VAT refund receivable		2,266.52	1,157.79	628.93
Other non-current assets	19	286.71	55.48	241.28
Total non-current assets	(A)	45,326.77	31,804.72	28,460.69
Current assets				
Inventories	20	4,736.59	3,030.31	2,403.58
Financial assets				
(i) Trade receivables	21	10,911.37	11,479.98	7,549.59
(ii) Cash and cash equivalents	22	7,660.89	531.02	1,979.33
(iii) Bank balances other than cash and cash equivalents	23	5,586.28	5.40	5.40
(iv) Loans	24	3,031.15	13,131.16	3,309.31
(v) Other financial assets	25	449.87	383.95	499.20
Advance to suppliers		5,505.65	7,370.19	2,060.07
Other current assets	26	73.62	41.90	34.57
Total current assets	(B)	37,955.42	35,973.91	17,841.05
TOTAL ASSETS	(A+B)	83,282.19	67,778.63	46,301.74
EQUITY AND LIABILITIES				
Equity				
Equity share capital	27	9,767.61	9,767.61	7,142.87
Other equity	28	45,969.64	43,689.84	15,265.20
Equity attributable to owners of the Company		55,737.25	53,457.45	22,408.07
Total equity	(C)	55,737.25	53,457.45	22,408.07
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	30	3,837.54	3,799.52	8,352.49
Provisions	31	107.76	101.99	92.23
Deferred tax liabilities (net)	13	313.31	644.40	772.85
Total non-current liabilities	(D)	4,258.61	4,545.91	9,217.57
Current liabilities				
Financial liabilities				
(i) Borrowings	32	12,734.77	5,505.61	5,506.79
(ii) Trade payables	33	3,668.17	3,567.61	4,966.34
(iii) Other financial liabilities	34	520.21	347.82	1,573.67
Other current liabilities	35	6,116.64	236.77	2,526.21
Provisions	36	42.77	43.48	37.67
Current tax liabilities (net)		203.77	73.98	65.42
Total current liabilities	(E)	23,286.33	9,775.27	14,676.10
Total liabilities	(D+E)	27,544.94	14,321.18	23,893.67
TOTAL EQUITY AND LIABILITIES	(C+D+E)	83,282.19	67,778.63	46,301.74

Significant accounting policies 2-3

Notes to the financial statements 4-52

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Statement of Profit and Loss for the year ended 31 March 2017

(₹ in Lakhs, except share data)

	Notes	31 March 2017	31 March 2016
Revenue from operations	4	1,13,115.89	1,00,007.79
Other income	5	1,711.59	1,788.83
Total income		1,14,827.48	1,01,796.62
Expenses			
Cost of materials consumed	6	94,078.01	86,343.37
Purchase of stock-in-trade	7	6,618.96	2,462.01
Changes in inventories of finished goods, stock-in-trade and work-in-progress	8	(1,525.98)	(672.77)
Employee benefits expense	9	2,596.01	2,145.69
Finance costs	10	1,467.19	1,800.12
Depreciation and amortisation expense	14	1,604.83	1,523.19
Other expenses	11	6,980.13	5,158.86
Total Expenses		1,11,819.15	98,760.47
Profit before tax		3,008.33	3,036.15
Tax expense/ (credit):			
Current Tax		620.03	611.75
Deferred Tax (including MAT credit of ₹241.66 lakhs (31 March 2016 : ₹32.18 Lakhs))		(341.70)	(270.32)
Total tax expense	13	278.33	341.43
Profit for the year		2,730.00	2,694.72
Other comprehensive income (OCI)	12		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefit obligations		30.65	20.99
Income tax related to items that will not be reclassified to profit or loss		(10.61)	(7.26)
Other comprehensive income for the year, net of tax		20.04	13.73
Total comprehensive income for the year		2,750.04	2,708.45
Earnings per equity share			
Basic earning per equity share of face value of ₹10 each (31 March 2016: ₹10)	29	2.82	3.15
Diluted earning per equity share of face value of ₹10 each (31 March 2016: ₹10)	29	2.82	3.15

Significant accounting policies 2-3

Notes to the financial statements 4-52

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Statement of Changes in Equity (SOCIE) for the year ended 31 March 2017

(₹ in Lakhs, except share data)

(a) Equity share capital	
Balance as at 1 April 2015	7,142.87
Changes in equity share capital during the 2015-16 (refer note 27)	2,624.74
Balance at 31 March 2016	9,767.61
Changes in equity share capital during the 2016-17 (refer note 27)	-
Balance at 31 March 2017	9,767.61

(b) Other Equity (₹ in Lakhs, except share data)

Particulars	Reserves and Surplus			Items of OCI	Total equity
	Securities premium account	Retained earnings	Capital reduction reserve	Remeasurements of the net defined benefit Plans	
Balance at 1 April 2015	9,885.14	2,450.80	2,960.10	(30.84)	15,265.20
Profit for the year	-	2,694.72	-	-	2,694.72
Other comprehensive income for the year (net of tax)	-	-	-	13.73	13.73
Total comprehensive income for the year	-	2,694.72	-	13.73	2,708.45
Transactions with owners, recorded directly in equity					
Contribution by owners					
Premium on Equity Shares issued during the year	27,375.26	-	-	-	27,375.26
Amount utilised for expenses related to Initial Public Offering (IPO)	(1,659.07)	-	-	-	(1,659.07)
Total transactions with owners	25,716.19	-	-	-	25,716.19
Balance as on 31 March 2016	35,601.33	5,145.52	2,960.10	(17.11)	43,689.84
Profit for the year	-	2,730.00	-	-	2,730.00
Other comprehensive income for the year (net of tax)	-	-	-	20.04	20.04
Total comprehensive income for the year	-	2,730.00	-	20.04	2,750.04
Transactions with owners, recorded directly in equity					
Contribution by and distribution to owners					
Dividends	-	(390.70)	-	-	(390.70)
Dividend distribution tax	-	(79.54)	-	-	(79.54)
Total transactions with owners	-	(470.24)	-	-	(470.24)
Balance at 31 March 2017	35,601.33	7,405.28	2,960.10	2.93	45,969.64

Significant accounting policies 2-3

Notes to the financial statements 4-52

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Statement of Cash Flow for the year ended 31 March 2017

(₹ in Lakhs, except share data)

	31 March 2017	31 March 2016
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,008.33	3,036.15
Adjustments for		
Depreciation and amortisation expense	1,604.83	1,523.19
Loss / (gain) on sale of property, plant and equipment	10.97	(0.14)
Investments measured at FVTPL - net change in fair value	-	1.04
Interest income	(1,679.17)	(1,778.26)
Finance costs	1,467.19	1,800.12
	4,412.15	4,582.10
Working capital adjustments		
Increase in inventories	(1,706.28)	(626.73)
Decrease / (increase) in trade receivables	568.61	(3,930.39)
Decrease in other current financial assets	47.59	10.54
Decrease / (increase) in other non current assets	30.61	(0.42)
Increase in other current assets	(31.72)	(7.33)
Decrease/ (increase) in non current financial assets	20.73	(25.35)
Decrease / (increase) in advance to suppliers	1,864.54	(5,310.12)
Increase in VAT refund receivables	(1,108.73)	(528.86)
Decrease in deposit to suppliers	-	3,500.00
Increase / (decrease) in other long term liabilities	43.09	(112.19)
Increase / (decrease) in other current liabilities	5,879.87	(2,289.44)
Increase / (decrease) in trade payables	100.56	(1,398.73)
Increase in provisions for employee benefits	35.71	36.56
	10,156.73	(6,100.36)
Income tax paid	(476.12)	(698.58)
Net cash flows from / (used in) operating activities (A)	9,680.61	(6,798.94)
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	(1,197.47)	(374.32)
Proceeds from maturity of fixed deposits	114.13	144.02
Investment in subsidiary	(1,236.81)	(16,150.00)
Proceeds from sale of property, plant and equipment	11.24	1.30
Realisation of loans to subsidiary	-	755.31
Interest received	5.77	39.33
Fixed deposits with banks	(5,585.14)	-
Net cash flows used in investing activities (B)	(7,888.28)	(15,584.36)

Statement of Cash Flow for the year ended 31 March 2017

(₹ in Lakhs, except share data)

		31 March 2017	31 March 2016
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from issue of share capital	-	30,000.00
	Share issue expenses (netted off against security premium)	-	(1,659.07)
	Proceeds from loans and borrowings (net)	7,274.97	-
	Repayment of borrowings(net)	-	(5,605.60)
	Dividend paid (including dividend distribution tax)	(470.24)	-
	Interest paid	(1,467.19)	(1,800.34)
	Net cash flows from financing activities (C)	5,337.54	20,934.99
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	7,129.87	(1,448.31)
	Cash and cash equivalents at the beginning of the year	531.02	1,979.33
	Cash and cash equivalents at the end of the year	7,660.89	531.02
	Reconciliation of Cash and cash equivalents with the Balance Sheet		
	Cash and bank balances as per Balance Sheet (refer note 22)	7,660.89	531.02
	Cash and Cash equivalents as at the year end	7,660.89	531.02

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

Cash comprises cash on hand and Current Accounts.

Significant accounting policies	2-3
Notes to the financial statements	4-52

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
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Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Notes to the financial statements for the year ended 31 March 2017

1. REPORTING ENTITY

Prabhat Dairy Limited ("Prabhat" or "the Company") is a public Company domiciled and headquartered in India. The Company was incorporated on 25 November 1998 as a Private Limited Company and converted to a Public Limited Company on 19 March 2015. Consequent to completion of the its Initial Public Offering ('IPO'), the equity shares of the Company were listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited on 21 September 2015.

The Company is engaged in the business of procurement and processing of milk and sale of milk and milk products like Ghee, Flavored Milk, Skimmed Milk Powder, Whole Milk Powder and Sweeten Condensed Milk etc. It caters to the needs of retail as well as the industrial trade sector.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 47.

The financial statements were authorized for issue by the Company's Board of Directors on 23 May 2017.

Details of the Company's significant accounting policies are included in Note 3.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

The 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
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the following notes:

- Note 13 – recognition of deferred tax assets and MAT credit entitlement: availability of future taxable profit against which deferred tax assets and MAT credit entitlement can be utilised;
- Note 14 – Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life

and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

- Note 37 – the Company has received some orders and notices from tax authorities in respect of direct taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and makes provisions for probable losses. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate; and;
- Note 45 – measurement of defined benefit obligations: key actuarial assumptions;

2.5 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The finance team has the overall responsibility for all significant fair value measurements, including Level 3 fair values, supported by external experts, whenever required. Fair value measurement are reviewed by the Chief Financial Officer (CFO).

Significant valuation issues are reported to the Company's audit committee.

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 tha fair value of an asset or a liability fall into 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.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 46 – financial instruments; and

2.6 Current-non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be settled within 12 months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle of the Company is less than 12 months.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

a) Product sales and Sale of service

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration receivable, net of trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of their ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

In view of the nature of services rendered, revenue from services is recognised in profit or loss in proportion of the transaction at the reporting date.

b) Interest income

Interest income is recognised on a time proportionate basis taking into account the amount invested and the rate applicable.

c) Other

Other items of income are accounted as and when the right to receive payment is established.

3.2 Financial instruments

Recognition and initial measurement

Trade receivables and loans given are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non - recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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

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 the new financial liability with modified terms is recognised in profit or loss.

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 to realise the asset and settle the liability simultaneously.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase 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 and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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 profit or loss.

Transition to Ind AS

On transition to Ind AS, the Company has elected to carry all of its property, plant and equipment at fair value as at 1 April 2015. (refer Note 47(a)).

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and appropriate disclosure is made in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful life and residual value of it fixed assets. The management believes that depreciation rates used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Accordingly, depreciation on tangible fixed assets is provided on straight line method at estimated useful lives, which in certain categories of assets is different than the estimated useful life as specified in Schedule II of the Companies Act, 2013 ('Schedule II') and are as under:

Category of asset	Useful life followed (in years)	Useful life as per Schedule II (in years)
Factory Building	15	30
Electrical installations	10	10
Plant and equipment	10	15*
Office equipment	3	5
Furniture & Fixtures	16	10
Vehicle	10.5	8
Computers	3	3
Software	3	3

*For General laboratory equipment, the useful life as per Schedule II is 10 years.

Freehold land is not depreciated. Acquired assets consisting of leasehold land are recorded at acquisition cost and amortized on straight-line basis based over the lease term.

Additions to tangible fixed assets individually costing ₹5,000 or less are depreciated fully in the year of acquisition.

3.4 Intangible assets

Intangible fixed assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured. Intangible fixed assets are initially recorded at their acquisition price.

Intangible fixed assets comprising computer software amortised over its estimated useful life of 3 years on a straight line basis, commencing from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset.

Amortisation method and useful lives of the intangible fixed assets are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed to reflect the changed pattern.

3.5 Impairment

Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses:

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset increases significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due.

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

In accordance with IndAS 36 – Impairment of Assets, the Company assesses, at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of asset or recoverable amount of cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount is subject to a maximum of depreciable historical cost.

3.6 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade and stores and spares are carried at the lower of cost and net realisable value. Cost of inventories comprise cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining cost "First in First out" method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and other costs necessary to make the sale.

Obsolete, defective and unserviceable inventories including slow moving stocks are provided based on technical evaluation. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses.

Raw material and other supplies held for use in production of inventories are not written down below cost, except in cases where material price have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

3.7 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service. These benefits include salaries and wages and bonus. The undiscounted amount of short-term employee services is recognised as an expense as the related service is rendered by the employees.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods in which the contribution is due.

Defined benefit plans

The employee's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plan is calculated by discounting the estimated amount of future benefit that employees have earned in the current and prior periods. The liability for gratuity is unfunded, wherein contributions are made and charged to revenue on annual basis.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

3.8 Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss.

3.9 Income tax

Income tax comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. 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 current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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, related to investments in subsidiaries (in relation to undistributed profits), to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they 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. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Minimum Alternate Tax (MAT)

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

3.10 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations assessment, fines, penalties etc are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

3.11 Leases

Assets held under leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.12 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.13 Segment reporting

The Company is primarily engaged in the business of processing of milk and manufacturing of dairy products. Therefore, the Company is of the view that revenue from processing of milk and manufacturing of dairy products is a single component of the Company for assessing its performance. Hence, processing of milk and manufacturing of dairy products is the only reportable segment. The Company's operations are primarily in India, accordingly there is no reportable secondary geographical segment.

3.14 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

The diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity and equivalent potential dilutive equity shares outstanding during the year, except where the result would be anti-dilutive.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

4. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	31 March 2017	31 March 2016
Sales of products and services		
Sale of products (including excise duty)	1,05,287.56	96,377.62
Sale of traded goods	6,755.45	2,746.20
Sale of services	1,049.07	847.42
	1,13,092.08	99,971.24
Other operating revenue		
Sale of scrap	23.81	36.55
	23.81	36.55
	1,13,115.89	1,00,007.79

5. OTHER INCOME

(₹ in Lakhs)

	31 March 2017	31 March 2016
Interest income		
from banks	2.36	18.99
from others	1.12	19.46
from loans to subsidairy company (refer note 49)	1,675.68	1,739.81
Profit on sale of fixed assets (net)	-	0.27
Gain on foreign currency transactions (net)	5.17	-
Miscellaneous income	27.26	10.30
	1,711.59	1,788.83

6. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

	31 March 2017	31 March 2016
Inventory of materials at the beginning of the year	476.12	522.17
Add: Purchases	94,258.31	86,297.32
Inventory of materials at the end of the year	656.42	476.12
	94,078.01	86,343.37

7. PURCHASE OF STOCK-IN-TRADE

(₹ in Lakhs)

	31 March 2017	31 March 2016
Purchase of Stock-In-Trade	6,618.96	2,462.01

8. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Lakhs)

		31 March 2017	31 March 2016
Inventories at the beginning of the year :			
Finished goods		2,091.62	1,135.93
Stock-in-trade		110.94	199.50
Work-in-process		351.63	545.99
	(A)	2,554.19	1,881.42
Inventories at the end of the year:			
Finished goods		2,442.58	2,091.62
Stock-in-trade		453.93	110.94
Work-in-process		1,183.66	351.63
	(B)	4,080.17	2,554.19
Changes in inventories:			
Finished goods		(350.96)	(955.69)
Stock-in-trade		(342.99)	88.56
Work-in-process		(832.03)	194.36
Increase in inventory	(A-B)	(1,525.98)	(672.77)

9. EMPLOYEE BENEFIT EXPENSE

(₹ in Lakhs)

	31 March 2017	31 March 2016
Salaries, wages and allowances	2,357.06	1,961.35
Contribution to provident and other funds (refer note 45)	104.84	86.09
Gratuity expense (refer note 45)	44.61	36.92
Staff welfare expenses	89.50	61.33
	2,596.01	2,145.69

10. FINANCE COSTS

(₹ in Lakhs)

	31 March 2017	31 March 2016
Interest on borrowings	1,268.36	1,609.28
Other borrowing costs *	192.83	155.54
Delayed payment of tax	6.00	35.30
	1,467.19	1,800.12

* Includes prepayment charges paid to Indostar Capital Finance Private Limited (NBFC) amounting to ₹86.32 lakhs (31 March 2016 : ₹99.64 lakhs).

11. OTHER EXPENSES

(₹ in Lakhs)

	31 March 2017	31 March 2016
Co-packing and conversion charges	299.20	197.49
Consumption of stores and spare parts	666.76	463.45
Repairs and maintenance		
- Machinery	70.73	110.08
- Others	139.32	117.35
Rent including lease rentals (refer note 38)	121.93	136.63
Rates and taxes	122.68	167.54
Insurance	42.77	55.42
Power and fuel	726.97	784.56
Labour charges	716.57	594.72
Increase of excise duty on inventory	0.94	1.02
Advertisement and sales promotion expenses	1,712.73	933.41
Water charges	64.50	53.61
Transport and forwarding expenses	951.36	669.16
Travelling and conveyance	183.71	168.77
Legal and professional expenses	440.36	319.08
Payment to auditors (refer note 40)	51.21	39.63
Loss on sale of fixed assets (net)	10.97	0.13
Advances written off	2.77	9.61
Corporate Social Responsibility (CSR) (refer note 44)	21.01	14.59
Provision for doubtful trade and other receivables (net)	97.66	-
Investments measured at FVTPL - net change in fair value	-	1.04
Directors sitting fees	14.93	17.51
Miscellaneous expenses	521.05	304.06
	6,980.13	5,158.86

12. STATEMENT OF OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

	31 March 2017	31 March 2016
(i) Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	30.65	20.99
	30.65	20.99
(ii) Income tax relating to items that will not be reclassified to profit or loss	(10.61)	(7.26)
	20.04	13.73

13. TAX EXPENSE

13.1 Amounts recognised in statement of profit and loss

(₹ in Lakhs)

	31 March 2017	31 March 2016
(a) Income Tax expense		
Current tax		
Current tax on the profit for the year	608.03	597.36
Adjustment of current tax of prior periods (refer note 37(c))	12.00	14.39
Total current tax expense	620.03	611.75
(b) Deferred tax		
Attributable to -		
Origination and reversal of temporary differences (refer note 37(c))	(100.04)	(238.14)
MAT credit entitlement	(241.66)	-
Excess/(short) MAT credit relating to prior years	-	(32.18)
Total deferred tax expense	(341.70)	(270.32)
Income tax expense for the year (a+b)	278.33	341.43

13.2 Amounts recognised in other comprehensive income

(₹ in Lakhs)

	For the year ended 31 March 2017			For the year ended 31 March 2016		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss	30.65	(10.61)	20.04	20.99	(7.26)	13.73
Remeasurements of the defined benefit plans	30.65	(10.61)	20.04	20.99	(7.26)	13.73

13.3 Reconciliation of effective tax rate

(₹ in Lakhs)

	31 March 2017		31 March 2016	
Profit before tax		3,008.33		3,036.15
Tax using the Company's domestic tax rate of 34.61% (31 March 2016 : 34.61%)	34.61%	1,041.12	34.61%	1,050.75
Tax effect of:				
Effect of non deductible expenses	0.78%	23.56	0.78%	23.76
Effect of tax exempt income (exemption under section 80IB)	-35.11%	(1,056.19)	-19.83%	(602.11)
Effect of additional allowances for tax purpose (deduction under section 35D)	-1.07%	(32.31)	-4.77%	(144.78)
Effect of proposed application to ITSC (refer note 37(c))	16.36%	492.19	0.00%	-
Effect of previous year adjustments	-6.14%	(196.81)	-0.59%	(17.79)
Others	0.23%	6.77	1.04%	31.60
	9.66%	278.33	11.24%	341.43

13.4 Recognised deferred tax asset and liability

Deferred tax assets and liabilities are attributable to the following: (₹ in Lakhs)

Particulars	Deferred tax asset		Deferred tax liabilities		Deferred tax asset/ (liabilities)	
	31 March 17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Property, plant and equipment	-	-	(746.17)	(821.54)	(746.17)	(821.54)
Intangible assets	-	-	(9.18)	(11.63)	(9.18)	(11.63)
Investments at fair value through profit and loss	-	-	-	(0.16)	-	(0.16)
Loans and borrowings	-	-	-	(13.69)	-	(13.69)
Employee benefits	52.10	50.35	-	-	52.10	50.35
Expenses related to IPO	84.21	105.26	-	-	84.21	105.26
Provisions	63.44	29.64	-	-	63.44	29.64
MAT credit entitlement	241.66	-	-	-	241.66	-
Other items	0.63	17.37	-	-	0.63	17.37
Deferred tax assets/ (liabilities)	442.04	202.62	(755.35)	(847.02)	(313.31)	(644.40)

13.5. Movement in deferred tax balances (₹ in Lakhs)

	Net balance 1 April 2016	Recognised in profit or loss / utilised	Recognised in OCI	31 March 2017 Net
Deferred tax asset/(liabilities)				
Property, plant and equipment	(821.54)	75.37	-	(746.17)
Intangible assets	(11.63)	2.45	-	(9.18)
Investments	(0.16)	0.16	-	-
Loans and borrowings	(13.69)	13.69	-	-
Employee benefits	50.35	12.36	(10.61)	52.10
Expenses related to IPO	105.26	(21.05)	-	84.21
Provisions	29.64	33.80	-	63.44
Other items	17.37	(16.74)	-	0.63
Deferred Tax assets / (liabilities)	(644.40)	100.04	(10.61)	(554.97)
MAT credit entitlement (net)	-	241.66	-	241.66
Net deferred tax assets / (liabilities)	(644.40)	341.70	(10.61)	(313.31)

(₹ in Lakhs)

	Net balance 1 April 2015	Recognised in profit or loss	Recognised in OCI	Utilised during the year	31 March 2016 Net
Deferred tax asset / (liabilities)					
Property, plant and equipment	(932.51)	110.97	-	-	(821.54)
Intangible assets	(5.03)	(6.60)	-	-	(11.63)
Investments	(0.37)	0.21	-	-	(0.16)
Loans and borrowings	(35.80)	22.11	-	-	(13.69)
Employee benefits	44.95	12.66	(7.26)	-	50.35
Expenses related to IPO	-	105.26	-	-	105.26
Provisions	29.64	-	-	-	29.64
Other items	23.84	(6.47)	-	-	17.37
Deferred Tax assets / (liabilities)	(875.28)	238.14	(7.26)	-	(644.40)
MAT credit entitlement (net)	102.43	32.18	-	(134.61)	-
Net deferred tax assets / (liabilities)	(772.85)	270.32	(7.26)	(134.61)	(644.40)

Notes to the financial statements for the year ended 31 March 2017

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company has unused tax credit in the form of MAT credit amounting to ₹241.66 lakhs (31 March 2016 : ₹Nil) that are available for offsetting for 15 years against future tax payable by the Company. These will expire in March 2032.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities. 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.

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Reconciliation of carrying amount (₹ in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total (A)	Software (B)	Total (A+B)
Cost or deemed cost (gross carrying amount)											
Balance as at 01 April 2015	431.50	3,515.44	4,224.34	6,295.47	273.34	50.23	27.17	38.05	14,855.54	89.67	14,945.21
Additions	-	-	2.45	263.23	16.24	102.83	7.03	24.69	416.47	56.94	473.41
Disposals	-	-	-	(1.07)	-	-	(0.22)	-	(1.29)	-	(1.29)
Balance as at 31 March 2016	431.50	3,515.44	4,226.79	6,557.63	289.58	153.06	33.98	62.74	15,270.72	146.61	15,417.33
Balance as at 01 April 2016	**431.50**	**3,515.44**	**4,226.79**	**6,557.63**	**289.58**	**153.06**	**33.98**	**62.74**	**15,270.72**	**146.61**	**15,417.33**
Additions	-	-	9.53	550.37	18.18	35.51	23.27	19.49	656.35	35.80	692.15
Disposals	-	-	-	(25.88)	-	-	-	-	(25.88)	-	(25.88)
Balance as at 31 March 2017	**431.50**	**3,515.44**	**4,236.32**	**7,082.12**	**307.76**	**188.57**	**57.25**	**82.23**	**15,901.19**	**182.41**	**16,083.60**
Accumulated depreciation and amortisation											-
Depreciation and amortisation for the year	-	36.71	358.83	1,003.69	23.78	9.74	15.42	25.55	1,473.72	49.47	1,523.19
Disposals	-	-	-	(0.11)	-	-	(0.02)	-	(0.13)	-	(0.13)
Balance as at 31 March 2016	-	36.71	358.83	1,003.58	23.78	9.74	15.40	25.55	1,473.59	49.47	1,523.06
Balance as at 01 April 2016	-	36.71	358.83	1,003.58	23.78	9.74	15.40	25.55	1,473.59	49.47	1,523.06
Depreciation and amortisation for the year	-	37.10	359.37	1,058.85	29.18	17.19	17.28	23.54	1,542.51	62.32	1,604.83
Disposals	-	-	-	(3.67)	-	-	-	-	(3.67)	-	(3.67)
Balance as at 31 March 2017	-	73.81	718.20	2,058.76	52.96	26.93	32.68	49.09	3,012.43	111.79	3,124.22
Carrying amounts (Net)											
As at 01 April 2015	431.50	3,515.44	4,224.34	6,295.47	273.34	50.23	27.17	38.05	14,855.54	89.67	14,945.21
As at 31 March 2016	431.50	3,478.73	3,867.96	5,554.05	265.80	143.32	18.58	37.19	13,797.13	97.14	13,894.27
As at 31 March 2017	431.50	3,441.63	3,518.12	5,023.36	254.80	161.64	24.57	33.14	12,888.76	70.62	12,959.38

15. CAPITAL WORK IN PROGRESS

Reconciliation of carrying amount (₹ in Lakhs)

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Computers	Total
Cost (gross carrying amount)					
Balance as at 01 April 2015	-	114.45	-	12.00	126.45
Additions	13.36	211.35	-	-	224.71
Capitalised during the year	(2.45)	(185.12)	-	(12.00)	(199.57)
Balance as at 31 March 2016	**10.91**	**140.68**	**-**	**-**	**151.59**
Balance as at 01 April 2016	10.91	140.68	-	-	151.59
Additions	5.45	919.22	18.43	-	943.10
Capitalised during the year	(9.53)	(550.37)	(18.18)	-	(578.08)
Balance as at 31 March 2017	**6.83**	**509.53**	**0.25**	**-**	**516.61**

Capital work-in-progress (CWIP) as at 31 March 2017 majorly comprises of plant and equipment for setup of milk collection centers at various locations. As at 31 March 2016, CWIP majorly comprised of milk cooling equipment under installations at various locations. As at 01 April 2015, CWIP majorly comprises of plant and equipment for setup of milk collection centers in progress at various locations.

Notes to the financial statements for the year ended 31 March 2017

16. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Investment in equity instruments (fully paid up)			
Unquoted :			
Equity shares at cost			
(i) Subsidiaries			
99,999 (31 March 2016 : 99,999; 1 April 2015 : 99,999) equity shares of ₹10 each of Cheese Land Agro (India) Private Limited	10.00	10.00	10.00
15,523,929 (31 March 2016 : 14,419,640; 1 April 2015 : Nil) equity shares of ₹10 each of Sunfresh Agro Industries Private Limited	17,386.80	16,150.00	-
Equity shares at FVTPL			
(ii) Others			
a) 2 Shares (31 March 2016 : 2; 1 April 2015: 2) of ₹100 each of Abhyudaya Co-operative Bank	0.00	0.00	0.00
b) Nil units (31 March 2016 : 50,000; 1 April 2015 : 70,000) of ₹10 each in Union KBC Mutual Fund	-	5.77	8.81
Total (equity instruments)	17,396.80	16,165.77	18.81
Aggregate amount of unquoted investments	17,396.80	16,165.77	18.81

17. NON-CURRENT LOANS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
To related parties			
Loans to Cheese Land Agro (India) Private Limited (refer note 49)	11,551.56	-	8,831.53
	11,551.56	-	8,831.53

Details of repayment schedule for loans given to subsidairy company:

(₹ in Lakhs)

Loans to subsidiary company	31 March 2017	31 March 2016	01 April 2015
- Receivable on 31 March 2016	-	2,993.51	3,748.82
- Receivable on 31 March 2017	-	11,551.56	11,551.56
- Receivable on 31 March 2019	11,551.56	-	-
Current	-	14,545.1	3,748.8
Non-current	11,551.56	-	11,551.6

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 46.

18. OTHER NON-CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Security deposits	72.92	93.65	68.31
Margin money deposits	7.26	3.00	47.00
	80.18	96.65	115.31

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 46.

Notes to the financial statements for the year ended 31 March 2017

19. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Capital advances			
- Considered good	286.71	24.87	211.09
- Considered doubtful	50.00	50.00	50.00
Less: Loss allowance	(50.00)	(50.00)	(50.00)
	286.71	24.87	211.09
CENVAT credit receivable			
- Considered good	-	30.61	30.19
- Considered doubtful	30.61	-	-
Less: Loss allowance	(30.61)	-	-
	-	30.61	30.19
	286.71	55.48	241.28

20. INVENTORIES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
(Valued at the lower of cost or net realisable value)			
Raw and packing material [including goods-in-transit of ₹10.71 lakhs (31 March 2016 : ₹Nil; 1 April 2015 : Nil)]	656.42	476.12	522.17
Work-in-progress	1,183.66	351.63	545.99
Finished goods [including goods-in-transit of ₹442.67 lakhs (31 March 2016 : ₹784.52 lakhs; 1 April 2015 : 201.43 lakhs)]	2,442.58	2,091.62	1,135.92
Stock-in-trade [including goods-in-transit of ₹52.63 lakhs (31 March 2016 : ₹Nil; 1 April 2015 : Nil)]	453.93	110.94	199.50
	4,736.59	3,030.31	2,403.58

The write down of inventories to net realisable value as at 31 March 2017 amounted to ₹69.38 lakhs (31 March 2016: ₹Nil; 1 April 2015: ₹11.68 lakhs). The write down are included in changes in inventories of finished goods, stock-in-trade and work in progress)

21. TRADE RECEIVABLES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
- Unsecured, considered good	10,911.37	11,479.98	7,549.59
- Doubtful	102.69	35.64	35.64
	11,014.06	11,515.62	7,585.23
Loss allowance			
- Unsecured, considered good	-	-	-
- Doubtful	(102.69)	(35.64)	(35.64)
	(102.69)	(35.64)	(35.64)
Net Trade receivables	10,911.37	11,479.98	7,549.59

Trade receivables include ₹Nil (31 March 2016: ₹4,970.81 lakhs; 1 April 2015: ₹Nil) due from Sunfresh Agro Industries Private Limited (subsidiary company of the Company) having common directors.

The Company's exposure to credit risk and loss allowances related to trade receivabes are disclosed in note 46

22. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Balance with banks :			
In current account	7,596.71	432.18	1,920.14
Cash on hand	64.18	98.84	59.19
	7,660.89	531.02	1,979.33

23. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Fixed deposits with bank (initial maturity of more than three months and remaining maturity less than twelve months)	5,586.28	5.40	5.40
	5,586.28	5.40	5.40

24. CURRENT LOANS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
(Unsecured, considered good)			
To related parties			
Loans to Cheese Land Agro (India) Private Limited (refer note 49)	2,993.51	13,093.90	3,277.87
To parties other than related parties			
Loans to employees	37.64	37.26	31.44
	3,031.15	13,131.16	3,309.31

The Company's exposure to credit risk and loss allowances related to trade receivables are disclosed in note 46.

25. OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Security deposits	223.05	270.98	20.49
Other receivables (refer note 43)	-	-	266.84
Deposits with NBFC	-	108.36	206.38
Interest accrued but not due on loans to subsidairy company (refer note 49)	224.51	-	-
Interest accrued on fixed deposits	2.31	4.61	5.49
	449.87	383.95	499.20

The Company's exposure to credit risk and loss allowances related to trade receivables are disclosed in note 46.

26. OTHER CURRENT ASSETS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Prepaid expenses	60.33	34.70	33.33
Other current assets	13.29	7.20	1.24
	73.62	41.90	34.57

Notes to the financial statements for the year ended 31 March 2017

27. SHARE CAPITAL

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Authorised :			
100,000,000 (31 March 2016 : 100,000,000; 1 April 2015 : 90,000,000) Equity shares of ₹10 each with voting rights	10,000.00	10,000.00	9,000.00
	10,000.00	10,000.00	9,000.00
Issued and Subscribed and Paid up:			
97,676,131 (31 March 2016 : 97,676,131; 01 April 2015 : 71,428,710) equity shares of ₹10 each with voting rights	9,767.61	9,767.61	7,142.87
	9,767.61	9,767.61	7,142.87

27.1 Reconciliation of shares outstanding at the beginning and at the end of the year: (₹ in Lakhs)

	31 March 2017		31 March 2016	
At the commencement of the year				
Equity shares	9,76,76,131	9,767.61	7,14,28,710	7,142.87
Add: - Equity Shares of ₹ 10 each issued through initial public offer	-	-	2,62,47,421	2,624.74
At the end of the year				
- Equity shares	9,76,76,131	9,767.61	9,76,76,131	9,767.61

27.2 Aggregate number of bonus shares issued and shares issued for consideration other than cash during the five years immediately preceding the reporting date:

During the year ended 31 March 2015, after consolidation of equity shares, the Company had issued 66,666,796 fully paid up bonus shares in the ratio of 14 bonus shares against every 1 equity share of ₹10/- each held by the shareholders on 12 March 2015, by utilising share premium.

27.3 Rights, preferences and restrictions attached to the shares:

The Company has a single class of equity shares having a par value of ₹10 per share. Accordingly all equity shares rank equally with regard to dividend and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of equity shareholders are in proportion to their share of paid up equity capital of the Company.

27.4 Particulars of shareholders holding more than 5% shares is set out below:

Name of shareholder	31 March 2017		31 March 2016	
	No. of Shares	% held	No. of Shares	% held
Nirmal Family Trust	4,44,31,395	45.48%	3,98,33,483	40.78%
India Agri Business Fund Limited	1,40,39,331	14.37%	1,40,39,331	14.37%
Societe De Promotion Et De Participation Pour La Cooperation Economique	84,77,429	8.68%	84,77,429	8.68%
Vistra ITCL India Ltd	73,91,226	7.58%	73,91,226	7.58%

28. OTHER EQUITY:

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Capital reduction reserve	2,960.10	2,960.10	2,960.10
At the commencement and at the end of the year			
Securities premium reserve			
Opening balance	35,601.33	9,885.14	-
Add : Premium on Equity Shares issued during the year (note a)	-	27,375.26	-
Less : Amount utilised for expenses related to Initial Public Offering (IPO) (note a)	-	(1,659.07)	
At the end of the year	35,601.33	35,601.33	9,885.14
Retained earnings (See Note (i) below)	7,405.28	5,145.52	2,450.80
Other items of OCI (See Note (ii) below)	2.93	(17.11)	(30.84)
	45,969.64	43,689.84	15,265.20

(₹ in Lakhs)

	31 March 2017	31 March 2016
(i) Retained earnings		
Opening balance	5,145.52	2,450.80
Net profit for the period	2,730.00	2,694.72
Dividends		
Final dividend paid (₹0.40 per share)	(390.70)	-
Dividend distribution tax on above	(79.54)	-
Closing balance	7,405.28	5,145.52
(ii) Other items of OCI		
Opening balance	(17.11)	(30.84)
Remeasurement of post-employment benefit obligation	30.65	20.99
Deferred tax on above	(10.61)	(7.26)
Closing balance	2.93	(17.11)

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Remeasurement of defined benefit liability (asset)

Remeasurement of defined benefit liability (asset) comprises actuarial gains and losses.

Note a - During the previous year, the Company had undertaken an IPO which also included an Offer for Sale of 4,915,925 equity shares by the existing shareholders (i.e. Selling Shareholders). In the IPO, the Company had issued and allotted 26,247,421 equity shares of ₹10 each fully paid up at a price of ₹ 115 per share with a discount of ₹5 per share to retail individual investors.

The total IPO proceeds of ₹35,618.75 lakhs have been allocated between the Company and the Selling Shareholders in proportion to the number of shares issued / offered by each of them after deducting their respective proportion of IPO expenses.

The Company had utilized an amount of ₹1,659.07 lakhs of its own share of IPO expenses from the securities premium raised through IPO in accordance with the provisions of section 52(2)(c) of the Companies At, 2013.

29. EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

(₹ in Lakhs)

		31 March 2017	31 March 2016
Net profit for the year attributable to equity shareholders	(A)	2,750.04	2,708.45
Weighted average number of equity shares of face value of ₹10 each outstanding during the year	(B)	9,76,76,131	8,59,14,992
Basic and Diluted earnings per equity share of face value ₹10 each	(A/B)	2.82	3.15

30. NON-CURRENT BORROWINGS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Borrowing from other than related parties:			
Secured (refer details below for assets pledged as security)			
Term Loans			
From Non Banking Financial Company ('NBFC') (refer note b)	-	3,710.43	7,828.98
From banks (refer note a)	3,750.00	-	-
Others			
From bank (refer note c)	87.54	89.09	24.44
Borrowing from related parties:			
Unsecured			
Nirmal Family Trust	-	-	499.07
	3,837.54	3,799.52	8,352.49

Notes:

a) Details of repayment, interest rate, pre-payment and security provided for term loan from banks outstanding as on 31 March 2017:

During the year the Company has obtained a new term loan amounting to ₹3,750 lakhs from Kotak Mahindra Bank to make prepayment of loan taken from Indostar Capital Finance Private Limited. The loan carries an interest rate from 9.65% p.a to 10.00% p.a and is repayable in 20 monthly installments starting from November 2018, with installments ranging between ₹90 lakhs to ₹220 lakhs. In case of prepayments, a prepayment penalty of 1% p.a. shall be payable. In the event of default the lender will cancel the outstanding commitments under the facility, recall/ accelerate all amounts outstanding under the facility, levy additional interest and enforce security. The loan has been secured by way of creation of the following security:

1. First ranking charge over the Company's entire fixed assets.
2. Second ranking pari passu charge over the Company's current assets (present & future) by way of hypothecation.
3. First ranking charge by way of registered mortgage on the following lands and building thereon:
   i) Survey No. D-37/4 owned by MIDC, leased to the Company.
   ii) Survey No. 121/2 owned by the Company.
   iii) Survey No. 121/3 and 121/2A owned by Mr. Sarangdhar Nirmal, leased to the Company.

b) Details of repayment, interest rate, pre-payment and security provided for term loan from NBFC outstanding as on 31 March 2016 and 1 April 2015

The Company had availed a term loan from Indostar Capital Finance Private Limited i.e. NBFC. The loan was sanctioned for ₹9,000 lakhs, and carried interest rate of 13.00% p.a. (31 March 2016 : 13.00% p.a to 13.50% p.a.; 1 April 2015 : 13.50% p.a.) payable monthly on floating basis linked to Kotak Mahindra Bank Base Rate. During the previous year, out of the fund received through IPO the Company had made a partial prepayment of ₹4,620 lakhs. The balance amount of ₹3,750 lakhs was repayable in 20 monthly installments starting from November 2018, with installments ranging between ₹90 lakhs to ₹220 lakhs. During the current year, the Company has prepaid the balance outstanding loan amounting to ₹3,750 lakhs.

In case of prepayments, a prepayment penalty of 2% p.a. shall be payable. In the event of default the lender will cancel the outstanding commitments under the facility, recall / accelerate all amounts outstanding under the facility, levy additional interest and enforce security. The loan was secured by way of creation of the following security in favor of IL & FS Trust Company Limited (being the Security Trustee):

1. First ranking charge over the Company's moveable fixed assets / properties by way of hypothecation.
2. First ranking charge over the Designated Account & all rights, title, interest, benefits, claims & demands whatsoever of Company in, to, under and in respect of the said account by way of hypothecation.
3. Second ranking charge over the Company's Current assets (present & future) by way of hypothecation.
4. First ranking charge by way of registered mortgage on the following lands and all the present & future structures thereon:
    i) Survey No. 121/2 adm. 0.81 Hectares owned by the Company.
    ii) Survey No. 121/3 or 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar R. Nirmal & leased to the Company.
    iii) Plot D37/4 , TTC MIDC Industrial Area, Turbhe, Navi Mumbai.
5. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

c) Details of repayment, interest rate and security provided for vehicle loans from loans outstanding as on 31st March 2017:

The vehicle loans from other banks are secured against such vehicles and carry interest rate ranging from 7.77% to 11.50% p.a. (31 March 2016 : 9.70% - 11.50%; 1 April 2015 : 10.09% - 12.50%)

The Company's exposure to interest rate and liquidity risk are disclosed in note 46.

31. PROVISIONS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Provision for employee benefits			
Gratuity (refer note 45)	107.76	101.99	92.23
	107.76	101.99	92.23

32. CURRENT BORROWINGS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Secured (refer details below for assets pledged as security)			
From banks			
Cash credit facility for working capital	12,734.77	5,505.61	5,506.79
	12,734.77	5,505.61	5,506.79

Note:

a) Details of loans from bank repayable on demand:

These loans are from various banks under multiple banking arrangements and in the nature of cash credit facilities repayable on demand and carry interest rate ranging from 8.65% p.a. to 9.50% p.a. (31 March 2016 : 9.45% to 12.00%; 1 April 2015 : 11.50% to 12.25%). These term loans have been secured by way of creation of the following security in favour of IL & FS Trust Company Limited (being the Security Trustee):

1. First ranking pari passu charge over the Company's Current assets (present & future) by way of hypothecation.
2. Second ranking pari passu charge over the Company's Fixed movable assets (present & future) by way of hypothecation.

Notes to the financial statements for the year ended 31 March 2017

3. Second ranking pari passu charge by way of registered mortgage on the following lands and all the present & future structures thereon:

   i) Survey No. 121/2 adm. 0.81 Hectares owned by the Company.

   ii) Survey No. 121/3 or 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar R. Nirmal and leased to the Company.

   iii) Plot D37/4, TTC MIDC Industrial Area, Turbhe, Navi Mumbai.

4. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

   The Company's exposure to interest rate and liquidity risk are disclosed in note 46.

33. TRADE PAYABLES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Total outstanding dues of micro enterprises and small enterprises (refer note 39)	34.22	2.59	27.87
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,633.95	3,565.02	4,938.47
	3,668.17	3,567.61	4,966.34

The Company's exposure to liquidity risk are disclosed in Note 46

34. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Current maturities of non-current borrowings			
Secured (refer details below for assets pledged as security)			
Term loans			
From NBFC (refer note 30(b))	-	-	1,067.59
Others			
From banks (refer note 30(c))	29.97	22.18	6.04
Interest accrued but not due on borrowings	-	-	0.22
Payable for purchase of fixed assets	225.62	104.11	166.10
Employee benefits payable	237.11	185.39	250.94
Others	27.51	36.14	82.78
	520.21	347.82	1,573.67

Note:

a) Includes payable to directors ₹5.19 lakhs (31 March 2016 : ₹5.08 lakhs; 1 April 2015 : ₹30.08 lakhs)

35. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Advances from customers	6,057.90	128.18	2,465.54
Statutory dues payables	48.90	108.59	60.67
Others	9.84	-	-
	6,116.64	236.77	2,526.21

36. PROVISIONS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Provision for employee benefits			
Gratuity (refer note 45)	42.77	43.48	37.67
	42.77	43.48	37.67

37. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):

(₹ in Lakhs)

	31 March 2017	31 March 2016
Contingent liabilities		
a) Corporate guarantees given by the Company		
Various milk supplying farmers	-	5.99
b) Income Tax Matters [refer sub-note (i)]		
Financial year 2006-07	16.09	16.09
Financial year 2008-09	28.25	28.25
Financial year 2010-11	16.95	16.95
Financial year 2011-12	257.02	257.02

Notes:

i) The Company is contesting the demands related to Income Tax matters and the management believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceedings will not have a material adverse effect on the Company's financial position and results of operations.

c) On October 09, 2015, a search was conducted by the Income Tax Department pursuant to the provisions of section 132(1) and section 133A of the Income Tax Act, 1961 at the offices of the Company at Shrirampur, Pune and Navi Mumbai and also at the offices of the subsidiaries of the Company and the residence of Executive Directors residing at Shrirampur. The Company has not received any demand notice with respect to the search.

Consequent to the survey carried out by the Income Tax department under section 133A of the IT Act on the Company, the Income Tax department has requisitioned books of accounts and other documents under section 132A of the IT Act. Accordingly, the Company had submitted the copies of the documents required by the tax authority.

During the current year, the Company has decided to file an application with the Hon'ble Income Tax Settlement Commission (ITSC) with respect to the expected litigations which may arise pursuant to the survey carried out by the Income Tax authorities for AY 2010-11 to AY 2016-17. As on 31 March 2017, the Company is in process of filing the said application with ITSC.

Based on best estimate, management has carried an evaluation of possible tax obligation that may arise out of the said litigation. As per the management evaluation, the Company will have to pay additional tax amounting to ₹208.81 lakhs [(including interest thereon)(gross of excess provision for earlier year written back ₹196.81 lakhs)] for assessment years 2010-11 to 2016-17 and provide for additional deferred tax liability charge due to write off of certain fixed assets in tax block for which depreciation claim would not be allowed by the tax authorities amounting to ₹283.39 lakhs. Accordingly, total provision made pursuant to above matter amounts to ₹492.19 lakhs.

The Company believes that they will not have any additional tax liability or penalty (if any) other than already accounted into books of accounts based on management best estimate.

Since the ultimate outcome of the assessment proceeding of a settlement application cannot presently be determined, no additional provision for tax including penalty, if any, as a result of such outcome, is made in the financial statements.

Notes to the financial statements for the year ended 31 March 2017

Commitments (₹ in Lakhs)

	31 March 2017	31 March 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	419.23	185.84
Other commitments (refer sub-note a)	1.06	1.14
	420.29	186.98

Notes:

a) The Company has taken land on lease from Directors and relatives of directors for a period ranging from 10 years to 30 years starting from October, 1999. In terms of the said lease agreement, the Company is required to pay an annual rent of ₹8,190 p.a. However, the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till March 2017 has been waived and that the Company is not required to pay any lease rent for the above referred period.

38. OPERATING LEASES

The Company has entered into operating lease arrangements for office space. Lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement and there are no non-cancellable arrangements. Total lease rental expenses for operating leases recognised in Statement of Profit and Loss is ₹121.93 lakhs (31 March 2016 : ₹136.63 lakhs)

39. COMPLIANCE WITH MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(₹ in Lakhs)

	31 March 2017	31 March 2016
The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at the period end		
Principal amounts due to micro and small suppliers as at the end of the year	34.22	2.59
Interest accrued and due to micro and small suppliers, on the above amount unpaid	-	-
Payments made to micro and small suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to micro and small suppliers under the MSMED Act (other than section 16)	-	-
Interest paid to micro and small suppliers under the MSMED Act (under section 16)	-	-
The amount of interest due and payable to micro and small suppliers under MSMED Act for payment made during the year	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-

40. PAYMENT TO AUDITORS (INCLUDING SERVICE TAX)*

(₹ in Lakhs)

	31 March 2017	31 March 2016
Statutory audit fees	28.75	24.05
Limited review **	18.98	9.16
Other services	1.73	4.01
Out of pocket expenses reimbursed **	1.75	2.41
	51.21	**39.63

* Excludes fee for professional arrangement related to Initial Public Offering (IPO) ₹Nil (31 March 2016: ₹85.00 lakhs) and out of pocket expenses of ₹Nil (31 March 2016: ₹2.85 lakhs) excluding service tax, which have been adjusted against Securities Premium account.

** Includes fee ₹5.50 lakhs (31 March 2016: ₹36.50 lakhs) and out of pocket expenses of ₹0.64 lakhs (31 March 2016: ₹ 2.41) excluding service tax, paid to erstwhile auditors, some of the partners where of are also partners in the audit firm.

41. ISSUE OF SHARES CONSEQUENT TO INITIAL PUBLIC OFFERINGS (IPO):

Consequent to completion of the IPO, the Company had issued 26,247,421 equity shares of ₹10 each fully paid up to the subscribers at a price of ₹115 per share with a discount of ₹5 per share to retail individual investor as per the terms of the Issue. The equity shares of the Company got listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited on September 21, 2015.

42. UTILISATION OF FUNDS RAISED THROUGH INITIAL PUBLIC OFFERING (IPO) OF EQUITY SHARES DURING YEAR ENDED 31 MARCH 2017 IS AS FOLLOWS:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Issue proceeds	30,000.00	30,000.00
Less: Repayment of term loan from Indostar for Prabhat Dairy Limited	4,620.00	4,620.00
Less: Infusion of funds in Sunfresh Agro Industries Private Limited by way of subscription to it's equity shares out of which ₹13,880.00 lakhs (31 March 2016: ₹13,880.00 lakhs) have been utilised towards repayment of term loan from Indostar Capital Finance Limited and ₹3,506.80 lakhs (31 March 2016: ₹1,798.38 lakhs) have been utilised towards capital expenditure.	17,386.80	16,150.00
Less: Fund utilised for payment of expense in relation to IPO	1,982.10	1,982.10
Less: Fund utilised for General corporate purpose	6,011.10	3,481.85
Unutilised balance	-	3,766.05

The IPO proceeds have been utilized for the purposes for which the funds have been raised by the Company. The unutilised funds were parked by the Company in cash credit account with scheduled commercial banks, in order to save considerable amount of interest cost.

43. EXPENDITURE IN RELATION TO INITIAL PUBLIC OFFERING

During the year ended 31 March 2015, the Company had filed Draft Red Herring Prospectus with SEBI in connection with the proposed issue of Equity Shares of the Company by way of fresh issue and/ or an offer for sale by the existing shareholders. Accordingly, expenses incurred by the Company aggregating to ₹266.84 lakhs in connection with filing of Draft Red Herring Prospectus and other related expenses were shown under Other current financial assets. During the year ended 31 March 2016, the same were partly adjusted towards the securities premium account and partly recovered from the existing shareholders (to the extent of shares offered for sale by existing shareholders, the expenses incurred by the Company for the proposed issue were recoverable from them) as per the provisions of the Companies Act, 2013.

44. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per provisions of section 135 of Companies Act 2013, the Company was required to spend ₹15.47 lakhs (31 March 2016 : ₹14.59 lakhs) being 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy on the activities specified in Schedule VII of the Act. The Company has spent ₹ 21.01 lakhs (31 March 2016 : ₹14.59 lakhs) towards Corporate Social Responsibility activities.

The breakup of expenditure incurred on CSR activities during the year (April 2016 - March 2017):

(₹ in Lakhs)

Particulars of CSR activity	Amount paid	Amount yet to be paid	Total Amount
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above (Majorly towards for Livelihood enhancement and rural development).	21.01	-	21.01

Notes to the financial statements for the year ended 31 March 2017

45. LIABILITIES RELATING TO EMPLOYEE BENEFITS

The Company contributes to the following post-employment defined benefit plans.

(i) Defined Contribution Plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contributions plans. The Company has no obligation other than to make specified contributions. The contribution are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund is ₹104.84 lakhs (31 March 2016: ₹86.09 lakhs). The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

(ii) Defined Benefit Plan:

Actuarial gains and losses in respect of defined benefit plans are recognised in Other Comprehensive Income. The Defined Benefit Plan comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Liabilities relating to employee benefits (₹ in Lakhs)

	31 March 2017	31 March 2016
Defined benefit obligation as at the end of the year	150.53	145.47
Net liability recognised in the Balance Sheet as at the end of the year	150.53	145.47
Non-current	107.76	101.99
Current	42.77	43.48

A. Reconciliation of the net defined benefit liabilities (₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
i. Reconciliation of present value of defined benefit obligation		
Present value of defined benefit obligation as at beginning of the year	145.47	129.91
Current service cost	33.47	34.79
Interest cost	11.14	9.77
Settlement credit	-	(7.65)
Benefits paid	(8.90)	(0.36)
Actuarial (gains) / losses recognised in other comprehensive income		
- experience adjustment	(30.65)	(20.99)
	150.53	145.47
ii. Amounts to be recognised in the Balance Sheet		
Present value of defined benefit obligation	150.53	145.47
Net liability recognized in Balance Sheet	150.53	145.47
iii. Expenses recognised in the Statement of Profit and Loss		
Current service cost	33.47	34.79
Interest cost	11.14	9.77
Settlement credit	-	(7.64)
	44.61	36.92

45. ASSETS AND LIABILITIES RELATING TO EMPLOYEE BENEFITS (contd.)

iv. Remeasurement recognised in other comprehensive income

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Actuarial gain on defined benefit obligation	(30.65)	(20.99)
	(30.65)	(20.99)

B. Defined benefit obligations

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages).

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
Discount rate	7.40%	7.90%	7.80%
Salary escalation rate	8.00%	8.00%	8.00%
Attrition rate	5.00%	5.00%	5.00%

The discount rate is based on the prevailing market yield of Indian government securities as at Balance sheet date for the estimated terms of obligation.

Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.96)	14.30	(11.15)	13.27
Future salary growth (1% movement)	11.94	(10.59)	11.36	(9.90)
Attrition rate (1% movement)	(0.22)	0.27	0.27	(0.31)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

46. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

31-Mar-17 (₹ in Lakhs)

Particulars	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments	16	0.00	-	-	0.00	-	-	0.00	0.00
Financial assets not measured at fair value									
Long-term loans	17	-	-	11,551.56	11,551.56				
Trade receivables	21	-	-	10,911.37	10,911.37				
Cash and cash equivalents	22	-	-	7,660.89	7,660.89				
Bank balances other than cash and cash equivalents	23	-	-	5,586.28	5,586.28				
Short-term loans	24	-	-	3,031.15	3,031.15				
Other non-current financial asset	18	-	-	80.18	80.18				
Other current financial asset	25	-	-	449.87	449.87				
		0.00	-	39,271.30	39,271.30	-	-	0.00	0.00
Financial liabilities									
Long term borrowings	30	-	-	3,837.54	3,837.54	-	2,921.12	-	2,921.12
Short term borrowings	32	-	-	12,734.77	12,734.77	-	12,734.77	-	12,734.77
Trade payables	33	-	-	3,668.17	3,668.17				
Current maturity of long term borrowings	34	-		29.97	29.97	-	29.97	-	29.97
Other current financial liabilities	34	-	-	490.24	490.24				
		-	-	20,760.69	20,760.69	-	15,685.86	-	15,685.86

31-Mar-16 (₹ in Lakhs)

Particulars	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments	16	5.77	-	-	5.77	5.77	-	0.00	5.77
Financial assets not measured at fair value									
Trade receivables	21	-	-	11,479.98	11,479.98				
Cash and cash equivalents	22	-	-	531.02	531.02				
Bank balances other than cash and cash equivalents	23	-	-	5.40	5.40				
Short-term loans	24	-	-	13,131.16	13,131.16				
Other non-current financial asset	18	-	-	96.65	96.65				
Other current financial asset	25	-	-	383.95	383.95				
		5.77	-	25,628.16	25,633.93	5.77	-	0.00	5.77
Financial liabilities									
Long term borrowings	30	-	-	3,799.52	3,799.52	-	2,334.83	-	2,334.83
Short term borrowings	32	-	-	5,505.61	5,505.61	-	5,505.61	-	5,505.61
Trade payables	33	-	-	3,567.61	3,567.61				
Current maturity of long term borrowings	34	-	-	22.18	22.18	-	22.18	-	22.18
Other current financial liabilities	34	-	-	325.64	325.64				
		-	-	13,220.56	13,220.56	-	7,862.62	-	7,862.62

46. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

A. Accounting classification and fair values (contd.)

01-Apr-15 (₹ in Lakhs)

Particulars	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments	16	8.81	-	-	8.81	8.81	-	0.00	8.81
Financial assets not measured at fair value									
Long-term loans	17	-	-	8,831.53	8,831.53				
Deposits with suppliers		-	-	3,500.00	3,500.00				
Trade receivables	21	-	-	7,549.59	7,549.59				
Cash and cash equivalents	22	-	-	1,979.33	1,979.33				
Bank balances other than cash and cash equivalents	23	-	-	5.40	5.40				
Short-term loans	24	-	-	3,309.31	3,309.31				
Other non-current financial asset	18	-	-	115.31	115.31				
Other current financial asset	25	-	-	499.20	499.20				
		8.81	-	25,789.67	25,798.48	8.81	-	0.00	8.81
Financial liabilities									
Long term borrowings	30	-	-	8,352.49	8,352.49	-	5,393.09	-	5,393.09
Short term borrowings	32	-	-	5,506.79	5,506.79	-	5,506.79	-	5,506.79
Trade payables	33	-	-	4,966.34	4,966.34				
Current maturity of long term borrowings	34	-	-	1,073.63	1,073.63	-	1,073.63	-	1,073.63
Other current financial liabilities	34	-	-	500.04	500.04				
		-	-	20,399.29	20,399.29	-	11,973.51	-	11,973.51

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Borrowings	Discounted cash flow: The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate	Not applicable	Not applicable

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual fund investments. The fair value of all investments in mutual funds is valued using the closing NAV as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize 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. Accordingly, unquoted equity shares have been considered as Level 3 financial instrument. The carrying amount of unquoted equity shares is not considered material and hence it has not been fair valued and carrying amount for the same has been considered as the fair value.

46. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

B. Measurement of fair values (contd.)

(ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value the financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Valuation processes

The finance team performs the valuation of financial assets and liabilities required for financial reporting purposes. The fair valuation results are reviewed by the CFO.

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established a Risk Management Framework which is reviewed and monitored by the Risk Management Committee. The Committee reports regularly to the board of directors on its activities.

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

The Company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk to which the Company is exposed to and how the entity manages the risk.

ii. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹10,911.37 lakhs and ₹11,479.98 lakhs as of 31 March 2017 and 31 March 2016, respectively. 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. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company computes the expected credit loss allowance for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer, industry information and the Company's historical experience for customers.

The following table gives details in respect of revenue generated from top ten customers:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Revenue from top ten customer	74,573.88	60,760.52

46. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

Credit risk exposure

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

(₹ in Lakhs)

	31 March 2017	31 March 2016
Balance at the beginning	35.64	35.64
Impairment loss recognized	67.05	-
Balance at the end	102.69	35.64

The Company believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behavior.

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and certificates of deposit which are funds deposited at a bank for a specified time period.

iii. Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents, working capital facility with banks and the cash flows that are generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March 2017, the Company had a working capital of ₹14,669.09 lakhs and as at 31 March 2016 of ₹26,198.64 lakhs. The working capital of the Company for this purpose has been derived as follows:

(₹ in Lakhs)

	31 March 2017	31 March 2016
Total current asset (A)	37,955.42	35,973.91
Total current liabilities (B)	23,286.33	9,775.27
Working capital (A-B)	14,669.09	26,198.64

The working capital as at 31 March 2017 calculated above includes cash and cash equivalents of ₹7,660.89 lakhs and deposits with banks of ₹5,586.28 lakhs. Also, the working capital as at 31 March 2016 calculated above includes cash and cash equivalents of ₹531.02 lakhs and deposits with banks of ₹5.40 lakhs.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

31-Mar-17 (₹ in Lakhs)

Particulars	Carrying Amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks	3,867.51	(3,867.51)	(14.60)	(15.37)	(783.89)	(3,053.65)	-
Working capital loans from banks	12,734.77	(12,734.77)	(12,734.77)	-	-	-	-
Trade payables	3,668.17	(3,668.17)	(3,668.17)	-	-	-	-
Payable for purchase of fixed assets	225.62	(225.62)	(225.62)	-	-	-	-
Employee benefits payable	237.11	(237.11)	(237.11)	-	-	-	-
Others	27.51	(27.51)	(27.51)	-	-	-	-
	20,760.69	(20,760.69)	(16,907.78)	(15.37)	(783.89)	(3,053.65)	-

Notes to the financial statements for the year ended 31 March 2017

46. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

31-Mar-16 (₹ in Lakhs)

Particulars	Carrying Amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks/ NBFC	3,821.70	(3,861.26)	(10.80)	(11.38)	(25.46)	(3,813.62)	-
Working capital loans from banks	5,505.61	(5,505.61)	(5,505.61)	-	-	-	-
Trade payables	3,567.61	(3,567.61)	(3,567.61)	-	-	-	-
Payable for purchase of fixed assets	104.11	(104.11)	(104.11)	-	-	-	-
Employee benefits payable	185.39	(185.39)	(185.39)	-	-	-	-
Others	36.14	(36.14)	(36.14)	-	-	-	-
	13,220.56	(13,260.12)	(9,409.66)	(11.38)	(25.46)	(3,813.62)	-

01-Apr-15 (₹ in Lakhs)

Particulars	Carrying Amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks/ NBFC	8,927.05	(9,030.48)	(542.94)	(543.10)	(1,327.26)	(5,957.18)	(660.00)
Loans from related parties	499.07	(499.07)	-	-	(499.07)	-	-
Working capital loans from banks	5,506.79	(5,506.79)	(5,506.79)	-	-	-	-
Trade payables	4,966.34	(4,966.34)	(4,966.34)	-	-	-	-
Payable for purchase of fixed assets	166.10	(166.10)	(166.10)	-	-	-	-
Employee benefits payable	250.94	(250.94)	(250.94)	-	-	-	-
Interest accrued but not due	0.22	(0.22)	(0.22)	-	-	-	-
Others	82.78	(82.78)	(82.78)	-	-	-	-
	20,399.29	(20,502.72)	(11,516.11)	(543.10)	(1,826.33)	(5,957.18)	(660.00)

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows: (₹ in Lakhs)

	31 March 2017		31 March 2016		As at 1 April 2015	
	₹	EURO	₹	EURO	₹	EURO
Financial liabilities						
Payable for purchase of fixed assets	87.20	1.26	-	-	-	-
Net exposure on respect of recognised liabilities	87.20	1.26	-	-	-	-

The following significant exchange rates have been applied during the year.

	Average rate		Year-end spot rate		
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	01 April 2015
EUR1	73.19	-	69.25	74.82	67.24

Sensitivity analysis

As the Company does not have significant amount of transactions in foreign currency, a reasonably possible strengthening/ (weaking) of the Indian Rupee against EURO would not have a material impact on the profit or loss or equity.

46. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
Fixed-rate instruments			
Financial assets	20,138.61	13,210.66	12,368.18
Financial liabilities	117.51	111.27	30.48
Variable-rate instruments			
Financial liabilities	16,484.77	9,216.04	14,403.36

Fair value sensitivity analysis for fixed-rate instruments

A change of 100 basis points in interest rate would have increased or decreased profit or loss by ₹200.21 (31 March 2016: ₹130.99; 1 April 2015: ₹ 123.38). This analysis assumes that all other variables remain constant.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

(₹ in Lakhs)

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31-Mar-17				
Variable-rate instruments	164.85	(164.85)	148.93	(148.93)
Cash flow sensitivity	**164.85**	**(164.85)**	**148.93**	**(148.93)**
31-Mar-16				
Variable-rate instruments	92.16	(92.16)	81.80	(81.80)
Cash flow sensitivity	92.16	(92.16)	81.80	(81.80)

46. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to equity holders.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
Total debts	16,602.28	9,327.31	14,932.91
Less : Cash and cash equivalent and bank balances	13,247.17	536.42	1,984.73
Adjusted net debt	3,355.11	8,790.89	12,948.18
Total equity	**55,737.25**	**53,457.45**	**22,408.07**
Adjusted net debt to adjusted equity ratio	0.06	0.16	0.58

47. EXPLANATION OF TRANSITION TO IND AS

As stated in Note 2, these are the first financial statements prepares in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act. ('previous GAAP')

The accounting policies set out in Note 3, have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in its financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exemptions

In preparing these financial statements the Company has applied the below mentioned optional exemptions and mandatory exemptions.

A. Optional exemptions availed

1 Property, plant and equipment and intangible assets:

As per Ind AS 101 an entity may elect to:

(i) measure an item of property plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to carry all items of property, plant and equipment and intangibles at fair value.

2 Business combinations

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, consolidated Financial Statements, from that same date.

The Company has opted not to restate any business combination on or before 1 April 2015.

B. Mandatory exemptions

1 Estimates:

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortised cost.

2 Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instrument, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chose by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

3 Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

47. EXPLANATION OF TRANSITION TO IND AS (contd.)

Reconciliation of equity (₹ in Lakhs)

Particulars	Note	As at the transition date 01 April 2015			As at 31 March 2016		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	a	12,582.64	2,272.90	14,855.54	11,534.77	2,262.36	13,797.13
Capital work-in-progress		126.45	-	126.45	151.59	-	151.59
Intangible assets		89.67	-	89.67	97.14	-	97.14
Financial assets							
Investments	b	17.00	1.81	18.81	16,165.00	0.77	16,165.77
Loans	c	11,551.56	(2,720.03)	8,831.53	-	-	-
Deposit with suppliers		3,500.00	-	3,500.00	-	-	-
Others financial assets		115.31	-	115.31	96.65	-	96.65
Income tax assets (net)		53.17	-	53.17	283.17	-	283.17
VAT receivable		628.93	-	628.93	1,157.79	-	1,157.79
Other non-current assets	d	287.83	(46.55)	241.28	102.07	(46.59)	55.48
Total non current assets		28,952.56	(491.87)	28,460.69	29,588.18	2,216.54	31,804.72
Current assets							
Inventories		2,403.58	-	2,403.58	3,030.31	-	3,030.31
Financial assets							
Trade receivables		7,549.59	-	7,549.59	11,479.98	-	11,479.98
Cash and cash equivalents		1,979.33	-	1,979.33	531.02	-	531.02
Bank balances other than cash and cash equivalents		5.40	-	5.40	5.40	-	5.40
Loans	c	3,780.26	(470.95)	3,309.31	14,582.33	(1,451.17)	13,131.16
Other current assets	h	601.64	(102.44)	499.20	383.95	-	383.95
Advance to suppliers		2,060.07	-	2,060.07	7,370.19	-	7,370.19
Other current assets	d	51.46	(16.89)	34.57	41.90	-	41.90
Total current assets		18,431.33	(590.28)	17,841.05	37,425.08	(1,451.17)	35,973.91
TOTAL ASSETS		47,383.89	(1,082.15)	46,301.74	67,013.26	765.37	67,778.63

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Notes to the financial statements for the year ended 31 March 2017

Reconciliation of equity (continued): (₹ in Lakhs)

Particulars	Note	As at transition date April 01, 2015			As at March 31, 2016		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		7,142.87	-	7,142.87	9,767.61	-	9,767.61
Other equity	i	16,388.41	(1,123.21)	15,265.20	42,573.32	1,116.52	43,689.84
Total equity		23,531.28	(1,123.21)	22,408.07	52,340.93	1,116.52	53,457.45
Non current liabilities							
Financial liabilities							
Borrowings	d	8,443.49	(91.00)	8,352.49	3,839.08	(39.56)	3,799.52
Provisions		92.23	-	92.23	101.99	-	101.99
Deferred tax liabilities(net)	h	628.38	144.47	772.85	555.67	88.73	644.40
Total non current liabilities		9,164.10	53.47	9,217.57	4,496.74	49.17	4,545.91
Current liabilities							
Financial liabilities							
Borrowings		5,506.79	-	5,506.79	5,505.61	-	5,505.61
Trade payables		4,966.34	-	4,966.34	3,567.61	-	3,567.61
Other financial liabilities	d	1,585.51	(11.84)	1,573.67	347.82	-	347.82
Other current liabilities	i	2,526.21	-	2,526.21	166.85	69.92	236.77
Provisions	e	38.24	(0.57)	37.67	513.72	(470.24)	43.48
Current tax liabilities (net)		65.42	-	65.42	73.98	-	73.98
Total current liabilities		14,688.51	(12.41)	14,676.10	10,175.59	(400.32)	9,775.27
Total liabilities		23,852.61	41.06	23,893.67	14,672.33	(351.15)	14,321.18
Total Equity and Liabilities		47,383.89	(1,082.15)	46,301.74	67,013.26	765.37	67,778.63

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Reconciliation of profit or loss for the year ended 31 March 2016 (₹ in Lakhs)

Particulars	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue				
Revenue from operations	f	99,970.01	37.78	1,00,007.79
Other income	c	49.02	1,739.81	1,788.83
Total Income		1,00,019.03	1,777.59	1,01,796.62
Expenses				
Cost of materials consumed	f	86,305.59	37.78	86,343.37
Purchase of stock-in-trade		2,462.01	-	2,462.01
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(672.77)	-	(672.77)
Employee benefits expenses	g	2,124.70	20.99	2,145.69
Finance costs	d	1,753.13	46.99	1,800.12
Depreciation and amortisation expenses	a	1,512.65	10.54	1,523.19
Other expenses		5,087.89	70.97	5,158.86
Total Expenses		98,573.20	187.27	98,760.47
Profit before tax		1,445.83	1,590.32	3,036.15
Tax expense:				
Current Tax		611.75	-	611.75
Deferred Tax	h	(104.89)	(165.43)	(270.32)
Total tax expense		506.86	(165.43)	341.43
Profit for the year		938.97	1,755.75	2,694.72

Reconciliation of profit or loss for the year ended 31 March 2016 (contd.)

(₹ in Lakhs)

Particulars	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Other comprehensive income				
Items that will not be reclassified to profit or loss	g	-	20.99	20.99
Income tax related to items that will not be reclassified to profit or loss		-	(7.26)	(7.26)
Other comprehensive income for the year, net of tax		-	13.73	13.73
Total comprehensive income for the year		938.97	1,769.48	2,708.45

*The previous GAAP figures have been reclassified to conform to current year presentation.

Notes to the reconciliation:

a Property, plant and equipment:

As permitted by Ind AS 101, the Company has elected to carry all items of property, plant and equipment and intangibles at fair value as on the date of transition.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss

(₹ in Lakhs)

Particulars	31 March 2016
Increase in other expenses - depreciation	10.54
Decrease in profit before tax	10.54

Balance Sheet

(₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Increase in value of property, plant and equipment	2,262.36	2,272.90
Increase in deferred tax liability	(196.52)	(232.96)
Increase in retained earnings	2,065.84	2,039.94

b Investments:

In accordance with Ind AS 109, financial assets representing investment in mutual funds and equity shares of entities other than subsidiaries have been fair valued. The Company has designated all investments which have been fair valued as fair value through profit and loss as permitted by Ind AS 109. Under the previous GAAP, the application of relevant accounting standards resulted in all these investments being carried at cost or market value which ever is lower.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss

(₹ in Lakhs)

Particulars	31 March 2016
Increase in other expenses - net change in fair value of investments	1.04
Decrease in profit before tax	1.04

Balance Sheet

(₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Increase in value of investments	0.77	1.81
Increase in deferred tax liability	(0.16)	(0.35)
Increase in retained earnings	0.61	1.46

c Loans:

In accordance with Ind AS 109, financial assets representing loans have been fair valued. The Company has initially fair valued loans given to its subsidiary and subsequently carried it at amortised cost as permitted by Ind AS 109.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Increase in other income-interest income on loans to subsidiary company	1,739.81
Increase in profit before tax	1,739.81

Balance Sheet (₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Decrease in non-current financial assets - Loans	-	(2,720.03)
Decrease in current financial assets - Loans	(1,451.17)	(470.95)
Decrease in retained earnings	(1,451.17)	(3,190.98)

d Borrowings at amortised cost:

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Increase in Finance Cost	46.99
Decrease in profit before tax	46.99

Balance Sheet (₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Decrease in other non current assets	(46.59)	(46.55)
Decrease in other current assets	-	(16.89)
Decrease in non-current borrowing	39.56	91.00
Decrease in other financial liabilities	-	11.84
Decrease/ (increase) in deferred tax liability	2.43	(13.83)
Decrease/ (increase) in retained earnings	**(4.60)**	**25.57**

e Proposed dividend:

Under previous GAAP, dividends proposed by the board of directors after the reporting date but before the approval of financial statements were considered to be adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

The impact arising from the change is summarised as follows:

Balance Sheet (₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Decrease in provisions - proposed dividend including dividend distribution tax	470.24	0.57
Increase in retained earnings	470.24	0.57

f Excise duty:

Under previous GAAP, revenue from sales of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and cost of material for the year ended 31 March 2016.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Increase in revenue from operations	37.78
Increase in cost of goods sold	37.78
Change in profit before tax	-

g Actuarial gain and loss:

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit and loss. Accordingly, actuarial loss recognised in the Statement of profit and loss has been recognised under other comprehensive income under Ind AS for the year ended 31 March 2016. However, this has no impact on total comprehensive income and total equity as on 31 March 2016.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Increase in employee benefits expenses	20.99
Increase in other comprehensive income	(20.99)
Change in total comprehensive income	-

h Deferred tax assets (net) :

The above changes (decrease)/ increased the deferred tax liability as follows based on a tax rate of 34.61%:

(₹ in Lakhs)

Particulars	Note	31 March 2016	01 April 2015
Property, plant and equipment	a	196.52	232.96
Fair value of investments	b	(0.16)	0.35
Borrowings at amortised cost	d	(2.43)	13.83
Others - prior period errors		(105.20)	(0.23)
MAT credit entitlement		-	(102.44)
		88.73	144.47

I Retained earnings

The above changes (decreased)/ increased retained earnings as follows: (₹ in Lakhs)

Particulars	Note	31 March 2016	01 April 2015
Property, plant and equipment	a	2,065.84	2,039.94
Fair value of investments	b	0.61	1.46
Borrowings at amortised cost	d	(4.60)	25.57
Loans to related parties	c	(1,451.17)	(3,190.98)
Proposed dividends	e	470.24	0.57
Deferred tax	h	105.20	0.25
Others - prior period errors		(69.60)	-
		1,116.52	(1,123.21)

48. RELATED PARTY RELATIONSHIPS, TRANSACTIONS AND BALANCES

a) Key Management Personnel (KMP)

Mr. Sarangdhar R. Nirmal, Chairman and Managing Director

Mr. Vivek S. Nirmal, Joint Managing Director

Mr. Raviraj Vahadane, Chief Financial Officer (from 27 April 2016)

Mr. Amit Gala, Chief Financial Officer (from 12 December 2015 upto 26 April 2016)

Mr. Keyur Shah, Chief Financial Officer (upto 11 December 2015)

Ms. Priya Nagmoti, Company Secretary

b) Names of the related parties with whom transactions were carried out during the period and description of relationship:

Trust which directly controls reporting Company and in which KMPs are interested.

Nirmal Family Trust

Subsidiary Companies

Cheese Land Agro (India) Private Limited

Sunfresh Agro Industries Private Limited

Relatives of KMPs:

Mrs. Vijaya S. Nirmal

Mrs. Nidhi V. Nirmal

Mrs. Sneha Nirmal Astunkar

Enterprises / proprietary concerns in which KMPs or their relatives exercise significant influence :

Nirmal Gograss LLP

Prabhat Agro. Multi State Co-Operative Society Limited

c) Disclosure of related party transactions: (₹ in Lakhs)

Particulars	Entity which has a substantial interest in reporting Company and in which KMPs are interested	Subsidiary Company (Direct Holding)	Subsidiary Company (Indirect Holding)	KMP / relatives of KMP*	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Purchase of goods						
Sunfresh Agro Industries Private Limited	-	-	7,200.62	-	-	7,200.62
	-	-	(3,080.89)	-	-	(3,080.89)
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	-	2,525.67	2,525.67
	-	-	-	-	(2,054.25)	(2,054.25)
Shared service income						
Sunfresh Agro Industries Private Limited	-	-	-	-	-	-
	-	-	(57.11)	-	-	(57.11)
Sale of goods						
Sunfresh Agro Industries Private Limited	-	-	53,867.24	-	-	53,867.24

c) Disclosure of related party transactions: (contd.) (₹ in Lakhs)

Particulars	Entity which has a substantial interest in reporting Company and in which KMPs are interested	Subsidiary Company (Direct Holding)	Subsidiary Company (Indirect Holding)	KMP / relatives of KMP*	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
	-	-	(48,852.68)	-	-	(48,852.68)
Other expenses						
Sunfresh Agro Industries Private Limited	-	-	405.24	-	-	405.24
	-	-	-	-	-	-
Interest income						
Cheese Land Agro (India) Private Limited (refer note 49)	-	1,675.68	-	-	-	1,675.68
	-	(1,739.81)	-	-	-	(1,739.81)
Managerial Remuneration						
Sarangdhar R. Nirmal	-	-	-	70.00	-	70.00
	-	-	-	(70.00)	-	(70.00)
Vivek Nirmal	-	-	-	24.00	-	24.00
	-	-	-	(24.00)	-	(24.00)
Salary						
Raviraj Vahadane	-	-	-	27.06	-	27.06
	-	-	-	-	-	-
Keyur Shah	-	-	-	-	-	-
	-	-	-	(20.03)	-	(20.03)
Amit Gala	-	-	-	21.05	-	21.05
	-	-	-	(12.07)	-	(12.07)
Priya Nagmoti	-	-	-	26.49	-	26.49
	-	-	-	(21.81)	-	(21.81)
Relatives of KMPs	-	-	-	14.68	-	14.68
	-	-	-	(11.65)	-	(11.65)
Lease Rent payment						
Sarangdhar R. Nirmal	-	-	-	3.49	-	3.49
	-	-	-	(12.00)	-	(12.00)

c) Disclosure of related party transactions: (contd.) (₹ in Lakhs)

Particulars	Entity which has a substantial interest in reporting Company and in which KMPs are interested	Subsidiary Company (Direct Holding)	Subsidiary Company (Indirect Holding)	KMP / relatives of KMP*	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Borrowing repaid						
Nirmal Family Trust	-	-	-	-	-	-
	(499.07)	-	-	-	-	(499.07)
Loans and advances Recovered						
Cheese Land Agro (India) Private Limited	-	-	-	-	-	-
	-	(755.31)	-	-	-	(755.31)
Investment						
Sunfresh Agro Industries Private Limited	-	-	1,236.80	-	-	1,236.80
	-	-	(16,150.00)	-	-	(16,150.00)
Balances outstanding at the end of the year						
Investment held by Company						
Cheese Land Agro (India) Private Limited	-	10.00	-	-	-	10.00
	-	(10.00)	-	-	-	(10.00)
Sunfresh Agro Industries Private Limited	-	-	17,386.80	-	-	17,386.80
	-	-	(16,150.00)	-	-	(16,150.00)
Trade Payable						
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	-	-	-
	-	-	-	-	(75.26)	(75.26)
Advance to suppliers						
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	-	50.66	50.66
	-	-	-	-	-	-
Advance from customers						
Sunfresh Agro Industries Private Limited	-	-	5,919.58	-	-	5,919.58
	-	-	-	-	-	-
Trade Receivable						
Sunfresh Agro Industries Private Limited	-	-	-	-	-	-
	-	-	(4,970.81)	-	-	(4,970.81)
Employee Benefits Payable						
Vivek Sarangdhar Nirmal	-	-	-	2.00	-	2.00
	-	-	-	(2.73)	-	(2.73)
Sarangdhar Ramchandra Nirmal	-	-	-	5.83	-	5.83
	-	-	-	(5.83)	-	(5.83)
Priya Nagmoti	-	-	-	1.98	-	1.98
	-	-	-	(2.66)	-	(2.66)
Amit Gala	-	-	-	-	-	-
	-	-	-	(4.85)	-	(4.85)
Relatives of KMPs	-	-	-	1.24	-	1.24
	-	-	-	(1.32)	-	(1.32)
Post employment benefits						
Vivek Sarangdhar Nirmal	-	-	-	4.35	-	4.35
	-	-	-	(4.02)	-	(4.02)
Sarangdhar Ramchandra Nirmal	-	-	-	10.00	-	10.00

c) Disclosure of related party transactions: (contd.) (₹ in Lakhs)

Particulars	Entity which has a substantial interest in reporting Company and in which KMPs are interested	Subsidiary Company (Direct Holding)	Subsidiary Company (Indirect Holding)	KMP / relatives of KMP*	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
	-	-	-	(10.00)	-	(10.00)
Priya Nagmoti	-	-	-	1.34	-	1.34
	-	-	-	(1.73)	-	(1.73)
Amit Gala	-	-	-	-	-	-
	-	-	-	(0.19)	-	(0.19)
Relatives of KMPs	-	-	-	0.90	-	0.90
	-	-	-	(0.82)	-	(0.82)
Other Current Liability						
Relatives of KMPs	-	-	-	-	-	-
	-	-	-	(8.51)	-	(8.51)
Loans given **						
Cheese Land Agro (India) Private Limited (refer note 49)	-	14,545.07	-	-	-	14,545.07
	-	(14,545.07)	-	-	-	(14,545.07)

Notes:

a) Figures in bracket relate to the previous year.

* The Company has taken Land on lease from Directors and relatives of directors for a period ranging from 10 years to 30 years starting from Oct, 1999. In terms of the said lease agreement, the Company is required to pay an annual rent of ₹8,190 p.a. However, the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till March 2017 has been waived and that the Company is not required to pay any lease rent for the above period.

** Amortised cost as at 31 March 2017 ₹14,545.07 lakhs (31 March 2016: ₹13,093.9 lakhs).

49. LOAN TO SUBSIDAIRY COMPANY

In the earlier years, the Company had advanced interest free loans to Cheese Land Agro (India) Private Limited (CAIPL) (wholly owned subsidiary) amounting to ₹15,300.38 lakhs. As per the original repayment terms, part of the loan amounting to ₹3,748.82 lakhs was repayable on 31 March 2016 and balance loan amounting to ₹11,551.56 lakhs is repayable on 31 March 2017.

During the previous year ended 31 March 2016, out of the loan due for repayment on 31 March 2016, CAIPL repaid ₹755.31 lakhs on due date. The repayment terms of the balance loan amounting to ₹2,993.51 lakhs was revised in Board Meeting held on 18 May 2016. As per the revised terms, the loan and interest (@ 7.5% p.a) thereon is repayable on demand.

Further, the Board, in its meeting held on 13 February 2017, has approved extension of the loan term due for repayment on 31 March 2017 to 31 March 2019 along with interest.

As per the provisions of Ind AS 109 – "Financial Instruments" the aforesaid outstanding loans have been accounted at fair value on transaction date and carried at amortised cost at each balance date. With respect to interest free loans, the Company has accounted notional interest income amounting to ₹1,739. 81 lakhs and ₹1,451.17 lakhs for the year ended 31 March 2016 and 31 March 2017 respectively.

With respect to loan amounting to ₹2,993.51 lakhs, for which terms were revised during the current year, the Company has recognized interest income of ₹224.51 lakhs.

50. DETAILS OF SPECIFIED BANK NOTES HELD (SBN) AND TRANSACTED DURING THE PERIOD 08 NOVEMBER 2016 TO 30 DECEMBER 2016 :

(₹ in Lakhs)

Particulars	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on 08 November 2016	59.24	14.19	73.43
Add : Adjustment *	106.05	-	106.05
Revised closing cash in hand as on 08 November 2016	165.29	14.19	179.48
Add : Permitted receipts	-	298.65	298.65
Less : Permitted payments	-	118.71	118.71
Less : Amount deposited in Banks	165.29	123.87	289.17
Add : Withdrawal from Banks	-	2.50	2.50
Closing cash in hand as on 30 December 2016	-	72.77	72.77

* Represents SBN transacted upto 8 November 2016, which were recorded in books of account after 8 November 2016, as certified by the management and relied upon by the auditors.

51. PROPOSED DIVIDEND

The Board of Directors of the Company at their meeting held on 23 May 2017 have recommended a final dividend for the year 2016-17 at the rate of ₹0.40 per equity share of ₹10 each. The said dividend is payable subject to its declaration by the shareholders of the Company in the ensuing Annual General Meeting of the Company.

52. The previous year's financial statements were audited by a firm other than B S R & Associates LLP.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Independent Auditors' Report

To the Members of
Prabhat Dairy Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Prabhat Dairy Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements")

Management's Responsibility for the Consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated state of affairs (financial position), profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 consolidated Ind AS 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 Ind AS financial statement by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

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

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

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

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

Basis for Qualified Opinion

We draw attention to note 49 to the Consolidated Ind AS financial statements, which explains that the material subsidiary has recognised Government Grant related to Income, which it is entitled to receive under the Package Scheme of Incentives 2007 ('the Scheme') of Government of Maharashtra, pertaining to prior periods during the current year ended 31 March 2017. These benefits are in the nature of Government Grants in accordance with Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. In our view, had the material subsidiary recognised such grant in the respective period when it should have, the Exceptional item (in relation to revenue from operations), Profit before tax, Tax expense, Net profit after tax and Earnings per share would have been lower for the year ended 31 March 2017 by ₹1,891.47 lakhs, ₹1,891.47 lakhs, ₹374.16 lakhs, ₹1,517.31 lakhs and ₹1.55 respectively. Further, Revenue from operations, Profit before tax, Tax expense, Net profit after tax and Earnings per share would have been higher for the year ended 31 March 2016 by ₹1,891.47 lakhs, ₹1,891.47 lakhs, ₹458.21 lakhs, ₹1,433.26 lakhs and ₹1.66 respectively. Deferred tax liability (net) and Other equity as on 31 March 2016 would have been higher by ₹458.21 lakhs and ₹1,433.26 lakhs respectively. Independent Auditors' Report for the previous year issued by the predecessor was also qualified with respect to this matter.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter explained in the basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group as at 31 March 2017 and its consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Group for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2015 dated 24 June 2015, expressed an unmodified opinion and for the year ended 31 March 2016 dated 18 May 2016, expressed an qualified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

   a) We have sought and except for the matters described in clause (g) (iv) below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) Except for the effects of the matter described in the basis for Qualification. Opinion paragraph above, in our opinion, proper books of account as required by law statements have been kept by the Group so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   d) Except for the effects of the matter described in the basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

   f) On the basis of the written representations received from the directors of the Holding Company and the report of the statutory auditor of its subsidiary companies, as on 31 March, 2017 taken on record by the Board of Directors of the Holding Company, none of the director of the Group companies incorporated in India is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in Basis for Qualified Opinion paragraph above.

   i) With respect to the other matters to be included in the Auditors' 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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 36 to the consolidated Ind AS financial statements;

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31 March 2017;

iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group during the year ended 31 March 2017; and

iv. The Holding Company and its subsidiary company - Sunfresh Agro Industries Private Limited, have provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Holding Company and its subsidiary company as produced to us by the Management – Refer Note 50(a) and 50(b).

The Subsidiary Company - Cheese Land Agro (India) Private Limited, did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 – Refer Note 50(c).

For B S R & ASSOCIATES LLP
Chartered Accountants
Firm Registration No: 116231W /W-100024

Sd/-
Shiraz Vastani
Partner
Membership No.: 103334

Place: Navi Mumbai
Date: 23 May 2017

Annexure A to the Independent Auditors' Report on the consolidated Ind AS financial statements – 31 March 2017

Referred to in paragraph 1(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Prabhat Dairy Limited on the consolidated Ind AS financial statements for the year ended 31 March 2017.

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Prabhat Dairy Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India (collectively referred to as 'the Group'), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditors' Responsibility

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

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

Meaning of Internal Financial Control Over Financial Reporting

The Group'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 Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. The Group'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 Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group 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 Group's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Control Over Financial Reporting

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

Opinion

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of internal financials controls over financial reporting insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such a company incorporated in India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the Auditors' of such companies incorporated in India.

For B S R & ASSOCIATES LLP
Chartered Accountants
Firm Registration No: 116231W /W-100024

Sd/-
Shiraz Vastani
Partner
Membership No.: 103334

Place: Navi Mumbai
Date: 23 May 2017

Consolidated Balance Sheet as at 31 March 2017

(₹ in Lakhs, except share data)

	Notes	31 March 2017	31 March 2016	01 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	14	41,428.62	41,223.54	28,805.70
Capital work-in-progress	15	2,653.96	2,446.76	15,906.54
Intangible assets	14	70.63	97.14	89.68
Financial assets				
(i) Investments	16	0.32	6.10	9.13
(ii) Deposit with suppliers		-	-	3,500.00
(iii) Other financial assets	17	6,03.03	252.56	208.86
Income tax assets (net)		280.39	355.11	124.20
VAT refund receivable		2,373.54	1,274.17	721.08
Other non-current assets	18	385.90	1,356.80	1,151.16
Total non-current assets	(A)	47,796.39	47,021.18	50,516.35
Current assets				
Inventories	19	13,325.32	8,790.63	6,343.59
Financial assets				
(i) Trade receivables	20	27,111.27	22,632.98	20,840.27
(ii) Cash and cash equivalents	21	10,913.50	1,167.57	2,023.14
(iii) Bank balances other than cash and cash equivalents	22	5,644.47	29.84	130.93
(iv) Loans	23	42.97	40.41	33.43
(v) Other financial assets	24	1,893.78	641.41	1,336.02
Advance to suppliers		8,038.84	7,464.13	2,096.12
Other current assets	25	94.25	56.60	55.67
Total current assets	(B)	67,064.40	40,823.57	32,859.17
TOTAL ASSETS	(A+B)	1,14,860.79	87,835.75	83,375.52
EQUITY AND LIABILITIES				
Equity				
Equity share capital	26	9,767.61	9,767.61	7,142.87
Other equity	27	59,053.99	54,796.14	26,760.01
Equity attributable to owners of the Company		68,821.60	64,563.75	33,902.88
Total equity	(C)	68,821.60	64,563.75	33,902.88
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	29	3,859.52	3,844.78	21,378.06
Provisions	30	143.05	142.70	107.34
Deferred tax liabilities (net)	13	1,587.73	572.13	305.85
Total non-current liabilities	(D)	5,590.30	4,559.61	21,791.25
Current liabilities				
Financial liabilities				
(i) Borrowings	31	31,925.55	11,933.36	16,560.84
(ii) Trade payables	32	5,378.13	5,212.69	6,220.21
(iii) Other financial liabilities	33	1,350.22	786.25	3,956.29
Other current liabilities	34	608.35	464.68	445.50
Provisions	35	46.58	47.19	38.95
Current tax liabilities (net)		1,140.06	268.22	459.60
Total current liabilities	(E)	40,448.89	18,712.39	27,681.39
Total liabilities	(D+E)	46,039.19	23,272.00	49,472.64
TOTAL EQUITY AND LIABILITIES	(C+D+E)	1,14,860.79	87,835.75	83,375.52
Significant accounting policies	2-3			
Notes to the financial statements	4-52			

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Consolidated Statement of Profit and Loss for the year ended 31 March 2017

(₹ in Lakhs, except share data)

	Notes	31 March 2017	31 March 2016
Revenue from operations	4	1,40,986.50	1,16,769.92
Other income	5	126.46	146.56
Total income		1,41,112.96	1,16,916.48
Expenses			
Cost of materials consumed	6	1,15,027.05	93,442.79
Purchase of stock-in-trade	7	2,380.88	2,235.60
Changes in inventories of finished goods, stock-in-trade and work-in-progress	8	(3,824.75)	(2,843.94)
Employee benefits expense	9	3,468.93	2,826.41
Finance costs	10	2,943.51	4,052.17
Depreciation and amortisation expense	14	4,320.22	3,956.70
Other expenses	11	11,255.43	9,584.35
Total Expenses		1,35,571.27	1,13,254.08
Profit before exceptional item and tax		5,541.69	3,662.40
Exceptional item	49	1,891.47	-
Profit before tax		7,433.16	3,662.40
Tax expense:			
Current Tax		1,741.21	1,218.39
Deferred Tax (net of MAT credit of ₹955.71 lakhs (31 March 2016 : ₹446.94 Lakhs))		997.69	129.03
Total tax expense	13	2,738.90	1,347.42
Profit for the year		4,694.26	2,314.98
Other comprehensive income (OCI)	12		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefit obligations		51.75	7.60
Income tax related to items that will not be reclassified to profit or loss		(17.91)	(2.63)
Other comprehensive income for the year, net of tax		33.84	4.97
Total comprehensive income for the year		4,728.10	2,319.95
Earnings per equity share			
Basic earning per equity share of face value of ₹10 each (31 March 2016: ₹10)	28	4.84	2.70
Diluted earning per equity share of face value of ₹10 each (31 March 2016: ₹10)	28	4.84	2.70
Significant accounting policies	2-3		
Notes to the financial statements	4-52		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

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CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Consolidated Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2017

(₹ in Lakhs, except share data)

(a) Equity share capital	
Balance as at 1 April 2015	7,142.87
Changes in equity share capital during the 2015-16 (refer note 26)	2,624.74
Balance at 31 March 2016	9,767.61
Changes in equity share capital during the 2016-17 (refer note 26)	-
Balance at 31 March 2017	9,767.61

(b) Other equity

(₹ in Lakhs, except share data)

Particulars	Reserves and Surplus					Items of OCI	Total equity
	Securities premium account	Retained earnings	Capital reduction reserve	Capital Reserve	Capital Reserve on Consolidation	Remeasurements of the net defined benefit Plans	
Balance at 1 April 2015	9,885.14	8,651.01	2,960.10	4,189.87	1,103.29	(29.40)	26,760.01
Total comprehensive income for the year ended 31 March 2016							
Profit for the year	-	2,314.98	-	-	-	-	2,314.98
Other comprehensive income for the year (net of tax)	-	-	-	-	-	4.97	4.97
Total comprehensive income for the year	-	2,314.98	-	-	-	4.97	2,319.95
Transactions with owners, recorded directly in equity							
Contribution by owners							
Premium on Equity Shares issued during the year	27,375.26	-	-	-	-	-	27,375.26
Amount utilised for expenses related to Initial Public Offering (IPO)	(1,659.08)	-	-	-	-	-	(1,659.08)
Total transactions with owners	25,716.18	-	-	-	-	-	25,716.18
Balance as on 31 March 2016	35,601.32	10,965.99	2,960.10	4,189.87	1,103.29	(24.43)	54,796.14
Total comprehensive income for the year ended 31 March 2017							
Profit for the year	-	4,694.26	-	-	-	-	4,694.26
Other comprehensive income for the year (net of tax)	-	-	-	-	-	33.84	33.84
Total comprehensive income for the year	-	4,694.26	-	-	-	33.84	4,728.10
Transactions with owners, recorded directly in equity							
Contribution by and distribution to owners							
Dividends	-	(390.70)	-	-	-	-	(390.70)
Dividend distribution tax	-	(79.55)	-	-	-	-	(79.55)
Total transactions with owners	-	(470.25)	-	-	-	-	(470.25)
Balance at 31 March 2017	35,601.32	15,190.00	2,960.10	4,189.87	1,103.29	9.41	59,053.99

Significant accounting policies 2-3

Notes to the financial statements 4-52

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Consolidated Statement of Cash Flow for the year ended 31 March 2017

(₹ in Lakhs)

	31 March 2017	31 March 2016
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	7,433.16	3,662.40
Adjustments for		
Depreciation and amortisation expense	4,320.22	3,956.70
Loss / (gain) on sale of property, plant and equipment	23.44	(0.27)
Investments measured at FVTPL - net change in fair value	-	1.04
Interest income	(14.70)	(40.58)
Finance costs	2,943.51	4,052.17
	14,705.63	11,631.46
Working capital adjustments		
Increase in inventories	(4,534.69)	(2,447.04)
Increase in trade receivables	(4,478.29)	(1,792.71)
(Increase)/decrease in other current financial assets	(1,361.64)	249.28
Decrease / (increase) in other non current assets	30.61	(0.42)
Increase in other current assets	(37.65)	(0.93)
Increase in non current financial assets	(284.99)	(32.61)
Increase in advance to suppliers	(574.71)	(5,368.01)
Increase in VAT refund receivables	(1,099.37)	(553.09)
Decrease in deposit to suppliers	-	3,500.00
Increase / (decrease) in other long term liabilities	64.98	(106.07)
Increase in other current liabilities	143.67	19.18
Increase / (decrease) in trade payables	165.44	(1,007.52)
(Decrease) / increase in provisions and employee benefits	51.49	51.20
	2,790.48	4,142.72
Income tax paid	(794.65)	(1,506.09)
Net cash flows from operating activities (A)	1,995.83	2,636.63
B CASH FLOW FROM INVESTING ACTIVITIES		
Payment for purchase and construction of property, plant and equipment	(3,943.11)	(3,223.94)
Proceeds from maturity of fixed deposits	5.78	534.01
Proceeds from sale of property, plant and equipment	652.96	2.06
Interest received	13.05	36.93
Fixed deposits with banks	(5,571.75)	-
Net cash used in investing activities (B)	(8,843.07)	(2,650.94)

Consolidated Statement of Cash Flow for the year ended 31 March 2017

(₹ in Lakhs)

	31 March 2017	31 March 2016
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	30,000.00
Share issue expenses (netted off against security premium)	-	(1,659.07)
Proceeds from borrowings (net)	20,006.93	-
Repayment of borrowings (net)	-	(25,130.02)
Dividend paid (and related dividend distribution tax)	(470.25)	-
Interest paid	(2,943.51)	(4,052.17)
Net cash flows from / (used in) financing activities (C)	16,593.17	(841.26)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	9,745.93	(855.57)
Cash and cash equivalents at the beginning of the year	1,167.57	2,023.14
Cash and cash equivalents at the end of the year	10,913.50	1,167.57
Reconciliation of Cash and cash equivalents with the Balance Sheet		
Cash and bank balances as per Balance Sheet (refer note 21)	10,913.50	1,167.57
Cash and Cash equivalents as at the year end	10,913.50	1,167.57

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7- "Cash Flow Statements".

Cash Comprises cash on hand and currrent accounts.

Significant accounting policies 2-3

Notes to the financial statements 4-52

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Notes to the consolidated financial statements for the year ended 31 March 2017

1. REPORTING ENTITY

Prabhat Dairy Limited ("Prabhat" or "The Holding Company") is a public Company domiciled and headquartered in India. The Holding Company was incorporated on 25 November 1998 as a Private Limited Company and was converted to a Public Limited Company on 19 March 2015. Consequent to completion of the its Initial Public Offering ('IPO'), the equity shares of the Company were listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited on 21 September 2015.

The Holding company and its subsidiaries (together referred to as "The Group") is engaged in the business of procurement and processing of milk and sale of milk and milk products like Ghee, Flavored Milk, Skimmed Milk Powder, Whole Milk Powder, Cheese, Paneer and Sweetened Condensed Milk etc. catering to the needs of retail as well as the industrial trade sector.

The subsidiaries considered in the consolidated financial statements are as follows:

Name of the Company	Relationship	Ownership held by	% of voting power held
Cheese Land Agro (India) Private Limited	Subsidiary	Prabhat Dairy Limited	100%
Sunfresh Agro Industries Private Limited	Step down Subsidiary	Cheese Land Agro (India) Private Limited and Prabhat Dairy Limited (refer note below)	100%

Until 31st March 2015, Sunfresh Agro Industries Private Limited was a wholly owned subsidiary of Cheese Land Agro (India) Private Limited. Consequent to acquisition of 1,104,289 (31 March 2016: 14,419,640) equity shares by Prabhat Dairy Limited ('the Ultimate Holding Company'), the ultimate holding Company now holds 29.29% (31 March 2016: 27.78%) of paid up equity shares of Sunfresh Agro Industries Private Limited.

All the above mentioned companies are incorporated in India.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Group's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Group's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 46.

The financial statements were authorized for issue by the Holding Company's Board of Directors on 23 May 2017.

Details of the Group's significant accounting policies are included in Note 3.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakh to two decimal points, unless otherwise indicated.

2.3 Basis of measurement

The 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
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the following notes:

- Note 13 – recognition of deferred tax assets and MAT credit entitlement: availability of future taxable profit against which deferred tax assets and MAT credit entitlement can be utilised;
- Note 14 – Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.
- Note 36 – the Group has received some orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and makes provisions for probable losses. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate; and;
- Note 44 – measurement of defined benefit obligations: key actuarial assumptions;

2.5 Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has the overall responsibility for all significant fair value measurements, including Level 3 fair values, supported by external experts, whenever required. Fair value measurement are reviewed by the Chief Financial Officer (CFO).

Significant valuation issues are reported to the Holding Company's audit committee.

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 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.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 45 – financial instruments.

2.6 Current-non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be settled within 12 months after the reporting date; or

d) The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle of the Group is less than 12 months.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

a) Product sales and Sale of service

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration receivable, net of trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when significant risks and rewards of their ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

In view of the nature of services rendered, revenue from services is recognised in profit or loss in proportion of the transaction at the reporting date.

b) Export incentives

Export incentives are recognised when the right to receive credit as per the terms of incentives is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

c) Package scheme of incentive

Package scheme of incentive is recognised when right to receive credit as per the terms of incentive is established and when there is no significant uncertainty regarding ultimate collection of such subsidy.

d) Interest income

Interest income is recognised on a time proportionate basis taking into account the amount invested and the rate applicable.

3.2 Government grants

The Group is entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The Group accounts for its entitlement on accrual basis on approval of the initial claim by the relevant authorities.

Subsidy received under the Memorandum of Understanding ("MOU") signed with the Government of Maharashtra ("GOM") in respect of manufacturing units located in developing regions, is recognized when there is reasonable assurance regarding compliance with the specified conditions and consequent receipt of the grant.

Grants that compensate the Group for expenses incurred are recognised in statement of profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

3.3 Financial instruments

Recognition and initial measurement

Trade receivables and loans given are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

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

- amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non - recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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 rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the 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 the new financial liability with modified terms is recognised in profit or loss.

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 to realise the asset and settle the liability simultaneously.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase 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 and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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 profit or loss.

Transition to Ind AS

On transition to Ind AS, the Group has elected to carry all of its property, plant and equipment at fair value as at 1 April 2015. (refer note 46(a)(i)).

3.4 Property, plant and equipment

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and appropriate disclosure is made in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Accordingly, depreciation on tangible fixed assets is provided on straight line method at estimated useful lives, which in certain categories of assets is different than the estimated useful life as specified in Schedule II of the Companies Act, 2013 ('Schedule II') and are as under:

Category of asset	Useful life followed (in years)	Useful life as per Schedule II (in years)
Factory Building	15 - 40	30
Electrical installations	10	10
Plant and equipment (except Cheese and Paneer)	10	15*
Office equipment	3	5
Furniture & Fixtures	16	10
Vehicle	11	10
Computers	3	3
Cheese plant and equipment	20	15*
Paneer plant and equipment	22	15*
Co-generation plant	40	40
Software	3	3

*For General laboratory equipment, the useful life as per Schedule II is 10 years.

Freehold land is not depreciated. Acquired assets consisting of leasehold land are recorded at acquisition cost and amortized on straight-line basis based over the lease term.

Additions to tangible fixed assets individually costing ₹5,000 or less are depreciated fully in the year of acquisition.

3.5 Intangible assets

Intangible fixed assets are recognised when the asset is identifiable, is within the control of the Group, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and cost of the asset can be reliably measured. Intangible fixed assets are initially recorded at their acquisition price.

Intangible fixed assets comprising computer software amortised over its estimated useful life of 3 years on a straight line basis, commencing from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset.

Amortisation method and useful lives of the intangible fixed assets are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed to reflect the changed pattern.

3.6 Impairment

Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses:

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward- looking information.

The Group assumes that the credit risk on a financial asset increases significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due.

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

In accordance with IndAS 36 – Impairment of Assets, the Group assesses, at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indications exist, the Group estimates the recoverable amount of the asset. If such recoverable amount of asset or recoverable amount of cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount is subject to a maximum of depreciable historical cost.

3.7 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade and stores and spares are carried at the lower of cost and net realisable value. Cost of inventories comprise cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining cost "First in First out" method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and other costs necessary to make the sale.

Obsolete, defective and unserviceable inventories including slow moving stocks are provided based on technical evaluation. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses.

Raw material and other supplies held for use in production of inventories are not written down below cost, except in cases where material price have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

3.8 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service. These benefits include salaries and wages and bonus. The undiscounted amount of short-term employee services is recognised as an expense as the related service is rendered by the employees.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods in which the contribution is due.

Defined benefit plans

The employee's gratuity scheme is a defined benefit plan. The Group's net obligation in respect of defined benefit plan is calculated by discounting the estimated amount of future benefit that employees have earned in the current and prior periods. The liability for gratuity is unfunded, wherein contributions are made and charged to revenue on annual basis.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

3.9 Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss.

3.10 Income tax

Income tax comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. 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 current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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 related to investments in subsidiaries (in relation to undistributed profits) to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they 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. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Minimum Alternate Tax (MAT)

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

3.11 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations assessment, fines, penalties etc are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

3.12 Leases

Assets held under leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

3.13 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.14 Segment reporting

The Group is primarily engaged in the business of processing of milk and manufacturing of dairy products. Therefore, the Group is of the view that revenue from processing of milk and manufacturing of dairy products is a single component of the Group for assessing its performance. Hence, processing of milk and manufacturing of dairy products is the only reportable segment. The Group's operations are primarily in India, accordingly there is no reportable secondary geographical segment.

3.15 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

The diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity and equivalent potential dilutive equity shares outstanding during the year, except where the result would be anti-dilutive.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

4. REVENUE FROM OPERATIONS

(₹ in Lakhs)

	31 March 2017	31 March 2016
Sales of products and services		
Sale of products (including excise duty)	1,34,807.66	1,13,393.72
Sale of traded goods	3,591.44	2,519.79
Sale of services	1,054.49	804.38
	1,39,453.59	1,16,717.89
Other operating revenue		
Export incentives	40.88	-
Package scheme of incentives subsidy	1,450.26	-
Sale of scrap	41.77	52.03
	1,532.91	52.03
	1,40,986.50	1,16,769.92

5. OTHER INCOME

(₹ in Lakhs)

	31 March 2017	31 March 2016
Interest income		
from banks	10.33	40.58
from others	4.37	-
Profit on sale of fixed assets (net)	-	0.27
Gain on foreign currency transactions (net)	19.70	70.14
Liabilities written back to the extent no longer required	0.27	6.13
Miscellaneous income	91.79	29.44
	126.46	146.56

6. COST OF MATERIALS CONSUMED

(₹ in Lakhs)

	31 March 2017	31 March 2016
Inventory of materials at the beginning of the year	1,014.26	1,411.16
Add: Purchases	1,15,736.99	93,045.89
Inventory of materials at the end of the year	1,724.20	1,014.26
	1,15,027.05	93,442.79

7. PURCHASE OF STOCK-IN-TRADE

(₹ in Lakhs)

	31 March 2017	31 March 2016
Purchase of stock-in-trade	2,380.88	2,235.60

8. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Lakhs)

		31 March 2017	31 March 2016
Inventories at the beginning of the year :			
Finished goods		6,863.56	4,082.70
Stock-in-trade		110.94	199.50
Work-in-process		801.87	650.23
	(A)	7,776.37	4,932.43
Inventories at the end of the year:			
Finished goods		9,269.94	6,863.56
Stock-in-trade		453.93	110.94
Work-in-process		1,877.25	801.87
	(B)	11,601.12	7,776.37
Changes in inventories:			
Finished goods		(2,406.38)	(2,780.86)
Stock-in-trade		(342.99)	88.56
Work-in-process		(1,075.38)	(151.64)
Increase in inventory	(A-B)	(3,824.75)	(2,843.94)

9. EMPLOYEE BENEFIT EXPENSE

(₹ in Lakhs)

	31 March 2017	31 March 2016
Salaries, wages and allowances	3,175.87	2,593.24
Contribution to provident and other funds (refer note 44)	131.76	107.07
Gratuity expense (refer note 44)	60.40	52.03
Staff welfare expenses	100.90	74.07
	3,468.93	2,826.41

10. FINANCE COSTS

(₹ in Lakhs)

	31 March 2017	31 March 2016
Interest on borrowings	2,602.33	3,362.08
Other borrowing costs *	280.18	631.79
Delayed payment of tax	61.00	58.30
	2,943.51	4,052.17

* Includes prepayment charges paid to Indostar Capital Finance Private Limited (NBFC) amounting to ₹86.32 lakhs (31 March 2016 : ₹399.00 lakhs).

Notes to the consolidated financial statements for the year ended 31 March 2017

11. OTHER EXPENSES

(₹ in Lakhs)

	31 March 2017	31 March 2016
Co-packing and conversion charges	586.84	1,501.16
Consumption of stores and spare parts	1,209.07	833.49
Repairs and maintenance		
- Machinery	230.73	208.38
- Others	220.13	174.79
Rent including lease rentals (refer note 37)	172.61	163.25
Rates and taxes	224.74	191.23
Insurance	77.68	72.56
Power and fuel	2,612.91	2,559.75
Labour charges	1,183.72	846.54
Increase of excise duty on inventory	8.68	1.27
Advertisement and sales promotion expenses	1,717.98	939.77
Water charges	64.50	53.61
Transport and forwarding expenses	1,209.35	767.92
Travelling and conveyance	216.43	193.04
Legal and professional expenses	594.08	455.39
Payment to auditors (refer note 39)	63.11	51.66
Bank charges	0.02	0.01
Loss on sale of fixed assets (net)	23.44	-
Corporate Social Responsibility (CSR) (refer note 43)	72.99	52.61
Bad trade receivable, capital advances and security deposits written off	67.62	9.61
Provision for doubtful trade and other receivables	97.66	54.09
Investments measured at FVTPL - net change in fair value	-	1.04
Directors sitting fees	14.93	17.51
Net Loss on Foreign Currency Transactions	-	7.55
Miscellaneous expenses	586.21	428.12
	11,255.43	9,584.35

12. STATEMENT OF OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

	31 March 2017	31 March 2016
(i) Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	51.75	7.60
	51.75	7.60
(ii) Income tax relating to items that will not be reclassified to profit or loss	(17.91)	(2.63)
	33.84	4.97

13. TAX EXPENSE

13.1 Amounts recognised in statement of profit and loss (₹ in Lakhs)

	31 March 2017	31 March 2016
(a) Income Tax expense		
Current tax		
Current tax on the profit for the year	1,669.21	1,139.10
Adjustment of current tax of prior periods (refer note 36(d))	72.00	79.29
Total current tax expense	1,741.21	1,218.39
(b) Deferred tax		
Attributable to -		
Origination and reversal of temporary differences (refer note 36(d))	1,953.39	575.97
MAT credit entitlement	(1,302.85)	(541.71)
Excess MAT credit relating to prior years (refer note 36(d))	347.15	94.77
Total deferred tax expense	997.69	129.03
Income tax expense for the year (a+b)	2,738.90	1,347.42

13.2 Amounts recognised in other comprehensive income (₹ in Lakhs)

	For the year ended 31 March 2017			For the year ended 31 March 2016		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	51.75	(17.91)	33.84	7.60	(2.63)	4.97
	51.75	(17.91)	33.84	7.60	(2.63)	4.97

13.3 Reconciliation of effective tax rate (₹ in Lakhs)

	31 March 2017		31 March 2016	
Profit before tax		7,433.16		3,662.40
Tax using the Group's domestic tax rate of 34.61% (31 March 2016 : 34.61%)	34.61%	2,572.47	34.61%	1,267.48
Tax effect of:				
Effect of non deductible expenses	0.89%	65.81	1.25%	45.91
Effect of tax exempt income (exemption under section 80IB)	-9.07%	(674.18)	4.31%	157.98
Effect of additional allowances for tax purpose (deduction under section 32AC & 35D)	-3.27%	(243.18)	-10.26%	(375.60)
Effect of proposed application to ITSC (refer note 36(d))	15.58%	1,158.31	0.00%	-
Effect of previous year adjustments	-2.65%	(196.81)	4.75%	174.06
Others	0.76%	56.48	2.12%	77.59
	36.85%	2,738.90	36.78%	1,347.42

13.4 Recognised deferred tax asset and liability

(₹ in Lakhs)

Particulars	Deferred tax asset		Deferred tax liabilities		Deferred tax asset/ (liabilities)	
	31 March 17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Property, plant and equipment	-	-	(4,253.11)	(2,718.78)	(4,253.11)	(2,718.78)
Intangible assets	-	-	(9.18)	(11.63)	(9.18)	(11.63)
Investments at fair value through profit and loss	-	-	-	(0.16)	-	(0.16)
Loans and borrowings	-	-	-	(13.69)	-	(13.69)
Employee benefits	65.63	65.72	-	-	65.63	65.72
Expenses related to IPO	84.21	105.26	-	-	84.21	105.26
Accumulated unabsorbed depreciation	-	458.32	-	-	-	458.32
Provisions	85.84	52.04	-	-	85.84	52.04
MAT Credit entitlement	2,389.96	1,434.26	-	-	2,389.96	1,434.26
Other items	48.92	56.53	-	-	48.92	56.53
Deferred tax assets / (liabilities)	2,674.56	2,172.13	(4,262.29)	(2,744.26)	(1,587.73)	(572.13)

13.5. Movement in deferred tax balances

(₹ in Lakhs)

	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	31 March 2017 Net
Deferred tax asset / (liabilities)				
Property, plant and equipment	(2,718.78)	(1,534.33)	-	(4,253.11)
Intangible assets	(11.63)	2.45	-	(9.18)
Investments	(0.16)	0.16	-	-
Loans and borrowings	(13.69)	13.69	-	-
Employee benefits	65.72	17.82	(17.91)	65.63
Expenses related to IPO	105.26	(21.05)	-	84.21
Accumulated unabsorbed depreciation	458.32	(458.32)	-	-
Provisions	52.04	33.80	-	85.84
Other items	56.53	(7.61)	-	48.92
Deferred Tax assets / (liabilities)	(2,006.39)	(1,953.39)	(17.91)	(3,977.69)
MAT credit entitlement (net)	1,434.26	955.70	-	2,389.96
Net deferred tax assets / (liabilities)	(572.13)	(997.69)	(17.91)	(1,587.73)

(₹ in Lakhs)

	Net balance 1 April 2015	Recognised in profit or loss	Recognised in OCI	Utilised during the year	31 March 2016 Net
Deferred tax asset / (liabilities)					
Property, plant and equipment	(1,524.46)	(1,194.32)	-	-	(2,718.78)
Intangible assets	(5.03)	(6.60)	-	-	(11.63)
Investments	(0.37)	0.21	-	-	(0.16)
Loans and borrowings	(85.35)	71.66	-	-	(13.69)
Employee benefits	50.63	17.72	(2.63)	-	65.72
Expenses related to IPO	-	105.26	-	-	105.26
Accumulated unabsorbed depreciation	-	458.32	-	-	458.32
Provisions	33.32	18.72	-	-	52.04
Other items	103.47	(46.94)	-	-	56.53
Deferred Tax assets / (liabilities)	(1,427.79)	(575.97)	(2.63)	-	(2,006.39)
MAT credit entitlement (net)	1,121.94	446.94	-	(134.62)	1,434.26
Net deferred tax assets / (liabilities)	(305.85)	(129.03)	(2.63)	(134.62)	(572.13)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has tax losses out of which ₹Nil (31 March 2016 : ₹1,324.31 lakhs) that are available for offsetting against future taxable profits of the Group.

The Group has unused tax credit in the form of MAT credit amounting to ₹2,389.96 lakhs (31 March 2016 : ₹1,434.26 lakhs) that are available for offsetting for 15 years against future tax payable by the Group. These will expire from FY 2025-26 to FY 2031-32.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities. 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.

Tax losses carried forward (₹ in Lakhs)

	31-Mar-17	Expiry date	31-Mar-16	Expiry date
Never Expire	-		1,324.31	

14. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Reconciliation of carrying amount (₹ in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total (A)	Software (B)	Total (A+B)
Cost or deemed cost (gross carrying amount)											
Balance as at 01 April 2015	501.50	4,158.40	7,046.18	16,557.10	325.53	148.00	29.35	39.64	28,805.70	89.68	28,895.38
Additions	-	-	4,425.62	11,739.34	22.37	102.83	11.50	25.19	16,326.85	56.94	16,383.79
Disposals	-	-	-	(1.80)	-	-	(0.22)	-	(2.02)	-	(2.02)
Balance as at 31 March 2016	501.50	4,158.40	11,471.80	28,294.64	347.90	250.83	40.63	64.83	45,130.53	146.62	45,277.15
Balance as at 01 April 2016	501.50	4,158.40	11,471.80	28,294.64	347.90	250.83	40.63	64.83	45,130.53	146.62	45,277.15
Additions	-	-	423.65	4,611.48	19.33	35.51	28.75	20.66	5,139.38	35.81	5,175.19
Disposals	-	(642.96)	-	(58.71)	-	-	-	-	(701.67)	-	(701.67)
Balance as at 31 March 2017	501.50	3,515.44	11,895.45	32,847.41	367.23	286.34	69.38	85.49	49,568.24	182.43	49,750.67
Accumulated depreciation and amortisation											
Depreciation and amortisation for the year	-	43.41	737.53	3,034.32	27.75	19.84	17.55	26.82	3,907.22	49.48	3,956.70
Disposals	-	-	-	(0.21)	-	-	(0.02)	-	(0.23)	-	(0.23)
Balance as at 31 March 2016	-	43.41	737.53	3,034.11	27.75	19.84	17.53	26.82	3,906.99	49.48	3,956.47
Balance as at 01 April 2016	-	43.41	737.53	3,034.11	27.75	19.84	17.53	26.82	3,906.99	49.48	3,956.47
Depreciation and amortisation for the year	-	43.51	783.03	3,324.40	34.00	27.30	21.32	24.34	4,257.90	62.32	4,320.22
Disposals	-	(13.11)	-	(12.16)	-	-	-	-	(25.27)	-	(25.27)
Balance as at 31 March 2017	-	73.81	1,520.56	6,346.35	61.75	47.14	38.85	51.16	8,139.62	111.80	8,251.42
Carrying amounts (Net)											
As at 01 April 2015	501.50	4,158.40	7,046.18	16,557.10	325.53	148.00	29.35	39.64	28,805.70	89.68	28,895.38
As at 31 March 2016	501.50	4,114.99	10,734.27	25,260.53	320.15	230.99	23.10	38.01	41,223.54	97.14	41,320.68
As at 31 March 2017	501.50	3,441.63	10,374.89	26,501.06	305.48	239.20	30.53	34.33	41,428.62	70.63	41,499.25

Notes to the consolidated financial statements for the year ended 31 March 2017

15. CAPITAL WORK IN PROGRESS

Reconciliation of carrying amount (₹ in Lakhs)

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Computers	Total
Cost (gross carrying amount)					
Balance as at 01 April 2015	3,383.85	12,501.62	7.34	13.73	15,906.54
Additions	461.59	2,152.57	-	-	2,614.16
Reclassification/ Adjustment*	828.87	(828.42)	(1.20)	0.75	-
Capitalised during the year	(4,425.61)	(11,627.71)	(6.14)	(14.48)	(16,073.94)
Balance as at 31 March 2016	**248.70**	**2,198.06**	**-**	**-**	**2,446.76**
Balance as at 01 April 2016	248.70	2,198.06	-	-	2,446.76
Additions	721.84	4,471.92	66.75	-	5,260.51
Capitalised during the year	(423.65)	(4,611.48)	(18.18)	-	(5,053.31)
Balance as at 31 March 2017	**546.89**	**2,058.50**	**48.57**	**-**	**2,653.96**

Notes:

1) Borrowing cost added on assets under capital work in progress amounts to ₹Nil (31 March 2016 : ₹408.84 Lakhs)

2) Amount of fixed assets capitalised during the year includes ₹Nil (31 March 2016 : ₹388.13) related to borrowing cost of capital nature

* Reclassification of ₹828.87 represents borrowing cost incurred for building and other assets under construction wrongly classified under plant and equipment in previous years. However, as the borrowing cost was not capitalised, it did not have any impact on depreciation during the prior years.

Capital work-in-progress (CWIP) as at 31 March 2017 comprises mainly building construction in progress and plant and machinery under installation for milk collection centers at various location and milk powder plant at Shrirampur. As at 31 March 2016 CWIP majorly comprises building construction in progress for Captive Generation plant (Cogen) and plant and machinery under installation for milk cooling equipment at various locations and plant and equipment for Whey separator, CIP, Cogen and milk powder plant at Shrirampur. As at 1 April 2015 CWIP majorly consist of plant and equipment for setup of milk collection centers in progress at various locations and building under construction and plant and equipment under installation for cheese, paneer and shrikhand manufacturing plant at Shrirampur.

16. NON-CURRENT INVESTMENTS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Investment in equity instruments (fully paid up)			
Unquoted :			
Equity shares at FVTPL			
(i) Others			
a) 2 Shares (31 March 2016 : 2; 1 April 2015: 2) of ₹100 each of Abhyudaya Co-operative Bank	0.00	0.00	0.00
b) 640 Shares (31 March 2016 : 640, 1 April 2015 : 640) of ₹50 each of The Mula Pravara Electric Co-operative Society Limited)	0.32	0.32	0.32
c) Nil units (31 March 2016 : 50,000; 1 April 2015 : 70,000) of ₹10 each in Union KBC Mutual Fund	-	5.78	8.81
Total (equity instruments)	0.32	6.10	9.13
Aggregate amount of unquoted investments	0.32	6.10	9.13

17. OTHER NON-CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Security deposits	157.52	194.47	161.86
Deposits with banks	116.31	55.09	-
Margin money deposits	7.26	3.00	47.00
Subsidy income receivable	321.94	-	-
	603.03	252.56	208.86

Information about the Group's exposure to credit and market risk and fair value measurement, is included in Note 45.

18. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Capital advances			
- Considered good	385.90	1,326.19	1,120.97
- Considered doubtful	50.00	50.00	50.00
Less: Loss allowance	(50.00)	(50.00)	(50.00)
	385.90	1,326.19	1,120.97
CENVAT credit receivable			
- Considered good	-	30.61	30.19
- Considered doubtful	30.61	-	-
Less: Loss allowance	(30.61)	-	-
	-	30.61	30.19
	385.90	1,356.80	1,151.16

19. INVENTORIES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
(Valued at the lower of cost or net realisable value)			
Raw and packing material [(including goods-in-transit of ₹ 80.08 lakhs (31 March 2016 : ₹17.31 lakhs; 1 April 2015 : Nil)]	1,724.20	1,014.26	1,411.16
Work-in-progress	1,877.25	801.87	650.23
Finished goods [(including goods-in-transit of ₹761.76 lakhs (31 March 2016 : ₹2,001.50 lakhs; 1 April 2015 : 396.79 lakhs)]	9,269.94	6,863.56	4,082.70
Stock-in-trade [including goods-in-transit of ₹52.63 lakhs (31 March 2016 : ₹Nil; 1 April 2015 : Nil)]	453.93	110.94	199.50
	13,325.32	8,790.63	6,343.59

The write down of inventories to net realisable value as at 31 March 2017 amount to ₹234.37 lakhs (31 March 2016: ₹Nil; 1 April 2015: ₹110.73 lakhs). The write down are included in changes in inventories of finished goods, stock-in-trade and work in progress)

Notes to the consolidated financial statements for the year ended 31 March 2017

20. TRADE RECEIVABLES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
- Unsecured, considered good	27,111.27	22,632.98	20,840.27
- Doubtful	167.42	100.37	46.28
	27,278.69	22,733.35	20,886.55
Less: Loss allowance			
- Unsecured, considered good	-	-	-
- Doubtful	(167.42)	(100.37)	(46.28)
	27,111.27	22,632.98	20,840.27

The Group's exposure to credit risk and loss allowances related to trade receivabes are disclosed in note 45

21. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Cash and cash equivalents			
Balance with banks :			
In current account	10,844.60	1,066.18	1,962.34
Cash on hand	68.90	101.39	60.80
	10,913.50	1,167.57	2,023.14

22. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Fixed deposits with bank (maturity of more than three months but less than twelve months)	5,586.28	-	-
Balance held as security against borrowing and other commitments (initial maturity of more than three months and remaining maturity less than twelve months)	58.19	29.84	130.93
	5,644.47	29.84	130.93

23. CURRENT LOANS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
(Unsecured, considered good)			
Loans to employees	42.97	40.41	33.43
	42.97	40.41	33.43

24. OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Subsidy income receivable	1,650.43	249.27	472.45
Security deposits	228.91	270.99	37.23
Other receivables (refer note 42)	-	-	266.84
Deposits with NBFC	-	108.36	550.36
Interest accrued on fixed deposits	14.44	12.79	9.14
	1,893.78	641.41	1,336.02

25. OTHER CURRENT ASSETS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Prepaid expenses	80.96	49.40	54.41
Other current assets	13.29	7.20	1.26
	94.25	56.60	55.67

26. SHARE CAPITAL

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Authorised :			
100,000,000 (31 March 2016 : 100,000,000; 1 April 2015 : 90,000,000) Equity shares of ₹10 each with voting rights	10,000.00	10,000.00	9,000.00
	10,000.00	10,000.00	9,000.00
Issued and Subscribed and Paid up:			
97,676,131 (31 March 2016 : 97,676,131; 01 April 2015 : 71,428,710) equity shares of ₹10 each with voting rights	9,767.61	9,767.61	7,142.87
	9,767.61	9,767.61	7,142.87

26.1 Reconciliation of shares outstanding at the beginning and at the end of the year: (₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	No. of shares	Amount	No. of shares	Amount
At the commencement of the year				
Equity shares	9,76,76,131	9,767.61	7,14,28,710	7,142.87
Add: - Equity Shares of ₹ 10 each issued through initial public offer	-	-	2,62,47,421	2,624.74
At the end of the year				
- Equity shares	9,76,76,131	9,767.61	9,76,76,131	9,767.61

26.2 Aggregate number of bonus shares issued and shares issued for consideration other than cash during the five years immediately preceding the reporting date:

During the previous year ended 31st March 2015, after consolidation of equity shares, the Company has issued 66,666,796 fully paid up bonus shares in the ratio of 14 bonus shares against every 1 equity share of ₹10/- each held by the shareholders on March 12, 2015, by utilising share premium.

26.3 Rights, preferences and restrictions attached to the shares:

The Company has a single class of equity shares having a par value of ₹ 10 per share. Accordingly all equity shares rank equally with regard to dividend and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of equity shareholders are in proportion to their share of paid up equity capital of the Company.

26.4 Particulars of shareholders holding more than 5% shares is set out below:

(₹ in Lakhs, except share data)

Name of shareholder	31 March 2017		31 March 2016	
	No. of Shares	% held	No. of Shares	% held
Nirmal Family Trust	4,44,31,395	45.49%	3,98,33,483	40.78%
India Agri Business Fund Limited	1,40,39,331	14.37%	1,40,39,331	14.37%
Societe De Promotion Et De Participation Pour La Cooperation Economique	84,77,429	8.68%	84,77,429	8.68%
Vistra ITCL India Limited	73,91,226	7.57%	73,91,226	7.57%

Notes to the consolidated financial statements for the year ended 31 March 2017

27. OTHER EQUITY:

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Capital reduction reserve	2,960.10	2,960.10	2,960.10
At the commencement and at the end of the year			
Securities premium reserve			
Opening balance	35,601.32	9,885.14	14,314.22
Add : Amount transferred on account of conversion of 24,137,932, 0.01% Compulsorily Convertible Preference Shares of ₹10 each into 17,619,147 Equity shares of ₹10 each.	-	-	2,237.60
Add : Premium on Equity Shares issued during the year (refer note (a) below)	-	27,375.26	-
Less : Amount utilised for issue of 66,666,796 fully paid up Bonus Shares of ₹10/- each	-	-	(6,666.68)
Less : Amount utilised for expenses related to Initial Public Offering (IPO) (refer note (a) below)	-	(1,659.08)	-
At the end of the year	35,601.32	35,601.32	9,885.14
Capital reserve			
At the commencement and at the end of the year	4,189.87	4,189.87	4,189.87
Capital Reserve on Consolidation	1,103.29	1,103.29	1,103.29
At the commencement and at the end of the year			
Retained earnings (See Note (i) below)	15,190.00	10,965.99	8,651.01
Other items of OCI (See Note (ii) below)	9.41	(24.43)	(29.40)
	59,053.99	54,796.14	26,760.01

(₹ in Lakhs)

	31 March 2017	31 March 2016
(i) Retained earnings		
Opening balance	10,965.99	8,651.01
Net profit for the period	4,694.26	2,314.98
Dividends		
Final dividend paid (₹0.40 per share)	(390.70)	-
Dividend distribution tax on above	(79.55)	-
Closing balance	15,190.00	10,965.99
(ii) Other items of OCI		
Opening balance	(24.43)	(29.40)
Remeasurement of post-employment benefit obligation	51.75	7.60
Deferred tax on above	(17.91)	(2.63)
Closing balance	9.41	(24.43)

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Remeasurement of defined benefit liability (asset)

Remeasurement of defined benefit liability (asset) comprises actuarial gains and losses.

Note a - During the previous year, the Company had undertaken an IPO which also included an Offer for Sale of 4,915,925 equity shares by the existing shareholders (i.e. Selling Shareholders). In the IPO, the Company had issued and allotted 26,247,421 equity shares of ₹10 each fully paid up at a price of ₹115 per share with a discount of ₹5 per share to retail individual investors.

The total IPO proceeds of ₹35,618.75 lakhs have been allocated between the Company and the Selling Shareholders in proportion to the number of shares issued/offered by each of them after deducting their respective proportion of IPO expenses.

The Company had utilized an amount of ₹1,659.08 lakhs of its own share of IPO expenses from the securities premium raised through IPO in accordance with the provisions of section 52(2)(c) of the Companies At, 2013.

28. EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average.

(₹ in Lakhs, except share data)

		31 March 2017	31 March 2016
Net profit for the year attributable to equity shareholders	A	4,728.10	2,319.95
Weighted average number of equity shares of face value of ₹10 each outstanding during the year	B	9,76,76,131	8,59,14,992
Basic and Diluted earnings per equity share of face value ₹10 each	A/B	4.84	2.70

29. NON-CURRENT BORROWINGS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Borrowing from other than related parties:			
Secured (refer details below for assets pledged as security)			
Term Loans			
From Non Banking Financial Company ('NBFC') (refer note b)	-	3,710.44	20,784.12
From banks (refer note a)	3,750.00	-	-
Others			
From bank (refer note c)	109.52	134.34	94.87
Borrowing from related parties:			
Unsecured			
Nirmal Family Trust	-	-	499.07
	3,859.52	3,844.78	21,378.06

Notes:

a) Details of repayment, interest rate, pre-payment and security provided for term loan from banks outstanding as on 31 March 2017:

During the year the Group has obtained a new term loan amounting to Rs. 3,750 lakhs from Kotak Mahindra Bank to make prepayment of loan taken from Indostar Capital Finance Private Limited. The loan carries an interest rate from 9.65% p.a to 10.00% p.a and is repayable in 20 monthly installments starting from November 2018, with installments ranging between ₹90 lakhs to ₹220 lakhs. In case of prepayments, a prepayment penalty of 1% p.a. shall be payable. In the event of default the lender will cancel the outstanding commitments under the facility, recall/ accelerate all amounts outstanding under the facility, levy additional interest and enforce security. The loan has been secured by way of creation of the following security:

1. First ranking charge over the holding company's entire fixed assets.
2. Second ranking pari passu charge over the holding company's Current assets (present & future) by way of hypothecation.
3. First ranking charge by way of registered mortgage on the following lands and building thereon:
   i) Survey No. D-37/4 owned by MIDC, leased to the holding company.
   ii) Survey No. 121/2 owned by the holding company.
   iii) Survey No. 121/3 and 121/2A owned by Mr. Sarangdhar Nirmal, leased to the holding company.

b) Details of repayment, interest rate, pre-payment and security provided for term loan from NBFC outstanding as on 31 March 2016 and 1 April 2015

In the earlier year, the Group had availed a term loan from Indostar Capital Finance Private Limited i.e. NBFC, ampounting to ₹23,250 and carried interest rate of 13.00% p.a. (31 March 2016 : 13.00% p.a to 13.50% p.a.; 1 April 2015 : 13.50% p.a.) payable monthly on floating basis linked to Kotak Mahindra Bank Base Rate.

During the previous year pursuant to fund received through IPO, the Group had made a partial prepayment of ₹18,500 lakhs. The balance amount of ₹3,750 lakhs was repayable in 20 monthly installments starting from November 2018, with installments ranging between ₹90 lakhs to ₹220 lakhs. In the current year, the Group has prepaid the outstanding loan of ₹3,750 lakhs.

In case of prepayments, a prepayment penalty of 2% p.a. shall be payable. In the event of default the lender will cancel the outstanding commitments under the facility, recall / accelerate all amounts outstanding under the facility, levy additional interest and enforce security. The loan was secured by way of creation of the following security in favor of IL & FS Trust Group Limited (being the Security Trustee):

1. First ranking charge over the Group's moveable fixed assets / properties by way of hypothecation.
2. First ranking charge over the Designated Account & all rights, title, interest, benefits, claims & demands whatsoever of Group in, to, under and in respect of the said account by way of hypothecation.
3. Second ranking charge over the Group's Current assets (present & future) by way of hypothecation.
4. First ranking charge by way of registered mortgage on the following lands and all the present & future structures thereon:
    i) Survey No. 121/2 adm. 0.81 Hectares owned by the Group.
    ii) Survey No. 121/3 or 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar R. Nirmal & leased to the Group.
    iii) Plot D37/4 , TTC MIDC Industrial Area, Turbhe, Navi Mumbai."
5. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

c) Details of repayment, interest rate and security provided for vehicle loans from loans outstanding as on 31st March 2017:

The vehicle loans from other banks are secured against such vehicles and carry interest rate ranging from 7.77% to 12.50% p.a. (31 March 2016 : 9.70% - 12.50%; 1 April 2015 : 10.09% - 11.50%)

The Group's exposure to interest rate and liquidity risk are disclosed in note 45.

30. PROVISIONS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Provision for employee benefits			
Gratuity (refer note 44)	143.05	142.70	107.34
	143.05	142.70	107.34

31. CURRENT BORROWINGS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
From banks			
Secured (refer details below for assets pledged as security)	31,925.55	11,933.36	14,982.44
Unsecured	-	-	1,578.40
	31,925.55	11,933.36	16,560.84

Note:

a) Details of loans from bank repayable on demand:

Such loans are from various banks under multiple banking arrangements and in the nature of cash credit facilities repayable on demand and carry interest rate ranging from 8.65% p.a. to 10.65% p.a. (31 March 2016 : 9.45% to 12.00%; 1 April 2015 : 11.50% to 12.25%). These short term loans have been secured by way of creation of the following security in favor of IL & FS Trust Group Limited (being the Security Trustee):

1. First ranking pari passu charge over the Group's Current assets (present & future) by way of hypothecation.
2. Second ranking pari passu charge over the Group's Fixed movable assets (present & future) by way of hypothecation.

3. Second ranking pari passu charge by way of registered mortgage on the following lands and all the present & future structures thereon:

   i) Survey No. 121/2 and 787 adm. 0.81 and 0.21 hectares respectively owned by the Group.

   ii) Survey No. 121/3 or 121/2A adm. 0.39 hectares owned by Mr. Sarangdhar R. Nirmal and leased to the holding company.

   iii) Plot D37/4, TTC MIDC Industrial Area, Turbhe, Navi Mumbai.

   iv) Survey No. 121/6, 121/7 and 121/10 adm. 0.21, 0.20 and 0.56 hectares respectively owned by Mr. Vivek S. Nirmal.

4) Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

   The Group's exposure to interest rate and liquidity risk are disclosed in note 45.

32. TRADE PAYABLES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Total outstanding dues of micro enterprises and small enterprises (refer note 38)	34.22	2.59	27.87
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,343.91	5,210.10	6,192.34
	5,378.13	5,212.69	6,220.21

The Group's exposure to liquidity risk are disclosed in note 45.

33. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Current maturities of non-current borrowings			
Secured (refer details below for assets pledged as security)			
Term loans			
From NBFC (refer note 29(b))	-	-	2,969.26
Others			
From banks (refer note 29(c))	44.88	37.89	21.99
Interest accrued but not due on borrowings	-	-	0.61
Payable for purchase of fixed assets	958.50	459.51	554.22
Security deposits	3.89	3.89	30.56
Employee benefits payable	315.44	248.81	296.86
Others	27.51	36.15	82.79
	1,350.22	786.25	3,956.29

Note:

a) Includes payable to directors ₹7.28 lakhs (31 March 2016 : 7.18 lakhs; 1 April 2015 : 40.11 lakhs)

34. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Advances from customers	356.54	189.78	167.43
Statutory dues payables	241.97	274.90	278.07
Others	9.84	-	-
	608.35	464.68	445.50

35. PROVISIONS

(₹ in Lakhs)

	31 March 2017	31 March 2016	01 April 2015
Provision for employee benefits			
Gratuity (refer note 44)	46.58	47.19	38.95
	46.58	47.19	38.95

36. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):

(₹ in Lakhs)

	31 March 2017	31 March 2016
Contingent liabilities		
a) Corporate guarantees given by the Company		
Various milk supplying farmers	-	6.00
b) Income Tax Matters [refer sub-note (i)]		
Financial year 2006-07	16.09	16.09
Financial year 2008-09	28.25	28.25
Financial year 2010-11	26.77	26.77
Financial year 2011-12	265.30	265.30
c) Sales Tax Matters [refer sub-note (i)]		
Financial year 2010-11	122.87	122.87

Notes:

i) The Group is contesting the demands related to Income Tax matters and sales tax matters and the management believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceedings will not have a material adverse effect on the Group's financial position and results of operations.

d) On October 09, 2015, a search was conducted by the Income Tax Department pursuant to the provisions of section 132(1) and section 133A of the Income Tax Act, 1961 at the offices of the Group at Shrirampur, Pune and Navi Mumbai and also at the offices of the subsidiaries of the Group and the residence of Executive Directors residing at Shrirampur. The Group has not received any demand notice with respect to the search.

Consequent to the survey carried out by the Income Tax department under section 133A of the IT Act on the Group, the Income Tax department has requisitioned books of accounts and other documents under section 132A of the IT Act. Accordingly, the Group had submitted the copies of the documents required by the tax authority.

During the current year, the Group has decided to file an application with the Hon'ble Income Tax Settlement Commission (ITSC) with respect to the expected litigations which may arise pursuant to the survey carried out by the Income Tax authorities for AY 2010-11 to AY 2016-17. As on 31 March 2017, the Group is in process of filing the said application with ITSC.

Based on best estimate, management has carried an evaluation of possible tax obligation that may arise out of the said litigation. As per the management evaluation, the Group will have to pay additional tax amounting to ₹268.81 lakhs [(including interest thereon) (gross of reversal of excess tax provision for earlier years - ₹196.81 lakhs)], reverse MAT credit entitlement amounting to ₹347.14 lakhs for assessment years 2010-11 to 2016-17 and provide for additional deferred tax liability charge due to write off of certain fixed assets in tax block for which depreciation claim would not be allowed by the tax authorities amounting to ₹542.36 lakhs. Accordingly, total provision made pursuant to above matter amounts to ₹1,158.31 lakhs.

The Group believes that they will not have any additional tax liability or penalty (if any) other than already accounted into books of accounts based on management best estimate.

Since the ultimate outcome of the assessment proceeding resulting from settlement application cannot be presently determined, no additional provision for tax including penalty, if any, as a result of such outcome, is made in the financial statements."

Commitments (₹ in Lakhs)

	31 March 2017	31 March 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	994.43	3,216.27
Other commitments (refer sub-note a)	3.43	3.64
	997.86	3,219.91

Notes:

a) The Group has taken land on lease from Directors and relatives of directors for a period ranging from 10 years to 30 years starting from October, 1999. In terms of the said lease agreement, the Group is required to pay an annual rent of ₹21,052 p.a. However, the Group has received a letter of waiver from them indicating that the total rent payable since inception of the lease till March 2017 has been waived and that the Group is not required to pay any lease rent for the above referred period.

37. OPERATING LEASES

The Group is obligated under non cancellable leases for office premises that are non cancellable for periods of lease term of three years. Total rent expenses debited to Statement of Profit and Loss is as follows:

i. Future minimum lease payments

The future minimum lease payments payable under non-cancellable operating leases for rented premises are as follows:

(₹ in Lakhs)

	31 March 2017	31 March 2016
Not later than one year Less than one year	-	7.00
Later than one year and not later than five years.	-	-
Later than five years	-	-
	-	7.00
ii. Amounts recognised in profit or loss		
- cancellable leases	164.56	149.59
- non cancellable leases	8.05	13.66
	172.61	163.25

38. COMPLIANCE WITH MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(₹ in Lakhs)

	31 March 2017	31 March 2016
The Group has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at the period end		
Principal amounts due to micro and small suppliers as at the end of the year	34.22	2.59
Interest accrued and due to micro and small suppliers, on the above amount unpaid	-	-
Payments made to micro and small suppliers (other than interest) beyond the appointed day during the year		
Interest paid to micro and small suppliers under the MSMED Act (other than section 16)	-	-
Interest paid to micro and small suppliers under the MSMED Act (under section 16)	-	-
The amount of interest due and payable to micro and small suppliers under MSMED Act for payment made during the year	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-

Notes to the consolidated financial statements for the year ended 31 March 2017

39. PAYMENT TO AUDITORS (INCLUDING SERVICE TAX)*

(₹ in Lakhs)

	31 March 2017	31 March 2016
Statutory audit fees	40.25	35.50
Limited review **	18.98	9.16
Other services	1.73	4.01
Out of pocket expenses reimbursed **	2.15	2.99
	63.11	51.66**

* Excludes fee for professional arrangement related to Initial Public Offering (IPO) ₹Nil (31 March 2016: ₹85.00 lakhs) and out of pocket expenses of ₹Nil (31 March 2016: ₹2.85 lakhs) excluding service tax, which have been adjusted against Securities Premium account.

** Includes fee ₹5.50 lakhs (31 March 2016: ₹46.50 lakhs) and out of pocket expenses of ₹0.64 lakhs (31 March 2016: ₹2.99 lakhs) excluding service tax paid to the erstwhile auditor, some of the partners where of are also partners in the audit firm.

40. ISSUE OF SHARES CONSEQUENT TO INITIAL PUBLIC OFFERINGS (IPO):

Consequent to completion of the IPO, the Company had issued 26,247,421 equity shares of ₹10 each fully paid up to the subscribers at a price of ₹115 per share with a discount of ₹5 per share to retail individual investor as per the terms of the Issue. The equity shares of the Company got listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited on September 21, 2015.

41. UTILISATION OF FUNDS RAISED THROUGH INITIAL PUBLIC OFFERING (IPO) OF EQUITY SHARES DURING YEAR ENDED 31 MARCH 2017 IS AS FOLLOWS:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Issue proceeds	30,000.00	30,000.00
Less: Repayment of term loan from Indostar for Prabhat Dairy Limited	4,620.00	4,620.00
Less: Infusion of funds in Sunfresh Agro Industries Private Limited by way of subscription to it's equity shares out of which ₹13,880.00 lakhs (31 March 2016: ₹13,880.00 lakhs) have been utilised towards repayment of term loan from Indostar Capital Finance Limited and ₹3,506.80 lakhs (31 March 2016: ₹1,798.38 lakhs) have been utilised towards capital expenditure.	17,386.80	16,150.00
Less: Fund utilised for payment of expense in relation to IPO	1,982.10	1,982.10
Less: Fund utilised for General corporate purpose	6,011.10	3,481.85
Unutilised balance	-	3,766.05

The IPO proceeds have been utilized for the purposes for which the funds have been raised by the Company. The unutilised funds were parked by the Company in cash credit account with scheduled commercial banks, in order to save considerable amount of interest cost.

42. EXPENDITURE IN RELATION TO INITIAL PUBLIC OFFERING

During the year ended 31 March 2015, the Company had filed Draft Red Herring Prospectus with SEBI in connection with the proposed issue of Equity Shares of the Company by way of fresh issue and/ or an offer for sale by the existing shareholders. Accordingly, expenses incurred by the Company aggregating to ₹266.84 lakhs in connection with filing of Draft Red Herring Prospectus and other related expenses were shown under Other current financial assets. During the year ended 31 March 2016, the same were partly adjusted towards the securities premium account and partly recovered from the existing shareholders (to the extent of shares offered for sale by existing shareholders, the expenses incurred by the Company for the proposed issue were recoverable from them) as per the provisions of the Companies Act, 2013.

43. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per provisions of section 135 of Companies Act 2013, the Group was required to spend ₹60.59 lakhs (31 March 2016 : ₹52.61 lakhs) being 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy on the activities specified in Schedule VII of the Act. The Group has spent ₹72.99 lakhs (31 March 2016 : ₹52.61 lakhs) towards Corporate Social Responsibility activities.

The breakup of expenditure incurred on CSR activities during the year (April 2016 - March 2017): (₹ in Lakhs)

Particulars of CSR activity	Amount paid	Amount yet to be paid	Total Amount
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above (Majorly towards for Livelihood enhancement and rural development).	72.99	-	72.99

44. LIABILITIES RELATING TO EMPLOYEE BENEFITS

The Group contributes to the following post-employment defined benefit plans.

(i) Defined Contribution Plans:

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contributions plans. The Group has no obligation other than to make specified contributions. The contribution are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund is ₹131.76 lakhs (31 March 2016: ₹107.07 lakhs). The contributions payable to these plans by the Group are at rates specified in the rules of the scheme.

(ii) Defined Benefit Plan:

Actuarial gains and losses in respect of defined benefit plans are recognised in Other Comprehensive Income. The Defined Benefit Plan comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

(₹ in Lakhs)

	31 March 2017	31 March 2016
Defined benefit obligation as at the end of the year	189.63	189.89
Liability for Gratuity net liability recognised in the Balance Sheet as at the end of the year	189.63	189.89
Non-current	143.05	142.70
Current	46.58	47.19

A. Reconciliation of the net defined benefit liabilities

i. Reconciliation of present value of defined benefit obligation (₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Present value of defined benefit obligation as at beginning of the year	189.89	146.29
Current service cost	45.70	40.66
Interest cost	14.70	11.37
Benefits paid	(8.91)	(0.83)
Actuarial (gains) / losses recognised in other comprehensive income		
- experience adjustment	(51.75)	(7.60)
	189.63	189.89
ii. Amounts to be recognised in the Balance Sheet		
Present value of defined benefit obligation	189.63	189.89
Net liability recognized in Balance Sheet	189.63	189.89

Notes to the consolidated financial statements for the year ended 31 March 2017

A. Reconciliation of the net defined benefit liabilities (contd.)

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
iii. Expenses recognised in the Statement of Profit and Loss		
Current service cost	45.70	40.66
Interest cost	14.70	11.37
	60.40	52.03

iv. Remeasurement recognised in other comprehensive income

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Actuarial gain/(loss) on defined benefit obligation	(51.75)	(7.60)
	(51.75)	(7.60)

B. Defined benefit obligations

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	31 March 2017	31 March 2016	01 April 2015
Discount rate	7.40%	7.90%	7.80%
Salary escalation rate	8.00%	8.00%	8.00%
Attrition rate	5.00%	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)		

The discount rate is based on the prevailing market yield of Indian government securities as at Balance sheet date for the estimated terms of obligation.

Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Name of shareholder	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(15.64)	18.68	(15.12)	17.99
Future salary growth (1% movement)	14.85	(13.04)	14.62	(12.71)
Attrition rate (1% movement)	0.35	(0.34)	1.02	(1.14)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

45. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

31-Mar-17 (₹ in Lakhs)

Particulars	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments	16	0.32	-	-	0.32	-	-	0.32	0.32
Financial assets not measured at fair value									
Trade receivables	20	-	-	27,111.27	27,111.27				
Cash and cash equivalents	21	-	-	10,913.50	10,913.50				
Bank balances other than cash and cash equivalents	22	-	-	5,644.47	5,644.47				
Loans	23	-	-	42.97	42.97				
Other non-current financial asset	17	-	-	603.03	603.03				
Other current financial asset	24	-	-	1,893.78	1,893.78				
		0.32	-	46,209.02	46,209.34	-	-	0.32	0.32
Financial liabilities not measured at fair value									
Long term borrowings	29	-	-	3,859.52	3,859.52	-	2,939.05	-	2,939.05
Short term borrowings	31	-	-	31,925.55	31,925.55	-	31,925.55	-	31,925.55
Trade payables	32	-	-	5,378.13	5,378.13				
Current maturity of long term borrowings	33	-	-	44.88	44.88	-	44.88	-	44.88
Other current financial liabilities	33	-	-	1,305.34	1,305.34				
		-	-	42,513.42	42,513.42	-	34,909.48	-	34,909.48

31-Mar-16 (₹ in Lakhs)

Particulars	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amotized Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments	16	6.10	-	-	6.10	5.78	-	0.32	6.10
Financial assets not measured at fair value									
Trade receivables	20	-	-	22,632.98	22,632.98				
Cash and cash equivalents	21	-	-	1,167.57	1,167.57				
Bank balances other than cash and cash equivalents	22	-	-	29.84	29.84				
Loans	23	-	-	40.41	40.41				
Other non-current financial asset	17	-	-	252.56	252.56				
Other current financial asset	24	-	-	641.41	641.41				
		6.10	-	24,764.77	24,770.87	5.78	-	0.32	6.10
Financial liabilities not measured at fair value									
Long term borrowings	29	-	-	3,844.78	3,844.78	-	2,368.10	-	2,368.10
Short term borrowings	31	-	-	11,933.36	11,933.36	-	11,933.36	-	11,933.36
Trade payables	32	-	-	5,212.69	5,212.69				-
Current maturity of long term borrowings	33	-	-	37.89	37.89	-	37.89	-	37.89
Other current financial liabilities	33	-	-	748.36	748.36				-
		-	-	21,777.08	21,777.08	-	14,339.35	-	14,339.35

45. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

A. Accounting classification and fair values (contd.)

01-Apr-15 (₹ in Lakhs)

Particulars	Note	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Investments	16	9.13	-	-	9.13	8.81	-	0.32	9.13
Financial assets not measured at fair value									
Trade receivables	20	-	-	20,840.27	20,840.27				
Cash and cash equivalents	21	-	-	2,023.14	2,023.14				
Bank balances other than cash and cash equivalents	22	-	-	130.93	130.93				
Deposit with suppliers		-	-	3,500.00	3,500.00				
Loans	23	-	-	33.43	33.43				
Other non-current financial asset	17	-	-	208.86	208.86				
Other current financial asset	24	-	-	1,336.02	1,336.02				
		9.13	-	28,072.65	28,081.78	8.81	-	0.32	9.13
Financial liabilities not measured at fair value									
Long term borrowings	29	-	-	21,378.06	21,378.06	-	13,569.28	-	13,569.28
Short term borrowings	31	-	-	16,560.84	16,560.84	-	16,560.84	-	16,560.84
Trade payables	32	-	-	6,220.21	6,220.21				
Current maturity of long term borrowings	33	-	-	2,991.25	2,991.25	-	2,991.25	-	2,991.25
Other current financial liabilities	33	-	-	965.04	965.04				
		-	-	48,115.40	48,115.40	-	33,121.37	-	33,121.37

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Long term borrowings	Discounted cash flow: The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate	Not applicable	Not applicable

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual fund investments. The fair value of all investments in mutual funds is valued using the closing NAV as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize 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. Accordingly, unquoted equity shares have been considered as Level 3 financial instrument. The carrying amount of unquoted equity shares is not considered material and hence it has not been fair valued and carrying amount for the same has been considered as the fair value.

(ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value the financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Valuation processes

The finance team performs the valuation of financial assets and liabilities required for financial reporting purposes. The valuation results are reviewed by CFO.

45. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

i. Risk management framework

The Holding company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established a Risk Management Framework which is reviewed and monitored by the Risk Management Committee. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. The Group, through its training and established procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk to which the Group is exposed to and how the entity manages the risk.

ii. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹27,111.27 lakhs and ₹22,632.98 lakhs as of 31 March 2017 and 31 March 2016, respectively. 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 creditworthiness of customers to which the Group grants credit terms in the normal course of business. Further, for receivables from major customers (including customers in unorganised sector) the Group enters into factoring arrangements.

On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group computes the expected credit loss allowance for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer, industry information and the Group's historical experience for customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry/sector in which customers operate.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Balance at the beginning	100.37	46.28
Impairment loss recognised	67.05	54.09
Balance at the end	167.42	100.37

The Group believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behavior.

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units and certificates of deposit which are funds deposited at a bank for a specified time period.

45. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

iii. Liquidity risk

The Group's principal sources of liquidity are cash and cash equivalents, working capital facility with banks and the cash flows that are generated from operations. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March 2017, the Group had a working capital of ₹26,615.51 lakhs and as at 31 March 2016 of ₹22,111.18 lakhs. The working capital of the Group for this purpose has been derived as follows:

(₹ in Lakhs)

	31 March 2017	31 March 2016
Total current asset (A)	67,064.40	40,823.57
Total current liabilities (B)	40,448.89	18,712.39
Working capital (A-B)	26,615.51	22,111.18

The working capital calculated as of 31 March 2017 includes cash and cash equivalents of ₹10,913.50 lakhs and deposits with banks of ₹5,644.47 lakhs. Also, the working capital as at 31 March 2016 calculated above includes cash and cash equivalents of ₹ 1,167.57 lakhs and deposits with banks of ₹29.84 lakhs.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

31-Mar-17 (₹ in Lakhs)

Particulars	Carrying amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks	3,904.40	(3,904.40)	(21.85)	(23.03)	(805.87)	(3,053.65)	-
Working capital loans from banks	31,925.55	(31,925.55)	(31,925.55)	-	-	-	-
Trade payables	5,378.13	(5,378.13)	(5,378.13)	-	-	-	-
Payable for purchase of fixed assets	958.50	(958.50)	(958.50)	-	-	-	-
Employee benefits payable	315.44	(315.44)	(315.44)	-	-	-	-
Security deposits	3.89	(3.89)	(3.89)	-	-	-	-
Others	27.51	(27.51)	(27.51)	-	-	-	-
	42,513.42	(42,513.42)	(38,630.87)	(23.03)	(805.87)	(3,053.65)	-

31-Mar-16 (₹ in Lakhs)

Particulars	Carrying amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks	3,882.67	(3,922.23)	(18.33)	(19.56)	(70.72)	(3,813.62)	-
Working capital loans from banks	11,933.36	(11,933.36)	(11,933.36)	-	-	-	-
Trade payables	5,212.69	(5,212.69)	(5,212.69)	-	-	-	-
Payable for purchase of fixed assets	459.51	(459.51)	(459.51)	-	-	-	-
Employee benefits payable	248.81	(248.81)	(248.81)	-	-	-	-
Security deposits	3.89	(3.89)	(3.89)	-	-	-	-
Others	36.15	(36.15)	(36.15)	-	-	-	-
	21,777.08	(21,816.64)	(17,912.74)	(19.56)	(70.72)	(3,813.62)	-

45. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

01-Apr-15 (₹ in Lakhs)

Particulars	Carrying amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks	23,870.24	(24,115.91)	(1,510.73)	(1,511.33)	(3,796.41)	(15,617.44)	(1,680.00)
Loans from related parties	499.07	(499.07)	-	-	(499.07)	-	-
Working capital loans from banks	16,560.84	(16,560.84)	(16,560.84)	-	-	-	-
Trade payables	6,220.21	(6,220.21)	(6,220.21)	-	-	-	-
Payable for purchase of fixed assets	554.22	(554.22)	(554.22)	-	-	-	-
Employee benefits payable	296.86	(296.86)	(296.86)	-	-	-	-
Security deposits	30.56	(30.56)	(30.56)	-	-	-	-
Interest accrued but not due	0.61	(0.61)	(0.61)	-	-	-	-
Others	82.79	(82.79)	(82.79)	-	-	-	-
	48,115.40	(48,361.07)	(25,256.82)	(1,511.33)	(4,295.48)	(15,617.44)	(1,680.00)

iv. Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk is as follows:

	31 March 2017		31 March 2016		As at 1 April 2015	
	INR	Foreign currency	INR	Foreign currency	INR	Foreign currency
Financial liabilities						
Trade payables						
USD	349.35	5.39	-	-	-	-
Net exposure on respect of recognised liabilities	349.35	5.39	-	-	-	-
Other current financial liabilities						
EURO	312.90	4.52	-	-	-	-
Net exposure on respect of recognised liabilities	312.90	4.52	-	-	-	-

The following significant exchange rates have been applied during the year.

₹	Average rate		Year-end spot rate		
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	01-Apr-15
USD1	67.45	66.45	64.84	66.14	62.42
EURO1	73.82	73.10	69.25	74.82	67.24

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/Euro at March 31 would have affected the measurement of financial instruments denominated in US dollars 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 purchases.

Effect in ₹ March 31, 2017	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
10% movement - profit / (loss)				
USD	34.93	(34.93)	22.06	(22.06)
EUR1	31.28	(31.28)	19.75	(19.75)
	66.21	(66.21)	41.81	(41.81)

45. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

Effect in ₹ March 31, 2016	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
10% movement - profit / (loss)	-	-	-	-
USD	-	-	-	-
EUR1	-	-	-	-

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. The interest rate profile of the Group's interest-bearing financial instruments is as follows:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
Fixed-rate instruments			
Financial assets	5,768.04	196.29	728.29
Financial liabilities	154.40	172.23	615.93
Variable-rate instruments			
Financial liabilities	35,675.55	15,643.80	37,344.96

Fair value sensitivity analysis for fixed-rate instruments

A change of 100 basis points in interest rate would have increased or decreased profit or loss by ₹56.14 lakhs (31 March 2016: ₹0.24 lakhs; 1 April 2015: 1.12 lakhs). This analysis assumes that all other variables remain constant.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

(₹ in Lakhs)

	Profit or loss		Equity, net of tax	
	100 bp increase (Loss)	100 bp decrease (Profit)	100 bp increase (Loss)	100 bp decrease (Profit)
31-Mar-17				
Variable-rate instruments	356.76	(356.76)	225.30	(225.30)
Cash flow sensitivity	356.76	(356.76)	225.30	(225.30)
31-Mar-16				
Variable-rate instruments	156.44	(156.44)	98.90	(98.90)
Cash flow sensitivity	156.44	(156.44)	98.90	(98.90)

Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to equity holders.

The Group monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

45. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (contd.)

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
Total debts	35,829.95	15,816.03	40,930.15
Less : Cash and cash equivalent and bank balances	16,557.97	1,197.41	2,154.07
Adjusted net debt	**19,271.98**	**14,618.62**	**38,776.08**
Total equity	68,821.60	64,563.75	33,902.88
Adjusted net debt to adjusted equity ratio	0.28	0.23	1.14

46 EXPLANATION OF TRANSITION TO IND AS

As stated in Note 2, these are the first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Group had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act. ('previous GAAP')

The accounting policies set out in Note 3, have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Group has adjusted amounts reported previously in its financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exemptions

In preparing these financial statements the Group has applied the below mentioned optional exemptions and mandatory exemptions.

A. Optional exemptions availed

1 Property, plant and equipment and intangible assets:

As per Ind AS 101 an entity may elect to:

(i) measure an item of property plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Group has elected to carry all items of property, plant and equipment and intangibles at fair value.

46. EXPLANATION OF TRANSITION TO IND AS (contd.)

2 Business combinations

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, consolidated Financial Statements, from that same date.

The Group has opted not to restate any business combination on or before 1 April 2015.

B. Mandatory exemptions

1 Estimates:

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL

- Determination of the discounted value for financial instruments carried at amortised cost.

2 Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instrument, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date choose by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

3 Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

46. EXPLANATION OF TRANSITION TO IND AS (contd.)

Reconciliation of equity (₹ in Lakhs)

Particulars	Note	As at the transition date 01 April 2015			As at 31 March 2016		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	a	30,492.99	(1,687.29)	28,805.70	42,877.57	(1,654.03)	41,223.54
Capital work-in-progress		15,906.54	-	15,906.54	2,446.76	-	2,446.76
Intangible assets		89.68	-	89.68	97.14	-	97.14
Financial assets							
Investments	b	7.32	1.81	9.13	5.33	0.77	6.10
Deposit with suppliers		3,500.00	-	3,500.00	-	-	-
Others financial assets		208.86	-	208.86	252.56	-	252.56
Income tax assets (net)		124.20	-	124.20	355.11	-	355.11
VAT receivable		721.08	-	721.08	1,274.17	-	1,274.17
Other non-current assets	c	1,276.59	(125.43)	1,151.16	1,403.40	(46.60)	1,356.80
Total non current assets		52,327.26	(1,810.91)	50,516.35	48,712.04	(1,699.86)	47,012.18
Current assets							
Inventories		6,343.59	-	6,343.59	8,790.63	-	8,790.63
Financial assets							
Trade receivables	d	20,840.27	-	20,840.27	22,653.69	(20.71)	22,632.98
Cash and cash equivalents		2,023.14	-	2,023.14	1,167.57	-	1,167.57
Bank balances other than cash and cash equivalents		130.93	-	130.93	29.84	-	29.84
Loans		33.43	-	33.43	40.41	-	40.41
Other current assets	h	2,457.97	(1,121.95)	1,336.02	2,075.67	(1,434.26)	641.41
Advance to suppliers		2,096.12	-	2,096.12	7,464.13	-	7,464.13
Other current assets	c	101.07	(45.40)	55.67	56.60	-	56.60
Total current assets		34,026.52	(1,167.35)	32,859.17	42,278.54	(1,454.97)	40,823.57
TOTAL ASSETS		86,353.78	(2,978.26)	83,375.52	90,990.58	(3,154.83)	87,835.75

46. EXPLANATION OF TRANSITION TO IND AS (contd.)

(₹ in Lakhs)

Particulars	Note	As at the transition date 01 April 2015			As at 31 March 2016		
		Previous GAAP*	Adjustments on transition to Ind AS	Ind AS	Previous GAAP*	Adjustments on transition to Ind AS	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		7,142.87	-	7,142.87	9,767.61	-	9,767.61
Other equity	i	28,021.42	(1,261.41)	26,760.01	55,719.85	(923.70)	54,796.14
Total equity		35,164.29	(1,261.41)	33,902.88	65,487.46	(923.70)	64,563.75
Non current liabilities							
Financial liabilities							
Borrowings	c	21,593.94	(215.88)	21,378.06	3,884.34	(39.56)	3,844.78
Other non-current financial liabilities		-	-	-	-	-	-
Provisions	h	107.34	-	107.34	142.70	-	142.70
Deferred tax liabilities(net)		1,776.08	(1,470.23)	305.85	2,363.37	(1,791.24)	572.13
Total non current liabilities		23,477.36	(1,686.11)	21,791.25	6,390.41	(1,830.80)	4,559.61
Current liabilities							
Financial liabilities							
Borrowings		16,560.84	-	16,560.84	11,933.36	-	11,933.36
Trade payables		6,220.21	-	6,220.21	5,212.69	-	5,212.69
Other financial liabilities	c	3,986.46	(30.17)	3,956.29	786.25	-	786.25
Other current liabilities	i	445.50	-	445.50	394.75	69.93	464.68
Provisions	e	39.52	(0.57)	38.95	517.44	(470.25)	47.19
Current tax liabilities (net)		459.60	-	459.60	268.22	-	268.22
Total current liabilities		27,712.13	(30.74)	27,681.39	19,112.71	(400.32)	18,712.39
Total liabilities		51,189.49	(1,716.85)	49,472.64	25,503.12	(2,231.12)	23,272.00
Total Equity and Liabilities		86,353.78	(2,978.26)	83,375.52	90,990.58	(3,154.83)	87,835.75

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Reconciliation of profit or loss for the year ended 31 March 2016

(₹ in Lakhs)

Particulars	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue				
Revenue from operations	f	1,17,050.41	(280.49)	1,16,769.92
Other income		146.56	-	146.56
Total Income		1,17,196.97	(280.49)	1,16,916.48
Expenses				
Cost of materials consumed	f	93,401.92	40.88	93,442.79
Purchase of stock-in-trade		2,235.60	-	2,235.60
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(2,843.94)	-	(2,843.94)
Employee benefits expenses	g	2,818.81	7.60	2,826.41
Finance costs	c, d	4,270.02	(217.85)	4,052.17
Depreciation and amortisation expenses	a	3,989.95	(33.25)	3,956.70
Other expenses	b, i	9,513.39	70.96	9,584.35
Total Expenses		1,13,385.75	(131.66)	1,13,254.08
Profit before tax		3,811.22	(148.83)	3,662.40
Tax expense:				
Current Tax		1,218.39	-	1,218.39
Deferred Tax	h	140.34	(11.31)	129.03
Total tax expense		1,358.73	(11.31)	1,347.42
Profit for the year		2,452.49	(137.52)	2,314.98
Other comprehensive income				
Items that will not be reclassified to profit or loss	g	-	7.60	7.60
Income tax related to items that will not be reclassified to profit or loss		-	(2.63)	(2.63)
Other comprehensive income/(loss) for the year, net of tax		-	4.97	4.97
Total comprehensive income for the year		2,452.49	(132.55)	2,319.95

*The previous GAAP figures have been reclassified to conform to current year presentation.

46. EXPLANATION OF TRANSITION TO IND AS (contd.)

Notes to the reconciliation:

a Property, plant and equipment:

As permitted by Ind AS 101, the Group has elected to carry all items of property, plant and equipment and intangibles at fair value as on the date of transition.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Decrease in other expenses - depreciation	(33.25)
Increase in profit before tax	33.25

Balance Sheet (₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Decrease in fair value of property, plant and equipment	(1,654.03)	(1,687.29)
Increase in deferred tax liability	(205.86)	(241.85)
Decrease in retained earnings	(1,859.89)	(1,929.14)

b Investments:

In accordance with Ind AS 109, financial assets representing investment in mutual funds and equity shares have been fair valued. The Group has designated all investments which have been fair valued as fair value through profit and loss as permitted by Ind AS 109. Under the previous GAAP, the application of relevant accounting standards resulted in all these investments being carried at cost or market value which ever is lower.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Increase in other expenses - net change in fair value of investments	1.04
Decrease in profit before tax	(1.04)

Balance Sheet (₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Investment - financial assets at FVTPL	0.77	1.81
Increase in deferred tax liability	(0.16)	(0.37)
Increase in retained earnings	0.61	1.44

c Borrowings at amortised cost:

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Increase in finance cost	82.80
Decrease in profit before tax	(82.80)

46. EXPLANATION OF TRANSITION TO IND AS (contd.)

Balance Sheet (₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Decrease in other non current assets	(46.60)	(125.43)
Decrease in other current assets	-	(45.40)
Decrease in borrowing	39.56	215.88
Decrease in other financial liabilities	-	30.17
Decrease/ (increase) in deferred tax liability	2.43	(26.22)
(Decrease)/ increase in retained earning	(4.61)	49.00

d Bill discounting charges:

Under previous GAAP, bill discounting charges incurred for extend credit period were disclosed as finance cost. Under Ind AS 18 - bill discounting charges for extend credit period are reduced from revenue from operations. This has resulted in an decrease in the revenue from operations and finance cost for the year ended 31 March 2016.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Decrease in revenue from operations	(300.65)
Decrease in Finance cost	300.65
Decrease in revenue from operations - prior period errors	(20.71)
Decrease in profit before tax	(20.71)

Balance Sheet (₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Decrease in trade receivables - prior period errors	(20.71)	-
Decrease in retained earning	(20.71)	-

e Proposed dividend:

Under previous GAAP, dividends proposed by the board of directors after the reporting date but before the approval of financial statements were considered to be adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

The impact arising from the change is summarised as follows:

Balance Sheet (₹ in Lakhs)

Particulars	31 March 2016	01 April 2015
Decrease in provisions - proposed dividend including dividend distribution tax	470.25	0.57
Increase in retained earnings	470.245	0.57

46. EXPLANATION OF TRANSITION TO IND AS (contd.)

f Excise duty:

Under previous GAAP, revenue from sales of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and cost of material for the year ended 31 March 2016.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Increase in revenue from operations	40.88
Increase in cost of goods sold	40.88
Change in profit before tax	-

g Actuarial gain and loss:

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit and loss. Accordingly, actuarial loss recognised in the Statement of profit and loss has been recognised under other comprehensive income under Ind AS for the year ended 31 March 2016. However, this has no impact on total comprehensive income and total equity as on 31 March 2016.

The impact arising from the change is summarised as follows:

Statement of Profit and Loss (₹ in Lakhs)

Particulars	31 March 2016
Increase in employee benefit expenses	7.60
Increase in other comprehensive income	(7.60)
Change in total comprehensive income	-

h Deferred tax liabilities (net) :

The above changes (decrease)/ increased the deferred tax liability as follows based on a tax rate of 34.61%:

(₹ in Lakhs)

Particulars	Note	31 March 2016	01 April 2015
Property, plant and equipment	a	205.86	241.85
Fair value of investments	b	(0.16)	(0.37)
Borrowings at amortised cost	c	(2.43)	26.22
Deferred tax asset on intercompany margins on unsold inventory		(39.27)	(28.68)
Others - prior period errors		(520.98)	(587.29)
		(356.98)	(348.28)
MAT credit entitlement		(1,434.26)	(1,121.95)
		(1,791.24)	(1,470.23)

i Retained earnings

The above changes (decreased)/ increased retained earnings as follows: (₹ in Lakhs)

Particulars	Note	31 March 2016	01 April 2015
Property, plant and equipment	a	(1,859.89)	(1,929.14)
Fair value of investments	b	0.61	1.44
Borrowings at amortised cost	c	(4.61)	49.00
Proposed dividends	e	470.25	0.57
Deferred tax	h	560.25	615.97
Others - prior period errors		(90.31)	0.76
		(923.70)	(1,261.42)

47. RELATED PARTY RELATIONSHIPS, TRANSACTIONS AND BALANCES

a) Key Management Personnel (KMP)
Mr. Sarangdhar R. Nirmal, Chairman and Managing Director
Mr. Vivek S. Nirmal, Joint Managing Director
Mr. Raviraj Vahadane, Chief Financial Officer (from 27 April 2016)
Mr. Amit Gala, Chief Financial Officer (from 12 December 2015 upto 26 April 2016)
Mr. Keyur Shah, Chief Financial Officer (upto 11 December 2015)
Ms. Priya Nagmoti, Company Secretary

b) Names of the related parties with whom transactions were carried out during the period and description of relationship:

Trust which directly controls reporting Company and in which KMPs are interested.
Nirmal Family Trust
Relatives of key management personnel :
Mrs. Vijaya S. Nirmal
Mrs. Nidhi V. Nirmal
Mrs. Sneha Nirmal Astunkar
Enterprises / proprietary concerns in which KMPs or their relatives exercise significant influence :
Nirmal Gograss LLP
Prabhat Agro. Multi State Co-Operative Society Limited

(₹ in Lakhs)

Particulars	KMP / relatives of KMP *	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Purchase of goods			
Prabhat Agro. Multi State Co-Operative Society Limited	-	2,943.97	2,943.97
	-	(2,476.85)	(2,476.85)
Managerial Remuneration			
Sarangdhar R. Nirmal	70.00	-	70.00
	(70.00)	-	(70.00)
Vivek Nirmal	60.00	-	60.00
	(60.00)	-	(60.00)
Salary			
Raviraj Vahadane	33.10	-	33.10
	-	-	-
Keyur Shah	-	-	-
	(20.03)	-	(20.03)
Amit Gala	21.05	-	21.05
	(12.07)	-	(12.07)
Priya Nagmoti	26.49	-	26.49
	(21.81)	-	(21.81)
Relatives of Key Managerial Personnel	14.68	-	14.68
	(11.65)	-	(11.65)
Lease Rent payment			
Sarangdhar R. Nirmal	3.49	-	3.49
	(12.00)	-	(12.00)
Borrowing repaid:-			
Nirmal Family Trust	-	-	-
	-	(499.07)	(499.07)
Balances outstanding at the end of the year			
Trade Payable:-			
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-
	-	(125.86)	(125.86)
Advance to suppliers:-			
Prabhat Agro. Multi State Co-Operative Society Limited	-	163.31	163.31

47. RELATED PARTY RELATIONSHIPS, TRANSACTIONS AND BALANCES (contd.)

(₹ in Lakhs)

Particulars	KMP / relatives of KMP *	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Employee Benefits Payable:-			
Vivek Sarangdhar Nirmal	5.00	-	5.00
	(5.00)	-	(5.00)
Sarangdhar Ramchandra Nirmal	5.83	-	5.83
	(5.83)	-	(5.83)
Raviraj Vahadane	3.02	-	3.02
	-	-	-
Priya Nagmoti	1.98	-	1.98
	(2.66)	-	(2.66)
Amit Gala	-	-	-
	(4.85)	-	(4.85)
Relatives of KMPs	1.24	-	1.24
	(1.32)	-	(1.32)
Post employment benefits			
Vivek Sarangdhar Nirmal	4.35	-	4.35
	(4.02)	-	(4.02)
Sarangdhar Ramchandra Nirmal	10.00	-	10.00
	(10.00)	-	(10.00)
Priya Nagmoti	1.34	-	1.34
	(1.73)	-	(1.73)
Amit Gala	-	-	-
	(0.19)	-	(0.19)
Relatives of KMPs	0.90	-	0.90
	(0.82)	-	(0.82)
Other Current Liability:-			
Relatives of KMPs	-	-	-
	(8.51)	-	(8.51)

Notes:

a) Figures in bracket relate to the previous year.

* The Group has taken Land on lease from Directors and relatives of directors for a period ranging from 10 years to 30 years starting from Oct, 1999. In terms of the said lease agreement, the Group is required to pay an annual rent of ₹21,052 p.a. However, the Group has received a letter of waiver from them indicating that the total rent payable since inception of the lease till 31 March 2017 has been waived and that the Group is not required to pay any lease rent for the above period.

48. PROPOSED DIVIDEND

The Board of Directors of the Holding company at their meeting held on 23 May 2017 have recommended a final dividend for the year 2016-17 at the rate of ₹0.40 per equity share of ₹10 each. The said dividend is payable subject to its declaration by the shareholders of the Holding company in the ensuing Annual General Meeting of the Holding company.

49. SUBSIDY INCOME UNDER PACKAGE SCHEME OF INCENTIVES (PSI) 2007

Sunfresh Agro Industries Private Limited (a material subsidiary company) has received an Eligibility Certificate from the Department of Industries, Government of Maharashtra under the Package Scheme of Incentives, 2007 ('Scheme') pursuant to which the material subsidiary company is eligible to receive benefits in the form of Electricity Duty exemption, Stamp Duty exemption and Industrial Promotion Subsidy (in form of refund of Value Added Tax and Central Sales Tax), subject to fulfillment of certain conditions under the scheme. These benefits are in the nature of Government Grants in accordance with Indian Accounting Standard (Ind-AS) 20 - Accounting for Government Grants and Disclosure of Government Assistance.

As per Ind AS 20, Government grants shall not be recognised until there is reasonable assurance that the entity will comply with the conditions attached to them; and the grants will be received. Until, previous year ended 31 March 2016, there was a uncertainty of the timings of the actual receipt of the admitted claim from the Government, which was subject to number of factors beyond the control of the Company. Management believed that reasonable assurance of receipt of grant will be established when sanction for the first disbursement of the claim is received by the material subsidiary company. Therefore, material subsidiary company did not recognize income resulting from government grant on accrual basis during the previous year.

During the current year, the material subsidiary company has received first disbursement sanction letter. Since, the material subsidiary company has received first disbursement sanction letter, the management believes that there is now a reasonable assurance of receipt of grants accrued to the material subsidiary company. Accordingly, during the current year, the material subsidiary company has recognized income on accrual basis under the Scheme amounting to ₹3,303.73 lakhs (₹1,412.26 lakhs for the year ended 31 March 2017 and ₹1,891.47 lakhs for periods prior to 1 April 2016).

Income accrued during the year ended 31 March 2017, relating to earlier periods being ₹1,891.47 lakhs, has been disclosed as an exceptional item.

Further, the material subsidiary company has obtained an external tax expert opinion for treatment of the aforesaid income under the provisions of Income tax Act, 1961. Based on the said opinion the Company has reduced the above income from the tax block of fixed assets.

50. DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 08 NOVEMBER 2016 TO 30 DECEMBER 2016 :

a) Prabhat Dairy Limited (Holding Company) : (₹ in Lakhs)

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	59.24	14.19	73.43
Add : Adjustment *	106.05	-	106.05
Revised closing cash in hand as on 08 November 2016	165.29	14.19	179.48
Add : Permitted receipts	-	298.65	298.65
Less : Permitted payments	-	118.71	118.71
Less : Amount deposited in Banks	165.29	123.87	289.17
Add : Withdrawal from Banks	-	2.50	2.50
Closing cash in hand as on 30 December 2016	-	72.77	72.77

* Represents SBN transacted upto 8 November 2016, which were recorded in books of account after 8 November 2016, as certified by the management and relied upon by the auditors.

b) Sunfresh Agro Industries Private Limited (Subsidiary Company) : (₹ in Lakhs)

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	0.15	3.84	3.99
Add : Permitted receipts	-	28.79	28.79
Less : Permitted payments	-	37.66	37.66
Less : Amount deposited in Banks	0.15	0.01	0.16
Add : Withdrawal from Banks	-	5.23	5.23
Closing cash in hand as on 30 December 2016	-	0.19	0.19

c) Cheese Land Agro (India) Private Limited (Subsidiary Company) : (₹ in Lakhs)

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	-	0.01	0.01
Add : Permitted receipts	-	-	-
Less : Permitted payments	-	-	-
Less : Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	0.01	0.01

51. PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped/ reclassified wherever necessary to conform with the current year classification/ disclosure.

52. The previous year's financial statements were audited by a firm other than B S R & Associates LLP.

For **B S R & Associates LLP**
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Sd/-
Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L15203PN1998PLC013068

Sd/-
Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Sd/-
Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Sd/-
Raviraj Vahadane
Chief Financial Officer

Sd/-
Priya Nagmoti
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

FORM AOC – 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5
of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

PART "A": SUBSIDIARIES

1.	Name of the Subsidiary	Sunfresh Agro Industries Private Limited (CIN: U01122PN2007PTC129505)	Cheeseland Agro (India) Pvt. Ltd. (CIN: U15209PN2010PTC136135)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2017	March 31, 2017
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	₹	₹
4.	Share Capital	**Authorised Share Capital:** 56,348,300 Equity shares of ₹ 10/- each = ₹ 563,483,000/- 151,700 0.01% Non-cumulative Redeemable Preference Shares of ₹ 10/- each = ₹ 1,517,000/- TOTAL = ₹ 565,000,000 **Issued, Subscribed and Paid up:** 53,007,184 Equity shares of ₹ 10/- each = ₹ 530,071,840/-	Authorised Share Capital: 250,000 Equity shares of ₹ 10/- each = ₹ 2,500,000/- Issued, Subscribed and Paid up: 100,000 Equity shares of ₹ 10/- each = ₹ 1,000,000/-
5.	Other Equity (₹ in Lakhs)	28,477.31	(229.01)
6.	Total assets (₹ in Lakhs)	69,789.07	14,555.63
7.	Total liabilities (₹ in Lakhs)	69,789.07	14,555.63
8.	Investments (₹ in Lakhs)	0.32	3,000.00
9.	Turnover (₹ in Lakhs)	89,338.28	5.42
	Profit / (Loss) before taxation (₹ in Lakhs)	4,597.23	(224.95)
	Provision for taxation (₹ in Lakhs)	1,967.28	(448.41)
	Profit / (Loss) after taxation (₹ in Lakhs)	2629.95	223.46
	Proposed dividend (₹ in Lakhs)	NIL	NIL
	% of shareholding (direct and through wholly owned subsidiary)	100%	100%

1. Names of subsidiaries which are yet to commence operations: **N.A.**
2. Names of subsidiaries which have been liquidated or sold during the year: **N.A.**

PART "B" : ASSOCIATES AND JOINT VENTURES

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

Name of Associates / Joint Ventures	Name 1	Name 2	Name 3
1. Latest Audited Balance Sheet Date			
2. Shares of Associate / Joint Ventures held by the Company on the year end			
No.			
Amount of Investment in Associates / Joint Venture			
Extent of Holding %			
3. Description of how there is significant influence			
4. Reason why the associate / joint venture is not consolidated		NOT APPLICABLE	
5. Networth attributable to shareholding as per latest audited Balance Sheet			
6. Profit / Loss for the year:			
(i) Considered in consolidation			
(ii) Not considered in consolidation			

1. Names of associates or joint ventures which are yet to commence operations: N.A.
2. Names of associates or joint ventures which have been liquidated or sold during the year: N.A.

For **Prabhat Dairy Limited**

Place : Navi Mumbai
Date : 23/05/2017

Sd/-
Sarangdhar R. Nirmal
Chairman & Managing Director
DIN: 00035234

Sd/-
Vivek S. Nirmal
Joint Managing Director
DIN: 00820923

Notes

Notes

Prabhat Dairy Limited
Corporate office address:
Plot No. D37/4, TTC Industrial Area, Turbhe, Navi Mumbai – 400 705
Tel No. - +91 22 41287700 | Fax - +91 22 41287777
Registered office address:
121/2A, At Ranjankhol, Taluka Rahata, Dist. Ahmednagar - 413720
Tel. no. - +91 2422 645500 | Fax - +91 2422 265816
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