2018-19

ANNUAL REPORT

PRABHAT DAIRY LIMITED

Making New Beginnings

Contents

Forward-looking Statements

This Annual Report contain statements about expected future events and financial and operating results of Prabhat Group, 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. Do not place undue reliance on forward-looking statements as a number of factors could cause assumptions and actual future results or events to differ materially from those expressed in these forward-looking statements.

"Prabhat Group" or "Prabhat" or "the Company" includes reference to Prabhat Dairy Ltd. and its subsidiaries viz. Cheese Land Agro (India) Pvt. Ltd. and Sunfresh Agro Industries Pvt. Ltd.

Making New Beginnings

Every end is a new beginning.

Over the years since, the growing acceptance of our brand, the quality of our products, and sustenance of our farmer relations has been a feeling of great satisfaction. We take great pride in having scaled new heights and established ourselves as a trusted and reputed leader in India's dairy industry.

However, we decided it was time for us to end, move to something new, something more challenging. It was time to make some fresh beginnings. With enhanced focus, a new plan which needs further consolidation of our strengths and with realignment of our energies, we are moving to newer silhouettes. We are working towards scaling higher in our animal nutrition business by leveraging our domain knowledge and years of expertise.

Our journey ahead is packed with new possibilities and opportunities. And we are perfectly poised to make the most of them. We trust the magic of beginnings – for there is always a chance to build bigger and better than before.

About Us

Prabhat Dairy Limited is an integrated milk and dairy products company rooted in traditional Indian goodness and driven by the power of modern technology.

More than
1.2 Lakhs
No. of Farmers

9,09,991
Liters Average Milk Procured Per Day

Closer to major consumption markets

28.3%
Direct Sourcing

Strategically located in the cow belt of Maharashtra

2
Integrated Manufacturing Facilities at Navi Mumbai and Shrirampur, Ahmednagar

444
Milk Collection Centers

218
Bulk Milk Coolers

20
Milk Chilling Plants

With two decades of expertise and experience in enriching the lives of millions of people with the finest quality products and state-of-the-art manufacturing facilities, we are a strong regional player in the dairy sector.

We have a wide range of products with a focus on milk, cheese and curd.

Our Vision

To be a highly respectable & leading milk food company that is committed to thoughtful and sustainable socio-economic development.

Our Values

- Act like owner with passion
- Respect and warmth in behavior
- Be honest to self
- No compromise on quality
- Partnering in progress with our family of farmers, customers, employees and associates
- Learn, think, improvize and share
- Save natural resources
- Cost consciousness

Our Products

- Milk Powders
- Milk
- Butter and Ghee
- Condensed Milk
- Cheese, Paneer and Shrikhand
- Curd, Masala Chaas and Lassi
- UHT Milk
- Whey Powder
- Flavored Milk and Milkshake
- Dairy Whitener

Unique Business Model

Well established institutional business

- Market leadership with marquee clients
- Strong trust & quality recognition
- Consistent growth with stable margins, despite volatile milk prices

Fastest-growing consumer business

- Build a strong regional dairy brand in Maharashtra
- Focus on under-penetrated Tier I & II markets
- Complete basket of traditional & modern dairy products
- Strong consumer retention due to high quality milk (100% Cow Milk)

Healthy financial position

- Cash flows from institutional business sufficient to fuel growth in consumer business
- Limited impact on balance sheet
- Low leverage (D/E of 0.3x)
- Robust growth in revenues and margins
- Improving return ratios
- Minimal capex leading to higher free cash flow

Towards Scalable Growth

Enriching our product portfolio with new products and new variants

Strengthening our distribution network to take the Prabhat brand to every household

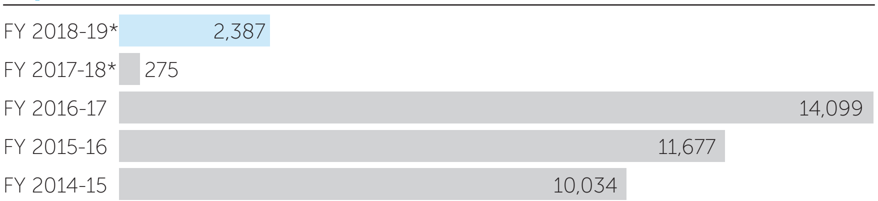
Focusing on efficiencies in logistics for effective tracking and timely deliveries

Building retail presence across general trade, modern trade and online channels

Our Financial Performance

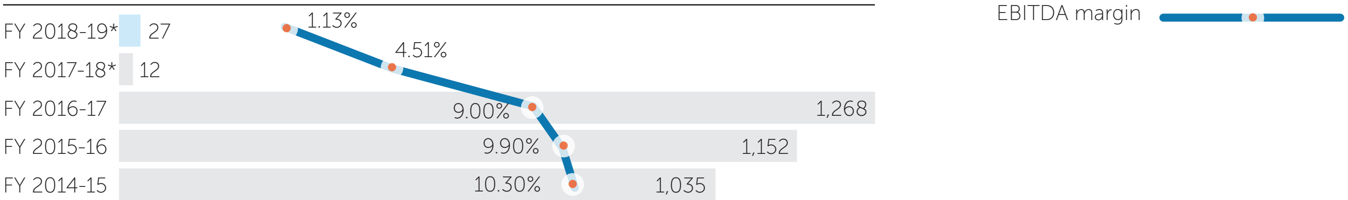
Revenue (₹ in Million)

2,387

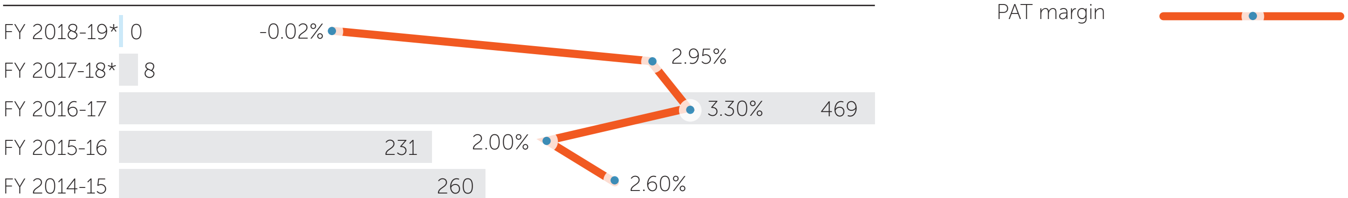


EBITDA (₹ in Million) and EBITDA Margin (%)

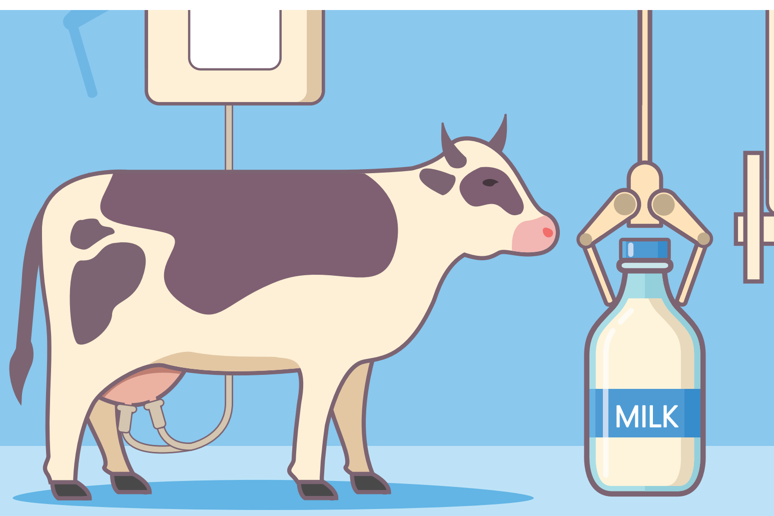
27 1.13%



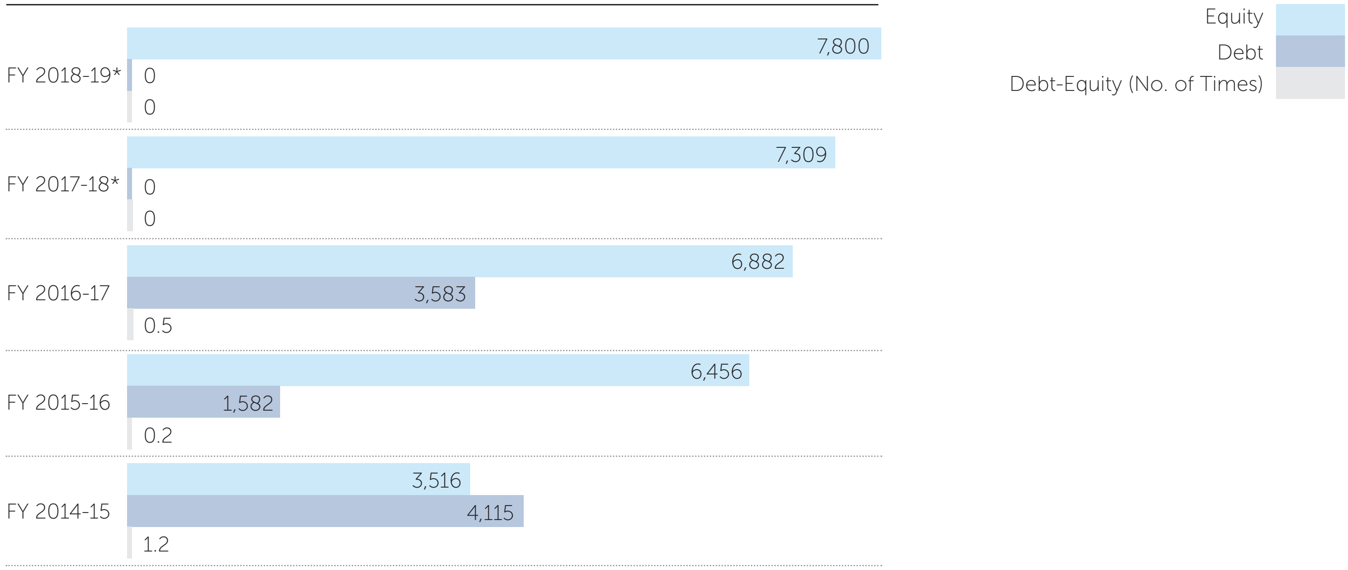
PAT (₹ in Million) and PAT Margin (%)



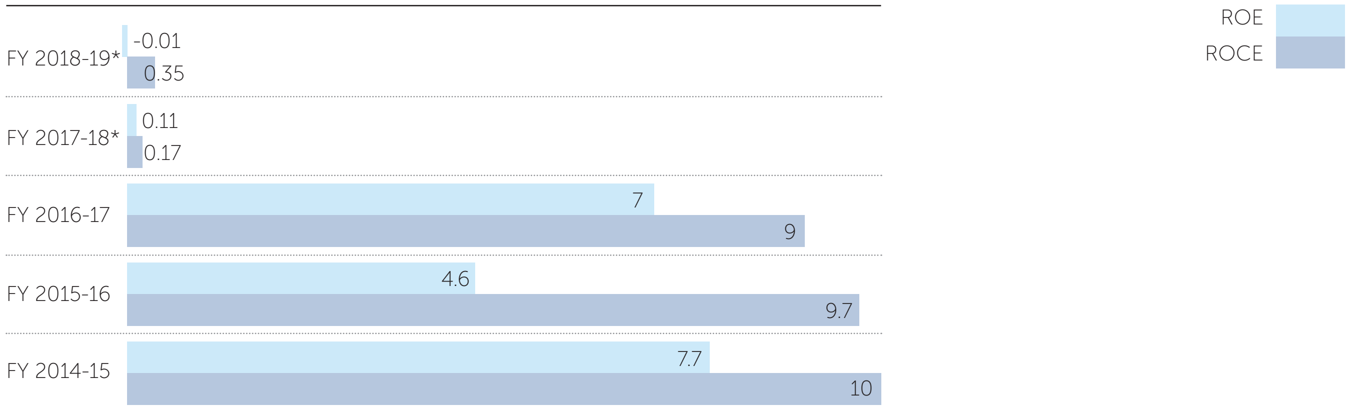
*Based on Continuing Cattle feed Operations of the Company

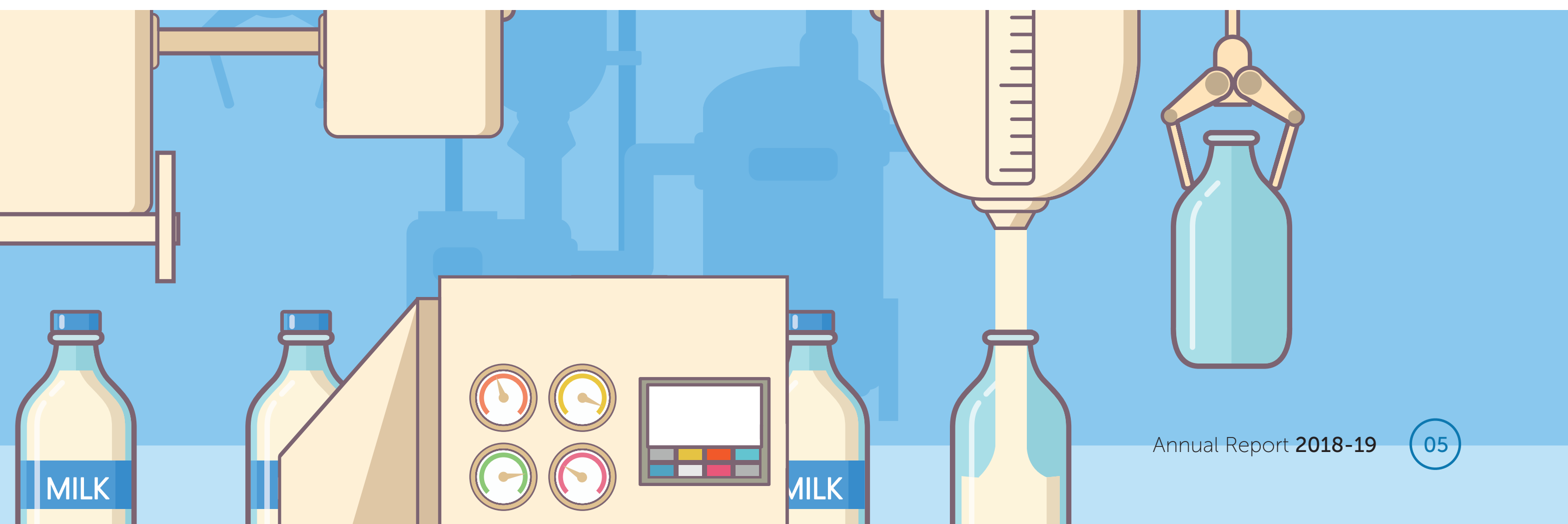


Leverage Analysis (₹ in Million)



Return Metrics (%)





Message from the Chairman and Managing Director

Dear Shareholders,

The year under review has been an eventful one for Prabhat Dairy Limited – one of significant changes and renewed vigor. We are proud to be amongst the largest organized players in milk procurement and dairy processing.

Lactalis is reputed as one of the world's largest dairy players producing cheese, milk and butter and has a presence in more than 120 countries. Our customers and business partners will be dealing with the best dairy company in the world.

Over the years, we have successfully reconciled milk aggregation through a widening supply chain and direct engagement with farmers for milk procurement. On this, we successfully built our institutional and consumer businesses. Our ability to continuously introspect and rapidly execute the requisite changes truly makes us a pioneer in our own right.

Evolution of dairy business in India

We remain proud to be a company aiming at rural prosperity and being their partners in progress. The sector plays an important role in strengthening India's economy and contributes 8% to the GDP. Within a span of three decades, India has transformed from being a country of acute milk shortage to the world's leading milk producer, accounting for 13% of the world's total milk production. It is also the world's largest consumer of dairy products.

The milk processing market is growing year-on-year and is projected to be upwards of US$ 53.17 billion by 2020. The industry as a whole has undergone several major changes in recent years. Strong producer prices, a promising outlook for dairy consumption and government incentives have been attracting robust investments to the dairy processing sector. Players have increasingly adopted the latest technologies to supervise productivity of milching animals and dairy farmers to monitor milk supplies.

Increasing urbanization, rising incomes, and proliferation of food and grocery retail outlets across cities led to an increasing accessibility and demand for processed milk products in India. However, the dairy industry is increasingly getting perturbed by competitiveness, cost of production and reduced productivity of animals. To increase competitiveness of the industry, it is imperative to take efforts to reduce the cost of production. The industry is in dire need of increasing the productivity of animals, better healthcare and breeding facilities and proper management of dairy animals. All this will lead to reduction in the cost of milk production.

However, despite some of these challenges, growth in India's milk processing industry looks promising. With social, economic and financial capitals converging, and with growing consumer base, the sector is expected to report faster growth. International players too have been expanding their footprint in India with new product launches, further contributing to the industry's development.

Sale of subsidiary company and Slump sale of dairy business

During the year, significant changes took place within our business. We sold off our subsidiary Sunfresh Agro Industries to French multinational Groupe Lactalis' local arm Tirumala Milk Products Pvt. Ltd. via a share purchase agreement then the dairy business undertaking of our Company was sold on slump sale basis to Sunfresh Agro Industries, who became the subsidiary of Tirumala Milk Products Private Limited. The transaction was expected to be completed by the first quarter of FY 2019-20 and it finally got completed in April 2019. The French company is making this acquisition through its wholly-owned Indian subsidiary Tirumala Milk Products by way of a slump sale. The association with Lactalis has offered us a business platform for accelerated growth momentum in becoming one of the largest private dairy businesses in India. With this deal, Lactalis has increased its presence now in Western and Southern India.

Benefits to stakeholders

Lactalis is reputed as one of the world's largest dairy players producing cheese, milk and butter and has a presence in more than 120 countries. Our customers and business partners will be dealing with the best dairy company in the world. The farmers too will gain exposure to better technology and best practices in dairy farming. They will also gain access to the global network of Lactalis and join hands with a more sustainable buying partner. The acquisition by Lactalis also represents a meaningful opportunity for our employees, as they will be transferred to Lactalis. The shareholders will also be associated with one of the global leaders in dairy products. We have obtained shareholders' nod to sell off the dairy business.

Being the preferred choice for Lactalis

What made Lactalis choose our company is the fact that we are a company with a solid procurement network and a world-class integrated milk and dairy products. Through a network and strong supply partnership of more than 1 Lakh farmers in Maharashtra, we collect around 10 Lakh liters of milk per day. With two state-of-the-art manufacturing facilities, we have extended ourselves from being a backended milk processing company into a consumer-facing organization. While we maintained our leadership in the ingredient business, we also marched ahead towards the consumer business, leveraging our milk procurement and brand excellence.

Moving ahead

Going forward, we are set to launch a separate cattle feed animal nutrition and animal genetics business. Right now, this is a small business, but we intend to make this big over the next 2-3 years.

Before I conclude, let me thank all of you for your continued support and encouragement. We are committed to grow and create more value for all our stakeholders with a renewed sense of optimism, confidence and ambition.

Best Wishes,

Sarangdhar R. Nirmal

Chairman & Managing Director

Message from the Joint Managing Director

Dear Shareholders,

We present to you the performance of one of the fastest growing dairy companies in India that is committed to thoughtful and sustainable socio-economic development. In the past 20 years, we have built a world-class integrated milk and dairy products company, with strong supply partnership with over 1 Lakh farmers, two state-of-the-art manufacturing facilities and an aggregate milk processing capacity of 10 Lakh liters per day.

From being a specialty premium dairy ingredients supplier, we gradually and successfully forayed into retail with value-added products. This has today become a sustainable growth engine that generates year-on-year revenue, profitable growth and return on investment.

Today, our business model has transformed from being an established specialty dairy ingredients company to one of the fastest growing consumer brands in the last six years. Our transition from being a pure play B2B dairy player to a consumer company is steered by the needs and aspirations of more aware consumers. We remained committed on the growth of our value-added consumer business, while maintaining our stronghold on our ingredient business.

Key business drivers

The interplay of four key drivers have strengthened our foundation – world-class infrastructure in scale and sophistication; excellent talent; robust supply chain based around direct product sourcing; and, the ability to package and brand the value-added end product for wider consumption. We also placed a strong focus on establishing our products under our brand "Prabhat" in the existing and new markets. We built the value-added products distribution network on the back of liquid milk business.

Sale of dairy business

This is a momentous time for all of us following the slump sale of our dairy business to France's Lactalis Groupe, the world's largest dairy products group. The association with Lactalis offers us a strong platform for accelerated growth momentum in becoming one of the largest private dairy companies in India.

The deal will help us pursue our long-term growth objectives, strengthen our balance sheet, gain global technical expertise and global institutional relationships. The acquisition will give Prabhat the right kind of global exposure and benefit of gaining first-hand experience in the international market with some of the global best practices. Lactalis, with a presence in more than 120 countries, has been scouting for more opportunities in India amid its efforts to become the top private dairy player in the world's largest milk-producing nation.

We are pleased with the association and look forward to a sustained bright future for the Company and its stakeholders. We look forward to extending our full support to the Lactalis team and make them realize their competitive potential. It is our intention to work closely with the team in building success and pre-eminence of the brand.

Developing animal nutrition business

We now intend to develop the cattle feed business and expand the allied businesses such as animal nutrition & supplements and animal genetics. We have been suppliers of cattle feed under the brand name "Annapurna" to the farmer community, helping them select the right quality of feed to improve milk production and quality.

Strategic alliance

To further grow this business, we have entered into a joint development agreement with Denmark-based animal nutrition major DLG Group, engaged in high quality vitamin mineral feed for the livestock. This is a part of our plan to foray into animal nutrition business and to capitalize on its huge potential. This is a planned backward integration to our milk and dairy products business.

We plan to produce animal pre-mixes that help in improving cattle milk productivity. While we are already in cattle feed business, mineral pre-mixes not only extend animal feed business, but also open a relatively higher margin business for us. With the cattle feed business undergoing transformation in terms of incorporation of global best practices, foray into animal nutrition is a crucial step for us. Diversification into animal nutrition could be a new growth driver and is likely to be more margin accretive.

As per the agreement, two products already developed in Denmark were shipped to India. These products, one for milching cows and dry cows each, were given to 150 select farms to administer on 1,000 cows initially. The primary aim behind this is to improve the health of cows and to increase milk productivity and quality. However, due to drought conditions and scarcity of water, the farmers compromised with the quality and quantity of feed. All these factors, coupled with severe heat stress (day temperatures in many areas is as high as 42 degrees in our milk-shed), has adversely affected the performance of the cattle.

Under such condition, results of pilot study were getting negatively influenced. Hence, we have decided to temporarily hold the study. Climatic conditions and fodder availability will considerably improve after monsoon. We will continue the study thereafter from September-October, 2019, depending upon the situation. We, thus, aim to leverage our expertise to create a strong presence in the booming animal nutrition market.

Moving forward

With the Lactalis deal, we are fulfilling our performance ambition to make Prabhat one of the most profitable dairy product companies in India, servicing a large community of dairy farmers and addressing the growing needs of consumers of downstream dairy products.

My special thanks also to our Board members for their guidance; we look forward to your continued support in our growth trajectory as we create long-term value for all our stakeholders. We are optimistic about our future growth prospects for the reasons mentioned above.

Regards,

Vivek Nirmal

Joint Managing Director

Our Evolution

1998

- Incorporation of the Company by Nirmal Family

1999

- Commenced sale of liquid milk consumer pack under 'Prabhat brand'

2005

- Introduction of value-added products (ghee and powders)

2008

- Commenced sale of condensed milk to Mondelez India Foods Private Limited

2010

- Dedicated condensed milk plant setup for Mondelez
- Received HACCP and ISO certification
- Commenced milk powder production with capacity of 30MT/day

2011

- Expanded B2B business with reputed industry players
- Launched 'Prabhat Dairy Quality Mission'

2012

- Private Equity infusion by IABF (PE firm managed by Rabobank, Netherlands)
- Awarded best strategic supplier by Kraft and Abbott

2013

- Commenced milk processing capacity of 0.4 mn liters/day, in Navi Mumbai
- Private Equity infusion by Proparco
- New capacity added for curd, ice-cream and powders

2014

- Initiated marketing & branding activities to increase consumer business

2015

- Listed on BSE & NSE
- Commenced manufacturing of cheese with capacity of 30MT/day (3rd largest in India), paneer with capacity of 5MT/day and shrikhand with capacity of 5MT/day

2016

- Received "The CII National Award for Food Safety" by the Confederation of Indian Industry

2017

- Launched popular range of ice creams under the brand 'Volup' and premium range of ice creams under the brand 'Volup Sinsane'

2018

- Start of Prabhat – Goodness Zone

2019

- Sale of Dairy Business to Lactalis Group

Awards and Certifications

Awards & Recognition

2012

Awarded "The most trusted partner" by Abbott Healthcare Private Limited

Awarded for "Commitment to supplier quality expectations" by Mondelez International

2014

Received "The CII National Award for Food Safety" by the Confederation of Indian Industry

Awarded "Asia's fastest growing marketing brands - FMCG sector" at the WCRC leaders summit

2016

Received "The CII National Award for Food Safety" by the Confederation of Indian Industry

2017

Received "Special Recognition" award from Tata Capital

2018

Winner of The Economic Times Most Promising Brands 2018 Award

Prabhat Dairy was presented with an award for "Exemplary Support" in 2018 by Jubilant Foodworks. The Company has been a strong and trusted supply chain partner of Jubilant Foodworks for a majority of its Cheese and Paneer requirements for Domino's Pizza

Our Certifications

Our Product Portfolio

Our diversified range of top-quality products have established us as a market leader with marquee clients. We have over two decades of experience in enriching the lives of millions of people through our value-added products.

Cheese

Curd

Flavored Milk

Ghee

Masala Chaas

Lassi

Milkshake

Paneer

Dairy Whitener & Skimmed Milk Powder

Milk

Shrikhand

UHT Milk

Table Butter

Sweetened Condensed Milk

Whey Powder

Our Integrated Operations and Strong Distribution Network

Our Integrated Operations

1. Efficient milk procurement

- Maximize direct milk sourcing from farmers
- Ensure transparent pricing, farmer relationships, welfare activities

2. Low logistics cost

- Strategically located in cow milk belt in Maharashtra
- Close proximity to principal institutional customers and retail consumer markets

3. Multi-product facilities

- Multi-product facilities in Shrirampur and Navi Mumbai, large scale operations result in sharing of manufacturing costs

4. Technology and IT infrastructure

- Computerized milk testing, advanced ERP systems lead to strict quality control, lower production losses & ability to process large orders

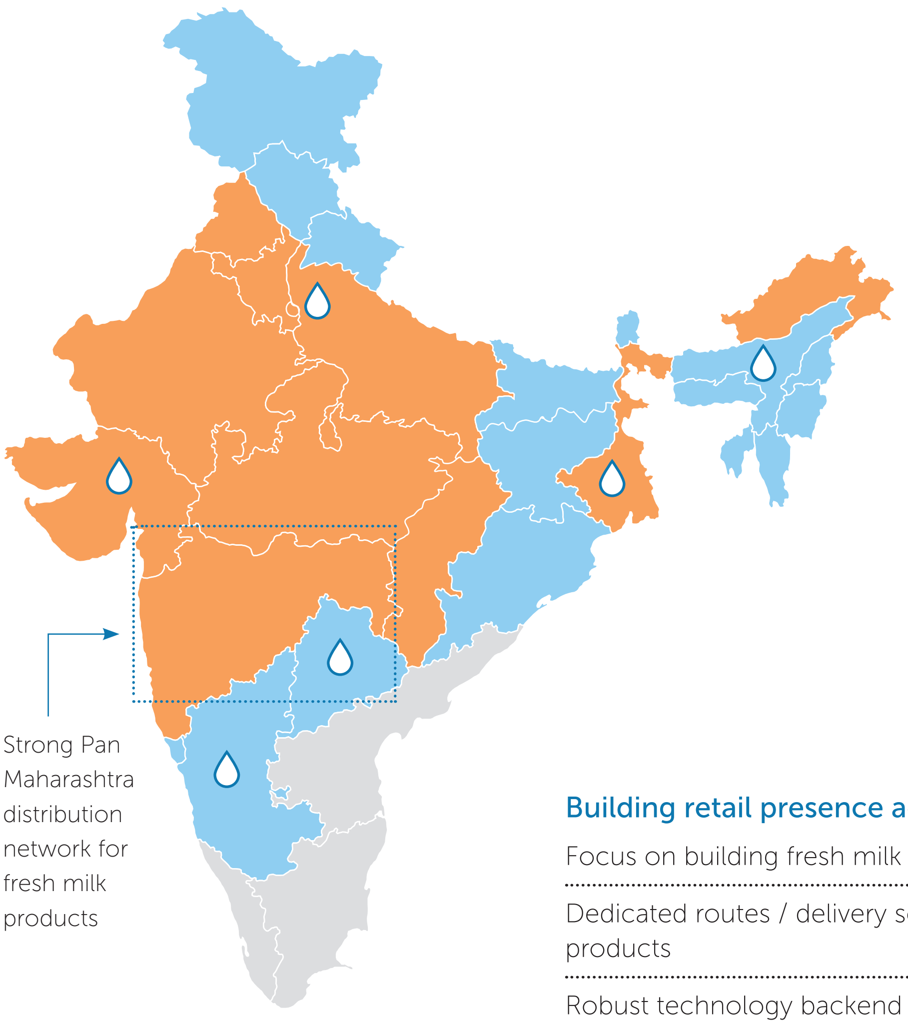
5. Retail marketing and distribution

- Retail products - Prabhat, Flava, Milk Magic brands, Volup
- 270+ sales professionals, 1,375 distributors, 150 Prabhat mini stockists

6. Cattle feed and welfare

- Assistance to farmers
- Ensure cattle nutrition & medication support to improve milk yields

A Well-Connected and Strong Distribution Network



Strong Pan Maharashtra distribution network for fresh milk products

Depots for Food Service Division

Only General Trade

Both General Trade & Modern Trade

Map not to scale. For illustrative purposes only

Building retail presence across India

Focus on building fresh milk distribution network

Dedicated routes / delivery schedules for fresh milk products

Robust technology backend for timely deliveries and effective inventory tracking

150+ vehicles including 70 GPS-enabled vehicles for fresh milk products

More than 50% of distribution network is within Maharashtra, in line with Prabhat's strategy to become a strong regional dairy brand

Corporate Social Responsibility

At Prabhat, we recognize and own our responsibilities towards the society's under-served sections, striving to better their lives in various aspects. Our CSR projects are designed and implemented with a multi-dimensional approach, resulting in greater ease into the lives of our beneficiaries.

The key beneficiaries of our CSR initiatives belong to the rural areas, where the reach of basic healthcare and related services remains a challenge. Our CSR efforts have impacted the poverty-stricken people in the rural and semi-urban areas across the country. Our four CSR projects have not only strengthened the local communities but are ascending to create a long-term impact.

CATTLE BREEDING PROGRAM

Rationale
Access to reliable and best quality artificial insemination services

Focus
Genetic improvement through artificial insemination to produce high-yielding crossbred progeny

Activities Undertaken
- Training to Artificial Insemination Technician (AIT)
- Establishment of Go-Vikas Kendra
- Availability of quality semen
- Artificial Insemination Services to Dairy farmers
- Pregnancy Diagnosis (PD) & calving follow-up
- Alerts to farmers on mobile
- Heifer Rearing Program

Action Taken

50
Go-Vikas Centers set up

32,127
Artificial insemination centers set up

11,053
Pregnancy Diagnosis (PD) cases checked

Outcome

53%
Conception rate

56
No. of youth that got employment as AI technicians

Reliable and qualitative AI services made available

Calf rearing program

Farmers' Training program on feeding, breeding & management

Cattle Health Camp

Artificial Insemination service

VETERINARY CARE

Rationale

Making reliable wet services affordable and accessible to a majority of milk producers

Focus

Making dairy business more affordable by preventive healthcare and breed improvement

Activities Undertaken

Guidance to dairy farmers on:

- Artificial Insemination
- Vaccination, de-worming and tick control
- Mastitis prevention
- Advice on feeding, breeding, housing, clean milk production
- Model dairy farms
- Infertility camps
- Awareness and training programs to obtain antibiotic-free milk
- Ethno Veterinary Medicines
- Animal Welfare Program

Action Taken

23,445
Cattle vaccinated

229
Model Prabhat Dairy Farms set up

17,287
Tick Control of Cattle

27
Cattle camps set up

1,210
Cattle examined

1,964
Cattle infertility cases examined

22,542
De-worming of Cattle

Outcome

0.05%
Increase in average fat

0.08%
Increase in average SNF

40%
Reduction in veterinary healthcare cost

10%
Increase in milk production

45%
Farmers that adopted new technology in dairy farming

Seminar on animal welfare

CAPACITY BUILDING

Rationale
Sharing knowledge, awareness and skills to adopt appropriate technology and techniques to improve production and productivity

Focus
Awareness generation to adopt improved practices

Activities Undertaken
- Training to dairy farmers, youth and women
- Seminars
- Exposure visits to dairy farms, fodder plots, dairy plants and research organization
- Demonstrations on advanced dairy farming technologies

Action Taken
- 1,699 Farmers' Training programs on feeding, breeding and management in which 33,980 farmers participated
- Networking with Animal Husbandry department to sustain the practice of dairy farming
- All India Radio programs for dairy farmers
- Information and education materials like posters, pamphlets, wall calendars, booklet, dairy farm records
- Articles on dairy farming in daily newspaper
- Videos on dairy farming practices

Outcome

45%
Farmers that adopted silage making

Increased participation of women

Generating self-employment

Seminar on Antibiotic-Free Milk Production

Silage training

PROMOTIONAL

Rationale

Lack of awareness and exposure to dairy farmers, particularly women

Focus

Introducing best practices of dairy farming and improving gender balance

Activities Undertaken

- Incentives & awards for best practices / results,
- Gender justice in milk production
- Radio Program, calendar & Audio-visual material on dairy farming
- Research/impact study
- Demo plots
- Success Stories

Action Taken

- Nutrition awareness (balance ration, fodder management)
- Clean milk production
- Demonstration silage & Azolla making
- Farm mechanization
- Preventive health care awareness

Outcome

2,800
Families that access extension services monthly

218
Farmers that shifted to loose housing

3,723
Farmers that shifted to cattle feed and mineral mixture

391
Farm mechanizations

1,644
New farmers that shifted to Silage

46 Farmers prepared 338 tons silage under Prabhat Dairy Drought Relief Program

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. Soundararajan Bangarusamy
Independent Director

Mr. Rajesh Srivastava
Independent Director

Mr. Anoop Krishna
Independent Director

Chief Financial Officer

Mr. Raviraj Vahadane

Company Secretary & Compliance Officer

Ms. Dipti Todkar
E-mail: dipti.todkar@prabhatdairy.in

Auditors

MSKA & Associates
Chartered Accountants
Floor 3, Enterprise Centre
Nehru Road, Near Domestic Airport
Vile Parle (E), Mumbai – 400 099

Bankers / Lenders

1. Axis Bank
2. HSBC Bank
3. ICICI Bank Ltd.
4. HDFC Bank Ltd.
5. Rabobank International
6. Societe Generale
7. DBS Bank
8. Yes Bank Ltd.
9. IDFC First Bank Ltd.
10. State Bank of India
11. Bank of Baroda

Registrar & Share Transfer Agents

Karvy Selenium Tower B,
Plot Number 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032, India
Tel: +91 40 44655000
Fax: +91 40 23431551

Members of Audit Committee

1. Mr. Anoop Krishna, 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 Srivastava

Members of Stakeholders' Relationship Committee

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

Members of Nomination & Remuneration Committee

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

Registered & Corporate Office

Regd. Office & facilities:
Gat No. 122, At Ranjankhol,
Post Tilaknagar, Taluka Rahata,
Ahmednagar, Shrirampur MH – 413 720
Tel: +91 2422 265993
Fax: +91 2422 265816

Corporate Identification Number (CIN)

L01100PN1998PLC013068

Website

www.prabhat-india.in

Wholly-Owned Subsidiaries

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

Management Discussion and Analysis Report

Global Economic Overview

2018 was a tumultuous year for the global economy, marked by elevated trade tensions, policy uncertainty, geo-political risks and stressed financial conditions across many economies. The International Monetary Fund (IMF) estimates indicate that the global economy grew by 3.6% in 2018, as against 3.8% in 2017. Trade wars between the United States (US) and China, heightened uncertainty about the Brexit outcome and subdued performance across advanced and emerging economies were the major factors that dimmed economic growth.

The Emerging Market and Developing Economies (EMDEs) witnessed a sluggish environment, primarily due to mounting trade tensions, volatile oil prices and softening market sentiments. On the other hand, growing concerns about a no-deal Brexit, fiscal policy uncertainty and weakening consumer and investor confidence softened the growth momentum across the Euro zone. The US economy, however, posted a strong growth, led by fiscal stimulus and rise in consumption. The pick-up in 2020 is projected to be aided by an accommodative monetary policy in the US, ongoing fiscal stimulus in China, fading of temporary bottlenecks in the Euro zone and gradual stabilization in stressed emerging economies.

World economic growth: IMF projections

2019	2020
3.3%	3.6%

(Source: IMF World Economic Outlook, April 2019)

Among the emerging market and developing economies, the growth prospects of many energy exporters have been lifted by higher oil prices. However, growth was revised down for some countries, reflecting country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills. China and a number of Asian economies are also projected to experience somewhat weaker growth in 2019 in the aftermath of the recently announced trade measures. Slower expansion in working-age populations and projected lackluster productivity gains are the prime drivers of lower medium-term growth rates.

India Economy and Agriculture & Dairy Sector and FMCG Overview:

Indian Economy

India has emerged as the fastest-growing major economy in the world. The country recorded a growth of 6.8% in its Gross Domestic Product (GDP) during FY 2018-19, lower than 7.2% in FY 2017-18. Having overcome the transitory hurdles of Goods & Services Tax (GST), the economy is well on its path to recovery with gradual revival in investments, sustained rise in consumption and credit growth recovery. Its macro-economic fundamentals continue to remain healthy too. Foreign Direct Investment (FDI) inflows in India stood at US$ 42 billion in 2018, underpinning the growing investor confidence in the Indian economy.

The Ease of Doing Business Report released by the World Bank indicates India having leapfrogged to the 77th rank among a total of 190 countries. A jump of 23 notches from the previous year is significant and is attributed to the implementation of bold and path-breaking reforms by the Government. Some of these include GST, Insolvency and Bankruptcy Code (IBC), FDI liberalization norms, Real Estate (Regulatory and Development) Act (RERA), and bank recapitalization program, among others. These structural reforms have helped improve the business climate and boosted growth prospects.

IMF has projected that the Indian economy will grow by 7.3% in FY 2019-20 and 7.5% in FY 2020-21. The Government has been intensifying its efforts towards creating better infrastructure, enhancing rural incomes and easing the liquidity and banking sector concerns. Accelerated resolution of Non-Performing Assets (NPAs) and unshackling of balance sheets of banks and financial institutions will strengthen the pace of economic expansion. Prediction of normal monsoon, income support package for farmers and relief for the middle-class will propel spending and consumption. Further, private consumption and investment will strengthen on the back of systemic credit flow, moderate inflation and accommodative monetary policy. With key indicators on track, the roadmap has been laid to make India a US$ 5 trillion economy by 2024.

Agriculture & Dairy Sector in India

Agriculture is the primary source of livelihood for about 58% of India's population. Gross Value Added (GVA) by agriculture, forestry and fishing is estimated at ₹ 18.55 trillion (US$ 271.00 billion) in FY 2018-19. The Indian food industry is poised for huge growth, increasing its contribution to world food trade each year owing to its immense potential for value addition, particularly within the food processing industry. The Indian food and grocery market is the world's sixth largest, with retail contributing to 70% of total sales. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India. It is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80% and 8.39% of GVA in Manufacturing and Agriculture, respectively, and contributes 13% of India's exports and 6% of the total industrial investment.

1. Dairy Processing Industry

India is the world's leading milk producing country, accounting for ~19% of the global market share. India's milk processing industry is expected to expand at a compound annual growth rate (CAGR) of ~14.8% between 2018 and 2023, thus reaching ₹ 2,458.7 billion in 2023. Being one of the primary dairy consumables in India, the increase in milk demand in the country is attributed to the increasing population. As of 2018, ~81.1% of the Indian dairy and milk processing market forms a part of the unorganized sector, which produces milk in an unhygienic environment. This reduces the overall quality and nutrition level of the milk produced. On account of this, the Indian dairy industry holds tremendous potential for the overall development. According to the latest report by IMARC Group, titled "Dairy Industry in India 2019 Edition: Market Size, Growth, Prices, Segments, Cooperatives, Private Dairies, Procurement and Distribution", the dairy market in India is valued at ₹ 9,168 billion in 2018.

Along with offering profitable business opportunities, the dairy industry in India serves as a tool of socio-economic development. Keeping this in view, the Government of India has introduced various schemes and initiatives aimed at the development of the dairy sector in the country:

- National Programme for Dairy Development (NPDD)
- National Dairy Plan (Phase-I)
- Dairy Entrepreneurship Development Scheme (DEDS)
- Support to Dairy Cooperatives
- Dairy Processing and Infrastructure Development Fund (DIDF)

This aims at improving cattle productivity and increasing milk production, expanding and strengthening rural milk procurement infrastructure and providing greater market access to farmers. On the other hand, private participation has increased in India's dairy sector over the past few years. Both national and international players are foraying into the dairy industry, attracted by the size and potential of the Indian market. There is increased focus on value-added products such as cheese, yogurt, and probiotic drinks. Innovative products are also getting introduced according to specific requirements of Indian consumers. They are also improving their milk procurement network, which is further facilitating the development of India's dairy industry. Moving forward, the market is expected to be valued at ₹ 21,971 billion by 2024, exhibiting a CAGR of around 16% during FY 2019-24.

Deterrents to Market Growth

Despite having a significant livestock base of milch animals, India lacks in terms of availability of cold storages, resulting in significant wastage of dairy output. Thus, the lack of sufficient storage facilities and inefficient distribution have been hampering growth of India's dairy and milk processing industry. Recurring droughts and floods are also affecting production of fodder in the country. Sufficient quantities of feed and fodder are a must for proper animal rearing and milk production. Lack of this, owing to high usage of agricultural crop residues by producers of fiberboard, paper and liquid fuels, affect dairy production and milk processing.

Challenges Faced in Dairy Processing

- High cost of milk production due to average milk yield of Indian cattle
- High cost of milk handling as it passes through several levels before pasteurization
- Poor quality of milk due to unhygienic and poor conditions of animal farms and dairies
- Substitutes like soya milk and coconut milk can replace farm cattle milk
- Middlemen are still in control of the majority of the milk procurement
- Gross lack of awareness among farmers about quality parameters
- Lack of efficient supply chain management
- Domination of unorganized players

Key Threats

- A large portion of India's population does not care about quality issues in milk
- Due to of high price sensitivity for dairy products, people are not willing to pay for quality
- Significant increase in maize prices can increase feed prices
- Large informal markets that extend credit are constraining farmers
- Low productivity and scattered production leading to high cost of transportation
- Emphasis on milk fat and not on SNF content maintaining relatively lower prices of milk

FMCG

The Fast-Moving Consumer Goods (FMCG) sector is India's fourth largest sector, with Household and Personal Care accounting for 50% of FMCG sales in India. Growing awareness, easier access and changing lifestyles have been the key growth drivers for the sector. The urban segment, which accounts for 55% revenue share, is the largest contributor to overall revenue generated by the FMCG sector. The FMCG market has been growing at a faster pace in rural India, compared with urban India, with the semi-urban and rural segments accounting for 50% of total rural spending. The sector touched revenues of ₹ 3.4 Lakh crore (US$ 52.75 billion) in 2018, which is estimated to rise to US$ 103.7 billion by 2020. The sector witnessed healthy FDI inflows of US$ 14.42 billion, during April 2000 to December 2018. This will bolster employment and supply chains and provide high visibility for FMCG brands in organized retail markets, propelling consumer spending and encouraging increased product launches.

2. Cattle Feed Industry

India is one of the largest global producers of animal feed, with an annual compounded feed production between 25-27 million MT. The animal feed industry is estimated to be worth US$ 30 billion by 2020. The industry is growing at a CAGR of 8% with poultry, cattle and aqua feed sectors being the major growth drivers. The industry is growing as it caters to the growing protein requirements of the country.

Cattle feed, a major ingredient of the animal feed industry, is currently evolving from a fragmented industry into an organized sector. The animal feed market in India, currently valued at ₹ 400.5 billion, is projected to reach ₹ 898.5 billion by 2024, growing at a CAGR of 14.3% during FY 2019-24, according to the report "Indian Animal Feed Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2019-24" by Research & Markets. India currently represents one of the fastest-growing animal feed markets in the world. The increasing demand for animal protein and dairy products has resulted in a growing livestock population in India, which has increased the demand for animal feed. In India, cattle accounts for 7.5 million tons of feed.

With one of the highest livestock population, India's cattle feed industry is not really tapping the entire potential of manufacturing feed for its animals. India is thus, an attractive destination for international cattle feed manufacturers to enter and meet the growing feed demand clearly indicating that the sector has high potential for further growth and replacing the huge segment of unorganized players from this market. The cattle feed business is currently already growing at a whopping CAGR of more than 30% since milk producers have started replacing the traditional feed with more nutritionally balanced compound feed, having realized the tangible benefits in terms of yield improvement.

Key Drivers for Growth in Cattle Feed Industry

- The population in India is expected to increase continuously in the medium and long terms. This will create a strong demand for eggs, meat, milk, etc., in turn increasing the demand for animal feed.
- The per capita meat and milk consumption is growing, especially in India and China. With changing income levels and with more people eating fish, meat and chicken, there will be a higher requirement of processed dairy, aqua dairy and dairy products, which will increase higher feed requirement.
- The feed sector is at an inflection point with the emergence of modern dairies ranging from 50 animals to upwards of 500 animals. Demand for animal protein and dairy products will increase compound feed consumption volumes to 28 million tons.
- The Indian government along with private initiatives are increasing the awareness of better feed practices among farmers. Farmers are getting more aware about animal health and the importance of a balanced and nutritional food for their animals.
- Apart from domestic consumption, Indian exports of animal feed are rising and will also represent an important growth driver during the next five years.
- Changing lifestyles and rising per capita incomes in India have resulted in a shift in the dietary habits in the country. This has resulted in an increase in the consumption of milk and meat, leading to a growing demand for animal feed.

Gradual Shift towards Compounded Cattle Feed:

- Shrinkage of open land for cattle grazing, urbanization and resultant shortage of conventionally used cattle feeds.
- Need for specialized feeds arising from the use of high yield cattle.
- Marked shift in eating habits of people due to urbanization, with an increased intake of milk and other cattle-based products.

Manufacturing of Modern Animal Feed products:

- By carefully selecting and blending ingredients to impart highly nutritional diets
- By increasing quality of end-products such as meat, milk, eggs
- By maintaining health of the animal

The feed manufacturers are increasingly adopting modern and sophisticated methods to incorporate global best practices. The country occupies the top position amongst the world nations in respect to livestock population in India and an expected growth rate of about 4%. Due to environmental and social changes, there has been a gradual shift from the age-old pattern to Compounded Cattle Feed (CCF). The concept of branded cattle feed as a packaged commodity is fast gaining popularity in India. The packaged feed possesses special features like hygiene, quality, convenience to handle, to its advantage. The Indian milk scenario has undergone a metamorphosis, thereby greatly increasing the per capita consumption of milk and sparking high demand for cattle feed.

Company's Business Overview

Prabhat Dairy Limited has been a strong regional player in milk and dairy products segment, with a strong base of milk procurement along with an institutional clientele. Incorporated in 1998, the Company's milk processing capacity stands at 1.5 million liters per day.

The Company's growth is directly linked with growth in the business of the large multinational companies that it caters to. In addition, the Company is also witnessing remarkable growth in its own consumer brand business, which has been growing with rising consumerism and increasing disposable incomes of Indian households. The Company is also hugely benefiting from a clear shift from the unorganized to organized and branded market and value-accretive products. This is what enabled the Company to enter into an agreement with France's Lactalis Group, one of the world's largest dairy players, to sell off its mainstay dairy business. The deal will help us pursue long-term growth objectives, strengthen its balance sheet, gain global expertise and global institutional relationships.

Foray into Cattle/Livestock Feed

The Company supplies under the Annapurna brand to dairy farmers, helping them select the right quality of feed to improve milk production and quality. It wants to develop its cattle feed business in various parts of the country and also foray into allied businesses such as animal nutrition, cattle feed, nutrition supplements and animal genetics.

The Company has entered into a joint development agreement with Denmark-based animal nutrition major DLG, which is engaged in high-quality vitamin mineral feeds for the livestock. With this agreement, it aims to create a strong presence in the animal nutrition market and driving diversification.

The Company seeks to strengthen its existing relationship with milk farmers and vendors by providing farmers with cattle feed and assisting with veterinary healthcare and vaccinations. It is increasingly focusing on use and implementation of modern technologies and automated operation processes.

Moving ahead, it is exploring opportunities for new ventures to strengthen its production chain and further build on their strong association with farmers.

Company's Financial Performance

The Company's financial performance has been deliberated in the Directors' Report.

As per SEBI's notification regarding Listing Obligations and Disclosure Requirements (Amendment) Regulations, 2018 dated 9th May 2018, your Company clarifies that there is no significant change (change of 25% or more as compared to the immediate previous financial year) in key financial ratios as suggested by SEBI.

The ratios are on a standalone basis and pertain to the Company's continuing operations:

	2018-19	2017-18
(i) Debtors Turnover (in days)	2.56	-
(ii) Inventory Turnover (in days)	1.32	11.25
(iii) Interest Coverage Ratio	-	-
(iv) Current Ratio	1.73	1.55
(v) Debt Equity Ratio	-	-
(vi) Operating Profit Margin (%)	4.0%	4.6%
(vii) Net Profit Margin (%)	2.6%	3.0%

Key Strengths of Prabhat Dairy

- Wide range of products
- State-of-the-art manufacturing facilities
- Strong supply partnership with over 1 Lakh farmers
- Close proximity to procurement and distribution areas
- Servicing a large community of dairy farmers
- Achieving operating leverage in key markets by unlocking potential efficiency
- Increasing sales and distribution network
- Increasing market share by enhancing capacity utilization of plant
- Identifying key market trends and introducing innovative and value-added products to cater to evolving needs of consumers

Growing Opportunities for Cattle Feed

- India is among the largest livestock producing countries
- Increase in population, creating growing demand for eggs, meat and milk, increasing demand for cattle feed
- Indian government increasing awareness of better feed practices among farmers
- Farmers being aware about animal health and importance of balanced and nutritional food for animals
- Growing need to improve production with better inputs
- Export of animal feed rising from India
- Changing lifestyle and rising per capita income in India resulting in shift in dietary habits, increase in consumption of milk and meat and leading to growing demand for animal feed

Threats, Risks & Concerns

The Indian dairy industry faces a few risks that can temporarily impact the business. Key risks which can impact our businesses:

- **Unfavorable local and global weather patterns:** These may have an adverse effect on our business results of operations: As an agri-based company, the businesses are sensitive to weather conditions, including extremes such as drought and natural disasters. The availability of raw material that is required for processing/ manufacturing and the demand and price for products may be adversely affected by drought conditions and more than normal rainfall. This can lead to an increase or decrease in prices of milk depending upon the availability. Occurrence of any unfavorable weather patterns may adversely affect business, results of operations and financial condition.

- **Availability of raw materials and arrangements with suppliers for raw material:** Each of the businesses depend on the availability of reasonably priced, high quality raw material in the quantities required by operations. The price and availability of such raw materials depend on several factors beyond your Company's control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, and similar threats.

- **Improper handling, processing or storage of raw materials or products:** The products that your Company manufactures, or processes are subject to risks such as contamination, adulteration and product tampering during their manufacture, transport or storage. Inherent business risks exist in form of product liability or recall claims in the event that products fail to meet the required quality standards or are alleged to result in harm to customers. Such risks may be controlled, but not eliminated, by adherence to good manufacturing practices, finished product testing and stabilizing adequate storage and distribution network. Although your Company has product liability insurance for some of its customers, it cannot assure that this insurance coverage is adequate or that any losses will be adequately compensated by our insurers in the event of a product liability claim.

- **Threat of new entrants in cattle feed and animal nutrition:** The animal feed industry has very poor regulatory affairs because of which the entry level barriers are quite low and hence a high threat of new entrants. This industry also has a high scope of getting more organized and imbibing better technology to make use of commercial feed because of which again the threat of new entrants is quite high.

- **Bargaining power of suppliers:** The suppliers in this industry are the feed millers as well as the big companies that buy from the feed millers and deal with the normal consumers with their final processed products. These companies have a high bargaining power as they decide the prices at which the feed will be sold in resonance with the prices of the cereal grains that are the major ingredients to animal feed. But when we look at the feed millers, their bargaining power is suppressed since the prices get decided by the bigger companies, and hence, they have to accept the prices at which to sell to these companies.

Internal Control Systems and Their Adequacy

Your Company remains committed to improve the effectiveness of internal control systems for business processes with regard to its operations, financial reporting and compliance with applicable laws and regulations. Your Company has a proper system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly.

Material Developments in Human Resources / Industrial Relations Front, including Number of People Employed

People Power

The Company considers human capital and its skilled and professional management team as its key pillar of growth. It ensures a safe, conducive and productive work environment. The HR policies continually strive towards attracting, retaining, and developing the best talent required for the business. The aim is to minimize attrition of high performers, especially amidst the rapidly evolving business environment.

The HR policies of the Company are aimed towards promoting a culture of innovation and hiring the right people. It endeavors to empanel people who can align with the culture and leadership and ensure longevity. Its HR policies include working together with employees for personal and professional development.

Training and employee motivation are also an integral part of its philosophy. High retention rate is achieved as capable employees are provided with ample growth opportunities and rewards to climb the corporate ladder. Employees are also rewarded for excellent work in day-to-day work through self-nomination or by a co-worker, thereby enhancing productivity and efficiency. As on 31st March 2019, the total strength of the Company's workforce stood at 803.

Cautionary Statement

This document contains statements about expected future events, 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 Prabhat Dairy's Annual Report, 2018-19.

Directors' Report

Dear Members,

Your Directors are pleased to present the Twenty-First Annual Report on the business and operations of the Company together with the Audited Financial Statements of your Company for the year ended March 31, 2019.

1. Corporate Overview

Prabhat Dairy Limited ("Your Company" or "The Company") is a leading and consistently growing Indian Dairy Company which has started its identity and continued having a strong long term association with leading institutional clientele and now over years making its niche under its own brand with consumers. Prabhat had its manufacturing facilities at Shrirampur, Dist, Ahmednagar and at Vashi, Navi Mumbai and corporate office at Vashi, Navi Mumbai.

2. Financial Results (Standalone and Consolidated)

A summary of the Company's Financial Results for the Financial Year 2018-19 is as under:

(Amount – ₹ In Lakhs)

Particulars	Standalone		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue from Operations	**7,153.54**	2,747.21	**23,872.13**	2,754.63
Other Income	**Nil**	Nil	**0.38**	0.30
Total Income	**7,153.54**	2,747.21	**23,872.51**	2,754.93
Total Expenses	**6,870.14**	2,621.45	**23,611.43**	2,630.74
EBITDA	**283.40**	125.76	**270.08**	124.19
Depreciation and Amortisation	**Nil**	Nil	**Nil**	Nil
EBIT	**283.40**	125.76	**270.08**	124.19
Interest and Finance Cost	**Nil**	Nil	**9**	0
EBT (before exceptional item)	**283.40**	125.76	**261.08**	124.19
PBT	**283.40**	125.76	**261.08**	124.19
Taxes Expenses /(credit)	**95.83**	43.52	**265.13**	42.98
Profit / (Loss) for year from continuing operations	**187.57**	82.24	**(4.05)**	81.21
Profit/ (Loss) before tax from discontinued operations	**277.38**	1,942.41	**3,814.58**	5,241.99
Taxes Expenses /(credit) of discontinued operations	**200.30**	(134.25)	**1,074.96**	(595.69)
Profit/ (Loss) for the year from discontinued operations	**477.68**	1,808.16	**4,889.54**	4,646.30
Net Profit/ (Loss) for the year	**665.25**	1,890.40	4,885.49	4,727.51
Other comprehensive income (net of tax) from discontinued operations	**26.49**	4.03	**31.11**	8.77
Total comprehensive income (10 + 11)	**691.74**	1,894.43	**4916.60**	4,736.28
Earnings per share (of ₹ 10 each) (not annualised): From continuing and discontinuing operation (₹)	**0.71**	1.94	**5.03**	4.85

3. Financial Performance

Your Company reported revenue from operations on a standalone basis of INR 7,153.54 Lakhs compared with INR 2,747.21 Lakhs in the previous year thereby registering a growth of 161%. The Company has classified all its assets & liabilities of the dairy business as "Held for sale" w.e.f. January 21, 2019 as per the requirements of Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Since, the Fair value is greater than carrying value less cost to sell, the assets held for sale are carried at their respective book values. The company has not depreciated or amortised non-current assets held for sale as per the requirements of IND AS 105.

Similarly, the Company has disclosed a single amount in the statement of profit and loss comprising the total of the post-tax profit or loss of discontinued operations separately from the results from continuing operations as per the requirements of IND AS 105. Moreover, the Company has also re-presented the above disclosures for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

4. Material Changes and Commitments

The Company has, along with its wholly owned subsidiary Cheese land Agro (India) Private Limited, sold entire of its investment in shares of Sunfresh Agro Industries Private Limited to Tirumala Milk Products Private Limited by entering into Share Purchase Agreement ("SPA") dated 21st January, 2019. Also, the company has sold its dairy business to Sunfresh Agro Industries Private Limited on slump sale basis by entering into Business Transfer Agreement dated 21st January, 2019. The total consideration received is to the extent of ₹ 1700 crores (Rupees One Thousand Seven Hundred Crores only) which is subject to customary closing adjustments. The transaction of actual sale and purchase of shares & sale of dairy business was successfully closed on April 10, 2019, i.e, after closure of books of accounts for Financial Year 2018-19. Further the Company had mentioned in its disclosures that a substantial portion of the proceeds from the sale shall be shared with shareholders after meeting the customary closing adjustments, tax and transaction costs obligations. The funds received on sale are kept in Escrow account which operates on the decision of "Transaction Committee" which is formed by the Board of Directors to monitor, oversee and manage the funds received on completion of the aforesaid transaction. The Committee comprises of 3 Independent Directors namely: Mr. Rajesh Srivastava, Mr. Anoop Krishna and Mr. B. Soundararajan and 2 Promoter Directors namely Mr. Sarangdhar Nirmal and Mr. Vivek Nirmal. Currently the Company is in process of closing the customary adjustments and transition of the business to Sunfresh Agro Industries Private Limited. Post an informed decision shall be taken by the Transaction committee on the distribution of proceeds of the sale to the shareholders and necessary announcements shall be made by the Company.

Change in name and objects clause of Memorandum of Association and appointment of new Directors

Post the sale of dairy business, the Company shall venture in the business of cattle feed and animal nutrition for which the Company has proposed to the shareholders to approve the change in object clause of memorandum of association and change in name of the Company from "Prabhat Dairy Limited" to "Prabhat Agrivet Industries Limited". In addition to this, the existing shareholders had recommended the appointment of Dr. Bhaskar Gaikwad, Dr. Abdul Samad and Mr. Vaibhav Parjane as Directors of the Company by providing a deposit of ₹ 1,00,000/- (Rupees One Lakh) per director as per the provisions of the Companies Act, 2013.

The extra ordinary general meeting for the change in the name of the Company, to amend the object clause of the Memorandum of Association and for the appointment of the above mentioned persons as Non-Executive Directors was scheduled on 29th May, 2019.

However, the scrutinizers report for the voting results is awaited for the same.

Other than above mentioned transaction, there have been no other material changes and commitments affecting the financial position of the Company, which have accrued between the end of the financial year and the date of this Report.

5. Dividend And Reserves

In order to conserve the resources for business of the Company, your Directors do not recommend any dividend for the year 2018-19 nor do they propose for transfer of any amount towards reserves.

6. Share Capital

The paid up equity share capital as at March 31, 2019 stood at INR 9767.61 Lakhs. During the year under review, there was no public, rights, preferential or bonus issue. Also, the Company has not issued any shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2019, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

7. Finance and Accounts

During the year under review, the rating agency ICRA maintained the "A+" rating for the Company's long term and short term borrowings.

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended March 31, 2019 has 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 estimates and judgements relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2019.

8. Performance of Subsidiary Companies

As on March 31, 2019, your Company has the following 2 subsidiaries:

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

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

From the year 2019-20, the company has only one subsidiary company namely, Cheese Land Agro (India) Private Limited.

The Company with Cheese Land Agro (India) Private Limited has filed an application for merger under Section 233 of Companies Act, 2013. All the relevant forms CAA9, CAA10 and CAA 11 have been filed with the regulatory bodies - Registrar of Companies, Office of Official Liquidator and Regional Director.

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 particulars of subsidiaries as on March 31, 2019 have been included in AOC-1 which is annexed to this Report as Annexure - 1. The Consolidated Financial Statements of the Company are prepared in accordance with the relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and forms an integral part of this Report. 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.prabhat-india.in 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.prabhat-india.in/InvestorDesk.

9. Management Discussion and Analysis Report

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in a separate section and forms an integral part of this Report.

10. Corporate Governance

As per Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

11. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is annexed as Annexure – 2 and forms an integral part of this Report.

12. Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. Sarangdhar R. Nirmal, Chairman and Managing Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting. Brief profile of Mr. Sarangdhar R. Nirmal has been given in the Notice convening the Annual General Meeting.

Mr. Haresh Shah had resigned as an Independent Director of the Company on account of his other professional commitments and business exigencies effective from May 14, 2018. The Board places on record its sincere appreciation for the services rendered by Mr. Haresh Shah during his tenure as an Independent Director of the Company.

Your Board based on the recommendation of Nomination and Remuneration Committee, had co-opted Mr. Anoop Krishna as an Additional Independent Director of the Company effective from July 30, 2018 in accordance with the provisions of section 161 and 149 of the Companies Act, 2013. Mr. Anoop Krishna was then duly appointed as an Independent Director of the Company at the Annual General Meeting for a period of three consecutive years calculated with effect from July 30, 2018.

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

The Company has formulated a policy on 'Familiarisation Programme for Independent Directors' which is available on the Company's website at www.prabhat-india.in/InvestorDesk.

13. Number of Meetings of the Board

A calendar of meetings is prepared and circulated in advance to the Directors. The details of the number of meetings of the Board of Directors held during the financial year 2018-19 forms part of the Corporate Governance Report.

14. Secretarial Standards

The Company complies with all the mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

15. Key Managerial Personnel

The following are the Key Managerial Personnel of the Company:

(a) Mr. Sarangdhar R. Nirmal, Chairman and Managing Director

(b) Mr. Vivek S. Nirmal, Joint Managing Director

(c) Mr. Raviraj Vahadane, Chief Financial Officer

(d) Ms. Priya Nagmoti, Company Secretary (resigned on 10th October, 2018)

(e) Ms. Dipti Todkar, Company Secretary (appointed w.e.f. 11th October, 2018)

16. Committees of the Board

The Board of Directors has the following Committees:

(a) Audit Committee

(b) Nomination and Remuneration Committee

(c) Stakeholders' Relationship Committee

(d) Corporate Social Responsibility Committee

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

17. 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 performance evaluation of the Independent Directors was completed during the year under review. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors and Non-Executive Directors. The Board of Directors expressed their satisfaction with the evaluation process.

18. Particulars of Loans, Guarantees or Investments by the Company

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to Financial Statements.

19. Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism named 'Whistle Blower Policy' to deal with instances of fraud, mismanagement, etc. and provides an opportunity to the employees and Directors of the Company to report genuine concerns or grievances for redressal. The Whistle Blower Policy has been posted on the website of the Company viz. www.prabhatdairy.in/Investor Desk. During the year under review no complaint was received by your company under the vigil mechanism.

20. Nomination and Remuneration Policy

The Board of Directors has 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 also lays down criteria for selection and appointment of Board Members. The details of this policy have been posted on the website of the Company viz. www.prabhatdairy.in/InvestorDesk

21. Related Party Transactions

All transactions entered with Related Parties for the year under review 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, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are mentioned in the Notes to the Financial Statements. 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 are placed before the Audit Committee for approval. Prior Omnibus approval of the Audit Committee was obtained on a yearly basis for transactions which were of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all Related Party Transactions are placed before the Audit Committee for review on a quarterly basis.

The particulars of Related Party Transactions in prescribed Form AOC – 2 are annexed as Annexure - 3 and forms an integral part of this Report.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company viz. www.prabhat-india.in/InvestorDesk. None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company except remuneration and sitting fees.

22. Significant and Material Orders Passed by the Regulators or Courts

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

23. Directors' Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained by us in normal course of our discharge of duties, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

(i) that in the preparation of the Annual Accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) the directors had selected such accounting policies and applied them consistently and made judgements 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, 2019 and of the profit of the Company for the year ended on that date;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

(v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls ate adequate and were operating effectively; and

(vi) 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.

24. Auditors

(a) Statutory Auditor

M/s. M S K A & Associates, Chartered Accountants (ICAI Firm Registration No. 105047W) are the statutory auditors of the Company and they have been appointed to hold office till the conclusion of the Twenty Fourth Annual General Meeting of the Company.

As required under the Listing Regulations, M/s. M S K A & Associates, the auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

There is no audit qualification, reservation or adverse remark in the Auditors' Report on the financial statements of the Company for the year under review.

(b) Cost Auditor

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to various milk products which are subject to cost audit every year and has submitted the report to the Central Government.

However after the sale of dairy business, the cost audit is not applicable for the Company.

(c) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board has appointed M/s. Shravan A. Gupta & Associates, a firm of Company Secretaries in Practice (ICSI C.P. No. 9990), a firm of Company Secretaries in Practice (C.P.No.2956) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as Annexure – 4 and forms an integral part of this Report.

There is no secretarial audit qualification for the year under review.

25. Internal Control Systems and their Adequacy

Your Company has an effective internal control and risk mitigation system, which is constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to M/s. Kirtane & Pandit LLP, a reputed firm of Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Audit Committee.

26. Risk Management

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the Company is exposed to are:

Financial risks

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigation strategy to minimize financial, liquidity and interest cost risks.

Credit risks

There may be situations in any business where the Company may not be able to make recoveries from its customers and in order to mitigate these risks the Company is adopts a judicious process of evaluating a customer before giving credit.

Commodity price risks

The Company is exposed to the risk of price fluctuations of raw materials as well as finished goods. The Company, proactively manages these risks through cost plus contracts, inventory management and proactive vendor development practices. The Company's reputation for quality, product differentiation and service, coupled with the existence of long term relationship with its institutional customers mitigates the impact of price risk on finished goods.

Quality Risks

The products manufactured by the Company are perishable in nature and requires proper storage and distribution network, otherwise the risks of contamination is there. The Company has taken effective steps by way of monitoring quality right from receiving raw materials till production and dispatch and also provides required training at distribution centres to maintain product quality intact. The Company has also taken product liability insurance to partly cover these risks.

Regulatory risks

The Company is exposed to risks attached to various statutes, laws and regulations. The Company is mitigating these risks through regular review of legal compliances carried out through internal as well as external compliance audits.

Technology Risks

The Company is exposed to risks associated with adoption of technology. The Company is mitigating these risks through regular review of latest technologies available in the market and globally and accordingly take the decision without any delay.

Human resource risks

Retaining the existing talent pool and attracting new talent are major risks. The Company has initiated various measures including rolling out strategic talent management system, training and integration of learning and development activities. The Company also identify, nurture and groom managerial talent within the Group to prepare them for future business leadership.

Strategic risks

Emerging businesses, new product development, geographical expansion, etc. are normal strategic risks faced by the Company. However, the Company has well defined processes and procedures for obtaining approvals for investments in new products, entering new markets, etc.

27. Corporate Social Responsibility (CSR)

As a part of its initiative under the "Corporate Social Responsibility" (CSR) drive, the Company has undertaken projects in the areas of animal welfare, rural development projects, self sustaining livelihood projects, women empowerment, enhancing vocational skills, etc. 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. These projects are largely in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy.

The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure - 5 and forms an integral part of this Report.

The details of the CSR Committee and CSR Policy are available on the Company's website at www.prabhat-india.in/InvestorDesk.

28. Environment and Safety

The Company is conscious of the importance of environmentally clean and safe operations. 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 preservation of natural resources.

29. Anti-Sexual Harassment Policy

The Company has in place, an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. To build awareness in this area, the Company has been carrying out induction/ refresher programmes in the organisation on a periodical basis.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The following is a summary of sexual harassment complaints received and disposed off during the year 2018-19:

- Number of complaints received - Nil
- Number of complaints disposed off - N.A.

30. Human Resources and Industrial Relations

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on key result areas (KRAs) are in place for senior management staff. The Company is committed to nurturing, enhancing and retaining its talent through superior learning and organizational development. This is a part of our Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in the long run.

31. Statutory Information

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure - 6 and forms an integral part of this Report.

The Disclosure required under Section 197(12) of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as Annexure - 7 and forms an integral part of this Report. A statement comprising the names of top 10 employees in terms of remuneration drawn and every person employed throughout the year, who were in receipt of remuneration in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as Annexure – 8 and forms an integral part of this report. The above Annexure 8 is not being sent along with this annual report to the members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by Members at the Registered Office of the Company, 21 days before and upto the date of the ensuing Annual General Meeting during the business hours on working days. None of the employees listed in the said Annexure - 8 is a relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

The Company had no unpaid / unclaimed deposits as on March 31, 2019. The Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

32. Business Responsibility Reporting

The Business Responsibility Report as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year 2018-19.

33. Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, Tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

34. Appreciation

Your Directors wish to place on record their appreciation, for the value added contributions made by the employees at all levels but for whose hard work, and support, your Company's achievements would not have been possible. Your Directors also wish to place on record their appreciation for the continued support extended by the Company's customers, dealers, agents, suppliers, investors, bankers and government and local authorities.

Your Directors would also like to thank all the shareholders for continuing to repose faith in the Company and its future.

For and on behalf of the Board

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

Place: Shrirampur
Date: 30/05/2019

Annexure - 1

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

1.	Name of the subsidiary	Sunfresh Agro Industries Private Limited (CIN: U01122PN2007PTC129505)	Cheese Land Agro (India) Private Limited (CIN:U15209PN2010PTC136135)
2.	The date since when subsidiary was acquired	03/04/2011	01/04/2011
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	March 31, 2019	March 31, 2019
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	₹	₹
5.	Share capital	Authorised Share Capital : 53,446,020 Equity shares of ₹ 10/- each = ₹ 534,460,200/- 11,553,980 Preference shares of ₹ 10/- each = ₹ 115,539,800/- TOTAL = ₹ 650,000,000 Issued, Subscribed and Paid up: 53,007,184 Equity shares of ₹ 10/- = ₹ 530,071,840 11,553,980 0.01% Compulsary Convertible Preference shares of ₹ 10/- each = ₹ 115,539,800/- TOTAL = ₹ 645,611,640	Authorised Share Capital : 3,250,000 Equity shares of ₹ 10/- each = ₹ 32,500,000 Issued, Subscribed and Paid up : 3,000,000 Equity shares of ₹ 10/- each = ₹ 30,000,000
6.	Reserves and surplus	33986.93	3098.67
7.	Total assets	72666.56	5214.24
8.	Total Liabilities	33378.91	1815.57
9.	Investments	0.32	0.00
10.	Turnover	109705.61	16718.97
11.	Profit before taxation	2661.87	(22.33)
12.	Provision for taxation	810.28	(405.06)
13.	Profit after taxation	1851.59	382.73
14.	Proposed Dividend	NIL	NIL
15.	Extent of shareholding (in percentage)	100%	100%

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

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

For and on behalf of Prabhat Dairy Limited

Sarangdhar R. Nirmal
Chairman and Managing Director
DIN:00035234

Vivek S. Nirmal
Joint Managing Director
DIN:00820923

Raviraj Vahadane
Chief Financial officer

Dipti Todkar
Company Secretary
Membership No. : A21676

Date: 30th May, 2019
Place: Shrirampur

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 or Joint Ventures	Name 1	Name 2	Name 3
1. Latest audited Balance Sheet Date		NOT APPLICABLE	
2. Date on which the Associate or Joint Venture was associated or acquired			
3. Shares of Associate or Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates or Joint Venture			
Extent of Holding (in percentage)			
4. Description of how there is significant influence			
5. Reason why the associate/joint venture is not consolidated			
6. Networth attributable to shareholding as per latest audited Balance Sheet			
7. Profit or 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 - NA
2. Names of associates or joint ventures which have been liquidated or sold during the year- NA

For and on behalf of Prabhat Dairy Limited

Sarangdhar R. Nirmal
Chairman and Managing Director
DIN:00035234

Vivek S. Nirmal
Joint Managing Director
DIN:00820923

Raviraj Vahadane
Chief Financial officer

Dipti Todkar
Company Secretary
Membership No. : A21676

Date: 30th May, 2019
Place: Shrirampur

Annexure - 2

FORM NO. MGT-9

Extract of Annual Return as on March 31, 2019

[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	:	L01100PN1998PLC013068
(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	:	Gat No. 122, At Post Ranjankhol, Tilaknagar Taluka Rahata, Dist Ahmednagar – 413720 Tel No. 02422- 265995
(vi)	Whether listed Company (Yes / No)	:	Yes
(vii)	Name, address and contact details of Registrar and Transfer Agent, if any	:	Karvy Fintech 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: einward.ris@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	21.1%
2.	Milk	10501	49.2%
3.	Milk Powders	10502	14.8%
4.	Condensed Milk	10502	1.8%

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)

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 01/04/2018				No. of Shares held at the end of the year i.e. on 31/03/2019				% 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	48935584	0	48935584	50.10	48935584	0	48935584	50.10	0
(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)	**48935584**	**0**	**48935584**	**50.10**	**48935584**	**0**	**48935584**	**50.10**	**0**
(2) Foreign									
(a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**48935584**	**0**	**48935584**	**50.10**	**48935584**	**0**	**48935584**	**50.10**	**0**
B. Public Shareholding									
1. Institutions									
(a) Mutual funds	5646461	0	5646461	5.78	3357128	0	3357128	3.44	-2.34
(b) Banks / FI	70479	0	70479	0.07	198598	0	198598	0.20	0.13
(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	7377276	0	7377276	7.55	5187019	0	5187019	5.31	-2.24
(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)	**13094216**	**0**	**13094216**	**13.41**	**8742745**	**0**	**8742745**	**8.95**	**-4.45**
2. Non-Institutions									
(a) Bodies Corporate									
(i) Indian	8493035	0	8493035	8.70	9082954	0	9082954	9.3	0.6
(ii) Overseas	22515473	0	22515473	23.05	22515473	0	22515473	23.05	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3565604	3753	3569357	3.65	5356746	3	5356749	5.48	1.83
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	773231	0	773231	0.79	2506215	0	2506215	2.57	1.77

Category of Shareholders	No. of Shares held at the beginning of the year i.e. on 01/04/2018				No. of Shares held at the end of the year i.e. on 31/03/2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c) Others:									
(j) Clearing Members	51882	0	51882	0.05	207847	0	207847	0.21	0.16
(ii) Non Resident Indians	192987	0	192987	0.20	255287	0	255287	0.26	0.06
(iii) NRI Non-Repatriation	50366	0	50366	0.05	73277	0	73277	0.08	0.02
(iv) Trusts	0	0	0	0.00	0	0	0	0	0
Sub-total (B)(2)	35642578	3753	35646331	36.49	39997799	3	39997802	40.95	4.45
Total Public Shareholding (B) = (B)(1) + (B)(2)	48736794	3753	48740547	49.90	48740544	3	48740547	49.90	0
C. Shares held by Custodianfor GDRs and ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	97672378	3753	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 01/04/2018			Shareholding at the end of the year on 31/03/2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares of the Company	
1	Sarangdhar R. Nirmal, Trustee of Nirmal Family Trust	45560584	46.64	21.92	45560584	46.64	29.99	0
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	1.15	1125000	1.15	Nil	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	45560584	46.64	45560584	46.64
	Sold during the year	0	0	0	0
	Bought during the year	0	0	0	0
	At the end of the year	45560584	46.64	45560584	46.64
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
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

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
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	14038044	14.37	14038044	14.37
	Bought during the year	0	0	14038044	14.37
	Sold during the year	0	0	14038044	14.37
	At the end of the year	14038044	14.37	14038044	14.37
2.	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
3.	Vistra ITCL India Ltd				
	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	7391226	7.57
	At the end of the year	7391226	7.57	7391226	7.57
4	Mondrian Emerging Markets Small Cap Equity Fund				
	At the beginning of the year	1817571	1.86	1817571	1.86
	Bought during the year	783571	0.78	2581142	2.64
	Sold during the year:	170000	0.17	2431142	2.49
	At the end of the year	2431142	2.49	2431142	2.49
5	Sundaram Alternative Opportunities Fund – Nano Cap				
	At the beginning of the year	2135836	2.19	2135836	2.19
	Bought during the year	0	0	2135836	2.19
	Sold during the year	20872	0.02	2114964	2.17
	At the end of the year	2114964	2.17	2114964	2.17
6	Ontario Pension Board – Mondrian Investment Partner				
	At the beginning of the year	1046692	1.07	1046692	1.07
	Bought during the year	708375	0.80	1755067	1.8
	Sold during the year	0	0	1755067	1.8
	At the end of the year	1755067	1.8	1755067	1.8
7	DSP BLACKROCK SMALL CAP FUND				
	At the beginning of the year	2116611	2.17	2116611	2.17
	Bought during the year	0	0	2116611	2.17
	Sold during the year	2116611	2.17	0	0
	At the end of the year	0	0	0	0
8	Wasatch Micro Cap Fund				
	At the beginning of the year	1500000	1.54	1500000	1.54
	Bought during the year	0	0	1500000	1.54
	Sold during the year	1500000	1.54	0	0
	At the end of the year	0	0	0	0

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
9	Wasatch Emerging India Fund				
	At the beginning of the year	1394855	1.43	1394855	1.43
	Bought during the year	0	0	1394855	1.43
	Sold during the year	1394855	1.43	0	0
	At the end of the year	0	0	0	0
10	Alquity Sicav - Alquity Indian Subcontinent Fund				
	At the beginning of the year	805287	0.82	805287	0.82
	Bought during the year	795559	0.81	1600846	1.64
	Sold during the year	1600846	1.64	0	0
	At the end of the year	0	0	0	0
11	Sundaram Alternative Opportunities Fund - Nano Cap				
	At the beginning of the year	694000	0.71	694000	0.71
	Bought during the year	0	0	694000	0.71
	Sold during the year	6850	0.01	687150	0.70
	At the end of the year	687150	0.70	687150	0.70
12	Sundaram Mutual Fund A/C Sundaram Long Term Micro				
	At the beginning of the year	700014	0.72	700014	0.72
	Bought during the year	0	0	700014	0.72
	Sold during the year	145000	0.15	555014	0.57
	At the end of the year	555014	0.57	555014	0.57
13	Sykes & Ray Equities (I) Ltd				
	At the beginning of the year	315	0		
	Bought during the year	496284	0.51	496599	0.51
	Sold during the year	103951	0.11	392648	0.40
	At the end of the year	392648	0.40	392648	0.40
14	Emerging Markets Core Equity Portfolio				
	At the beginning of the year	246316	0.25	246316	0.25
	Bought during the year	14456	0.01	260772	0.27
	Sold during the year	0	0	260772	0.27
	At the end of the year	260772	0.27	260772	0.27

(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

V. INDEBTEDNESS:

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

(INR in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount as on 01.04.2018	12,714.58	-	-	12,714.58
ii) Interest due but not paid as on 01.04.2018	-	-	-	-
iii) Interest accrued but not due as on 01.04.2018	-	-	-	-
Total (i+ii+iii)	**12,714.58**	**-**	**-**	**12,714.58**
Change in Indebtedness during the financial year 2018-19				
* Addition	23,259.36	-	-	23,259.36
* Reduction				
Net Change	**23,259.36**	**-**	**-**	**23,259.36**
Indebtedness at the end of the financial year: 31.03.2019				
i) Principal Amount	35,973.94	-	-	35,973.94
ii) Interest accrued on loans but not paid	-	-	-	-
iii) Interest accrued but not due	45.79	-	-	45.79
Total (i+ii+iii)	**36,019.73**	**-**	**-**	**36,019.73**

@ 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:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total amount (INR in Lakhs)
		Mr. Sarangdhar R. Nirmal (INR in Lakhs)	Mr. Vivek S. Nirmal (INR in Lakhs)	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 (INR in Lakhs)	22.00	2.00	24.00
	(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
5.	Sweat Equity	Nil	Nil	Nil
6.	Commission: - As % of profit - Others, specify	Nil	Nil	Nil
7.	Others, please specify	Nil	Nil	Nil
	Total (A)	22.00	2.00	24.00
	Ceiling as per the Act	74.31	74.31	

B. Remuneration to other Directors:

(INR in Lakhs)

Sr. No	Particulars of Remuneration	Name of Directors						Total amount
		Mr. Ashok Sinha	Mr. Haresh Shah	Mr. B. Soundararajan	Mrs. Seemantinee Khot	Mr. Rajesh Srivastava	Mr. Anoop Krishna	
1	**Independent Directors:**							
	Fee for attending Board / Committee meetings	2.5	Nil	0.75	3.00	2.25	1.75	10.25
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	2.5	Nil	0.75	3.00	2.25	1.75	10.25

(INR in Lakhs)

Sr. No	Particulars of Remuneration	Name of Directors						Total amount
		Mr. Ashok Sinha	Mr. Haresh Shah	Mr. B. Soundararajan	Mrs. Seemantinee Khot	Mr. Rajesh Srivastava	Mr. Anoop Krishna	
2	Other Non-Executive Directors:							
	Fee for attending Board / Committee meetings	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
	Commission	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
	Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
	Total (2)	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	
	Total (B) = (1+2)	**2.5**	**Nil**	**0.75**	**3.00**	**2.25**	**1.75**	**10.25**
	Total Managerial Remuneration	₹ 24.00 lakhs and sitting fees of ₹ 10.25 lakhs						
	Overall Ceiling as per the Act	₹ 74.31 lakhs and sitting fees is ₹ 1,00,000 per meeting per director						

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

(INR in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		CMD	CEO	CFO	Company Secretary	Company Secretary	
		Mr. Sarangdhar R. Nirmal	Mr. Vivek S. Nirmal	Mr. Raviraj Vahadane	Ms. Dipti Todkar (w.e.f Oct.11, 2018)	Ms. Priya Nagmoti (upto Oct.10, 2018)	
1	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	24.00	2.00	18.11	10.21	18.85	73.17
	(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	24.00	2.00	18.11	10.21	18.85	73.17

* Mr. Raviraj Vahadane is also acting as the Chief Financial Officer of Sunfresh Agro Industries Pvt. Ltd. ('SAIPL'), a wholly owned subsidiary of the Company and a remuneration of INR 16.72 Lakhs has been paid to him by SAIPL during FY 2018-19.

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					
Punishment	--------------Not applicable---------------------				
Compounding					
B. DIRECTORS					
Penalty					
Punishment	----------------Not applicable---------------------				
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment	-----------------------Not applicable-----------------				
Compounding					

Annexure - 3

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:

Sr 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 (INR 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 01, 2018 to 31st March, 2019	64,217.43	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		81,095.33		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 01, 2018 to 31st March, 2019	5513.95		Nil

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

Sarangdhar R. Nirmal
Chairman and Managing Director
DIN:00035234

Place : Shrirampur
Date : 30/05/2019

Annexure - 4

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

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

To
The Board of Directors
M/s. PRABHAT DAIRY LIMITED
CIN: L01103PN1998PLC013068
121/2A, At Post Ranjankholrahata Ahmednagar
Shrirampur 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 to me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2019 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 (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014; Not Applicable

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

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

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

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

(i) The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulation, 2015;

(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 Foreign Exchange Management Act, 1999

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 CGST Act, 2017

m. Central Excise Act, 1944

n. The Financial Act, 1994

o. Intellectual Property Act 2008

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. Sexual Harassment Act 2013

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

I 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 a holding of following companies. The company has Non Government Company /Non financial company.

a) Sunfresh Agro Industries Private Limited

b) Cheese Land Agro (India) Private Limited

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

I 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.

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

I 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) Appointment of Independent Directors.

I 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 advanced loans, given guarantees and provided securities are within the limit as specified under the Act. And 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 under the various state and local laws as applicable to the company are valid as on the date of report.

i) The Company has not issued and allotted the securities to the persons-entitled thereto and has also issued letters and certificates thereof as applicable to the concerned persons its shares 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.

Name of the statute	Nature of dues	Amount ₹	Period to which the amount relates	Forum where dispute is pending
The Income tax act 1961	Income tax	35,59,636/-	A.Y 2007-08	Commissioner of Income Tax (Appeals), Pune
The Income tax act 1961	Income tax	28,25,447/-	A.Y 2009-10	Commissioner of Income Tax (Appeals), Pune
The Income tax act 1961	Income tax	1,13,79,666/-	A.Y 2011-12	Deputy Commissioner of Income tax, Ahmednagar
The Income tax act 1961	Income tax	2,57,02,170/-	A.Y 2012-13	Commissioner of Income Tax (Appeals), Pune

k) The Company has complied with the provisions of the Securities Exchange Board of India (Listing Obligation & Disclosure Requirement) Regulation, 2015 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.

m) The MCA, SEBI, (any other regulatory authority) carried out inspection of the company during the year and there are no major findings/and the major findings are given below:

Shravan A. Gupta & Associates
Practicing Company Secretary

Sd/-
Place: Mumbai **Shravan A. Gupta**
Date: 30th May, 2019 ACS: 27484, CP: 9990

Annexure - 4A

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

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

To
The Members
M/s. SUNFRESH AGRO INDUSTRIES PRIVATE LIMITED
CIN: U01122PN2007PTC129505
Gat No. 121/2A, At Post Ranjankhot Taluka Rahata,
Shrirampur, 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. SUNFRESH AGRO INDUSTRIES PRIVATE 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 our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2019 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 there under; - **Not Applicable as there was no Foreign Direct Investment (FDI), Overseas Direct Investment (ODI), External Commercial Borrowing (ECB).**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); **Not Applicable as Company is Not Listed**

(vi) The other laws as are applicable specifically to the Company are complied as per representation made by the management of company during the period under review.

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

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

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

I further report that, during the year under review:

The Board of Directors of the Company is duly constituted with proper balance of Executive, 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.

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

I further report that during the Audit period, the Company has undertaken event/action having a major bearing on the Companies affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above viz.:-

- Reclassification of Non-Cumulative Redeemable Preference Shares to Compulsorily Convertible Preference shares

I further report that during the Audit process, the Company has complied with Companies Act, 2013 and has undertaken the following during the period under review:-

- Appointment/Resignation of Company Secretary of the Company.

- Change in Director of the Company

Shravan A. Gupta & Associates
Practicing Company Secretary

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

Place: Mumbai
Date: 30th May, 2019

Annexure - 5

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.prabhat-india.in/InvestorDesk
3. The following is the Composition of the CSR committee as on March 31, 2019:

   Mrs. Seemantinee Khot, Chairperson (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 (INR in Lakhs)
2015-16	1,296.21
2016-17	1,343.62
2017-18	1554.30
Total	4194.13
Average	1398.04

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

   ₹ 27. 96 Lakhs (Rupees Twenty- seven Lakhs Ninety six 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 : ₹ 27.96 Lakhs

   (b) amount unspent, if any : NIL

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

(INR in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Cattle Breeding & Development Program	Animal Welfare	Dist. Ahmednagar, Maharashtra	30.66	30.66	30.66	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

(INR in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
2	Veterinary Services (Preventive Healthcare, Extension and Promotion Activities)	Animal Welfare	Dist. Ahmednagar, Maharashtra	4.36	4.36	4.36	Through NGO i.e. Nirmal Rural Multipurpose Institution registered under Bombay Public Trusts Act, 1950 under registration no. F/2446 Ahmednagar
3	Promotional Activities	Rural Development Projects and Animal Welfare		0.28	0.28	0.28	Direct
	TOTAL			35.30	35.30	35.30	

*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, 2019.

Seemantinee Khot
Chairperson, CSR Committee
DIN: 07026548

Sarangdhar R. Nirmal
Chairman & Managing Director
DIN: 00035234

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 2018-19 are:**

   a) Installed and commissioned new 30 TPH Steam Generation 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.

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

      a) Coal Consumption reduction by 25%

      b) Improved Operational safety

      c) Manpower Optimization

      d) Improved Efficiency & Uptime of High Pressure pump

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: -

1. High pressure pump installation at 30TPD Dryer for efficiency and uptime improvement
2. In Nov'18, Paneer manufacturing plant observed expansion from 5 MT to 6.5 MT per day by putting new coagulation vats & advanced automation with technical support by Advent Foodtech
3. Prabhat consumer paneer launched in Jul'18 with 60 days' shelf life, using high speed Thermoform Machine by Multivac.

(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.

1. Improved efficiency of High Pressure pump
2. Uptime improved due to more precise controlling mechanism

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

C. Research and Development (R&D)

Details of new product developments are as follows:

1. Development of Table butter in 500 gm. and 100 gm. SKU
2. Development of Skimmed Milk Curd
3. Development of flavored milk in Pet bottles for three different variants.
   a) Butter Scotch
   b) Elaichi
   c) Badam

4. Development of Dairy Based Filer cheese in Standy Pouch.
5. Raw material optimization for UHT Butter Milk
6. Raw material optimization for Qualita Hard cheese
   (a) Benefits delivered as a result of above R&D initiatives:

   New developments like table butter, flavored milk will help us to cater more consumers and market expansion. Skim milk curd which is a low cost product will help us to compete with other competitor in Food service division. Whereas the quality and cost optimization projects will help us in better competitive quality, price and margins.

   (b) Expenditure on R & D: In view of insignificant amount incurred, the expenses incurred on the research and development cannot be specifically segregated and presented.
   (c) Future plan of action:
      1. Development of Analogue filler cheese in Standy Pouch
      2. Development of Garlic Butter
      3. Development of Cheese sauce
      4. Development of UHT flavored Milk in few additional variants
      5. Development of Analogue Soft cheese
      6. Quality and yield improvement in Mozzarella and cheddar cheese
      7. Quality improvement in Ghee
      8. Solar Power – It is under consideration to install 800 KW Solar Plant at Shrirampur & 200 KW Solar plant at Vashi. This will generate around 1.1 Million Units per year which is around 5% of plant power requirements through renewable energy source
      9. Steam Pressure Reducing Power Turbine – It is under consideration to install 300 KW Power Turbine across steam pressure reducing station. This will generate around 1.1 Million Units per year which is around 5% of plant power requirements
      10. HVAC System – Existing energy inefficient blowers will be replaced with cutting edge energy efficient technology blowers. This will conserve 4,00,000 Units per year.
      11. Energy Efficient Condensation System for Refrigeration – Existing cooling tower plus plate type condensation system will be replaced with energy efficient evaporative condenser. This will conserve 4,00,000 Units per year.
      12. Heat Recovery and Utilization of Heat for Miscellaneous Application- Annual Natural Gas(Fuel) savings 37,000 Standard cubic meter (SCM) at the rate 8500 kilocalorie per SCM.

D. Foreign Exchange Earnings and Outgo:

(₹ In Lakhs)

Particulars	2018-19	2017-18
Foreign Exchange Earnings	66.10	0.00
Foreign Exchange Outgo	8.05	33.42

For & On behalf of the Board
For Prabhat Dairy Limited

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

Place: Shrirampur
Date: 30/05/2019

Annexure - 7

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 2018-19:

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 2018-19
1.	Mr. Sarangdhar R. Nirmal	Chairman & Managing Director	13.50	0
2.	Mr. Vivek S. Nirmal	Joint Managing Director	1.23	0
3.	Mr. Ashok Sinha	Independent Director	1.53	NA
4.	Mrs. Seemantinee Khot	Independent Director	1.84	NA
5.	Mr. Anoop Krishna	Independent Director	1.07	NA
6.	Mr. Soundararajan Bangarusamy	Independent Director	0.46	NA
7.	Mr. Rajesh Srivastava	Independent Director	1.38	NA
8.	Mr. Raviraj Vahadane	Chief Financial Officer	11.11	0
9.	Ms. Priya Nagmoti	Company Secretary (upto Oct. 10, 2018)	11.57	0
10.	Ms. Dipti Todkar	Company Secretary (w.e.f Oct. 11, 2018)	6.27	NA

*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 remuneration of employees.

3.	Percentage increase in the median remuneration of employees in the financial year	Decrease by 31%	
4.	Number of permanent employees on the rolls of the Company as at March 31, 2019	803	
5.	Explanation on the relationship between average increase in remuneration and Company performance	Average increase in remuneration was NIL. The standalone turnover of the Company increased by 37.14% and Profit After Tax decreased by 64.8%.	
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Total Revenue (including continuing and discontinued operations) (INR in Lakhs)	198939.65
		Profit Before Tax (INR in Lakhs)	560.79
		Total remuneration to KMPs (incl. Managing Director and Whole time Director) (INR in Lakhs)	73.17
		Total Remuneration of KMPs as % to:	
		Total Revenue	0.04%
		Profit Before Tax	13.05%
7.	i. Variations in the market capitalization of the Company	The market capitalization as on March 31, 2019 as per the closing price on National Stock Exchange of India Limited was INR 74,819.91 Lakhs as compared to INR 146,709.55 Lakhs as on March 31, 2019 i.e. an decrease of 49.00 %.	

ii.	Price Earnings ratio (P/E) of the Company as at the closing of March 31, 2019 on National Stock Exchange of India Limited (NSE) (76.60)	P/E based on standalone EPS as on 31st March, 2019: 403.16 - Continued operations 156.33 - Discontinued operations P/E based on consolidated EPS as on 31st March, 2019: 0 - Continued operations 15.29 - Discontinued operations P/E based on standalone EPS as on 31st March, 2018: 1877.5 - Continued operations 81.19 - Discontinued operations P/E based on consolidated EPS as on 31st March, 2018: 1877.5 - Continued operations 31.55 - Discontinued operations
iii.	Percentage increase over / decrease in the market quotations of the shares of the Company as on March 31, 2019 compared to the quotations as on March 31, 2018	BSE : -48.88% NSE: -49.00%
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	There was no increase in remuneration of the employees and the managerial personnel.

The Group has classified all its assets & liabilities of the dairy business as held for sale w.e.f. January 21, 2019 as per the requirements of Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Similarly, the group has also re-classified the results from discontinuing operations separately from the results of continuing operations as per the requirements of IND AS 105.

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

Name of the KMPs	Remuneration in FY 2018-19 (INR in Lakhs)	Revenue (in ₹) (INR in Lakhs)	Remuneration as % of revenue	Profit Before Tax (PBT) (in ₹) (INR in Lakhs)	Remuneration (as % of PBT)
Mr. Sarangdhar R. Nirmal	24.00	198939.65	0.01%	560.79	3.92%
Mr. Vivek S. Nirmal	2.00	198939.65	0.00%	560.79	0.36%
Mr. Raviraj Vahadane	18.11	198939.65	0.01%	560.79	3.23%
Ms. Priya Nagmoti (upto Oct. 10, 2018)	18.85	198939.65	0.01%	560.79	3.36%
Ms. Dipti Todkar (w.e.f. Oct. 11, 2018)	10.21	198939.65	0.01%	560.79	1.82%

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	Not Applicable
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:

(i) 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;

(ii) 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;

(iii) 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 Limited

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

Place: Shrirampur
Date: 30/05/2019

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (The "Listing Regulations").

Corporate Governance is modus operandi of governing a corporate entity which includes a set of systems, procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders i.e. shareholders, employees, suppliers, customers and society in general. Fundamentals of Corporate Governance includes transparency, accountability, reporting and independence. For accomplishment of the objectives of ensuring fair Corporate Governance, the Government of India has put in place a framework based on the stipulations contained under the Companies Act, SEBI Regulations, Accounting Standards, Secretarial Standards, etc. Corporate Governance has become a buzzword in the corporate world. Globalization, widespread of shareholders, changing ownership structure, greater expectations, etc. have made a good Corporate Governance sine-qua-non of modern management.

Company's Philosophy

Prabhat Dairy Limited's ("The Company / Prabhat") governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behaviour and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics and Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliances.

The Company's governance framework is based on the following principles:

(i) Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;

(ii) Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;

(iii) Timely disclosure of material operational and financial information to the stakeholders;

(iv) Systems and processes in place for internal control; and

(v) Proper business conduct by the Board, Senior Management and Employees.

The Company continues to focus its resources, strengths and strategies to achieve the vision of becoming a well-known and trusted partner in Dairy industry while upholding the core values of Quality, Trust, Leadership and Excellence.

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of the Listing Regulations is given below:

Governance Structure

The Corporate Governance structure at Prabhat is as follows:

1. **Board of Directors:** The Board is entrusted with an ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view

to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

2. **Committees of the Board:** The Board has constituted the following Committees viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and the Stakeholders' Relationship Committee. Each of the said Committee has been mandated to operate within a given framework.

The Board of Directors

Composition and category of Directors

The Board is broad-based and consists of eminent individuals from Industrial, Managerial, Entrepreneurial, Financial and Social background. The Company is managed by the Board of Directors in co-ordination with the senior management team. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

As on March 31, 2019, the Company's Board consists of seven Directors. Besides the Chairman, an Executive Promoter Director, the Board comprises of one Executive Promoter Director, one Non-Executive Independent Women Director and four non-executive Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

Directors' Attendance Record and their other Directorships/ Committee memberships

As mandated by Regulation 26(1)(b) of the Listing Regulations, none of the Directors is a member of more than ten Board Level Committees (considering only Audit Committee and Stakeholders' Relationship Committee) or Chairman of more than five Committees across all public limited companies (listed or unlisted) in which he/she is a Director. Further all Directors have informed about their Directorships, Committee memberships/ Chairmanships including any changes in their positions. Relevant details of the Board of Directors as on March 31, 2019 are given below:

Directorship / Committee Membership as on March 31, 2019:

Name	Date of appointment	Category of Director	Directorships in other Indian Public Limited Companies (excluding Prabhat)	No. of Board Committees in which Chairman / Member (excluding Prabhat)	
				Chairman	Member
Mr. Sarangdhar R. Nirmal	25/11/1998	Executive – Promoter	1	Nil	Nil
Mr. Vivek S. Nirmal	01/05/2012	Executive Promoter	1	Nil	Nil
Mr. Rajesh Srivastava	25/09/2015	Independent	5	Nil	3
Mr. Soundararajan Bangarusamy	10/11/2015	Independent	Nil	Nil	Nil
Mr. Anoop Krishna	30/07/2018	Independent	2	Nil	Nil
Mr. Ashok Sinha	22/02/2013	Independent	1	Nil	Nil
Mrs. Seemantinee Khot	20/02/2015	Independent	Nil	Nil	Nil

During the year under review, Mr. Haresh Shah resigned as an Independent Director with effect from May 14, 2018 due to his pre-occupation and business exigencies as per his resignation letter dated May 14, 2018.

Notes:

1. Directorships exclude Private Limited Companies, Foreign Companies and Section 8 Companies.
2. Chairmanship/Membership of Committee only includes Audit Committee and Stakeholders' Relationship Committee in Indian Public Limited Companies other than Prabhat Dairy Limited.

   Members of the Board of the Company do not have membership of more than ten Board –level Committees or Chairman of more than five such Committees.
3. Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal are related to each other in the capacity of father and son.
4. Details of Director(s) retiring or being re-appointed are given in notice of Annual General Meeting.
5. Brief profiles of each of the above Directors are available on the Company's website at www.prabhat-india.in

Name of other listed entities where Directors of the Company are Directors and the category of Directorship:

Sr. No.	Name of the Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
1.	Mr. Rajesh Srivastava	LT foods Limited	Nominee Director
2.	Mr. Anoop Krishna	Paisalo Digital Limited	Executive Director

Skills / Expertise / Competencies of the Board of Directors

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

i) Knowledge on Company's businesses, policies and culture (including the Mission, Vision and Values), major risks /threats and potential opportunities and knowledge of the industry in which the Company operates

ii) Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company

iii) Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making,

iv) Financial and Management skills

v) Technical / Professional skills and specialized knowledge in relation to Company's business

Independent Directors

In the opinion of the Board, the Non-Executive Independent Directors fulfil the conditions of independence specified in section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. A formal letter of appointment to Independent Directors as provided in Companies Act, 2013 has been issued and disclosed on website of the Company viz. www.prabhat-india.in.

Number of Independent Directorships

In compliance with the Listing Regulations, Directors of the Company do not serve as an Independent Director in more than seven listed companies. In case he/she is serving as a Whole-Time Director in any listed company, does not hold the position of Independent Director in more than three listed companies.

Board Meetings

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial performance of the Company and its subsidiaries. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board Meeting is circulated to the Directors well in advance to facilitate them to plan their schedules accordingly. In case of business exigencies, the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

Minimum four Board meetings are held every year (one meeting in every calendar quarter). Additional meetings are held to address specific needs, if any, of the Company. During the financial year 2018-19, the Board of Directors met five times i.e. on May 18, 2018, August 10, 2018, November 14, 2018, January 21, 2019 and February 13, 2019. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under Section 173(1) of the Act, and Regulation 17(2) of the Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India.

Attendance of Directors at the Board Meetings and at the last Annual General Meeting (AGM)

Sr. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at the AGM held on September 22, 2018
1	Mr. Sarangdhar R. Nirmal	Executive, Promoter	5 of 5	Present
2	Mr. Vivek S. Nirmal	Executive, Promoter	5 of 5	Present
3	Mr. Rajesh Srivastava	Independent	4 of 5	Leave sought
4	Mr. B. Soundararajan	Independent	2 of 5	Leave sought
5	Mr. Haresh Shah*	Independent	N.A.	N.A.
6	Mr. Ashok Sinha	Independent	4 of 5	Leave sought
7	Mrs. Seemantinee Khot	Independent	5 of 5	Leave sought
8	Mr. Anoop Krishna*	Independent	4 of 4	Present

*Mr. Haresh Shah resigned as a Director with effect from May 14, 2018 and Mr. Anoop Krishna is appointed as a Director with effect from July 30, 2018

Information placed before the Board

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the meetings.

Post Meeting Mechanism

The important decisions taken at the Board/Board Committee Meetings are communicated to the concerned department/division.

Board Support

The Company Secretary attends the Board Meetings and advises the Board on Compliances with applicable laws and governance.

Roles, Responsibilities and Duties of the Board

The duties of Board of Directors have been enumerated in Listing Regulations, Section 166 of the Companies Act, 2013 and Schedule IV of the said Act (Schedule IV is specifically for Independent Directors). There is a clear demarcation of responsibility and authority amongst the Board of Directors.

The Chairman and Managing Director

His primary role is to provide leadership to the Board in achieving goals of the Company. He is responsible for transforming the Company into a world-class organization. He is responsible, inter-alia, for the working of the Board and for ensuring that all relevant issues are placed before the Board and that all Directors are encouraged to provide their expert guidance on the relevant issues raised in the meetings of the Board. He is also responsible for formulating the corporate strategy along with other members of the Board of Directors. His role, inter alia, includes:

(i) Provide leadership to the Board and preside over all Board and General Meetings.

(ii) Achieve goals in accordance with Company's overall vision.

(iii) Ensure that Board decisions are aligned with Company's strategic policy.

(iv) Ensure to place all relevant matters before the Board and encourage healthy participation by all Directors to enable them to provide their expert guidance.

(v) Monitor the core management team.

Independent Directors play a critical role in balancing the functioning of the Board by providing independent judgements on various issues raised in the Board Meetings like formulation of business strategies, monitoring of performances, etc. Their role, inter- alia, includes:

(i) Impart balance to the Board by providing independent judgement.

(ii) Provide feedback on Company`s strategy and performance.

(iii) Provide effective feedback and recommendations for further improvements.

Familiarisation Programme for Directors

At the time of appointing a Director, a formal letter of appointment is given to him / her, which inter alia explains the role, function, duties and responsibilities expected from him / her as a Director of the Company. The Director is also explained in detail the Compliance required from him / her under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained. The Chairman and Managing Director also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board / Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and its subsidiaries/associates businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. The details of the familiarisation programme for Directors are available on the Company's website at http://www.prabhat-india.in/investor.html

Governance Codes

Code of Business Conduct & Ethics

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and all Employees of the Company. The Board of Directors and the members of Senior Management Team (one level below the Board of Directors) of the Company are required to affirm annual compliance of this Code. A declaration signed by the Chairman and Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and employees to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website at http://www.prabhat-india.in/investor.html

Conflict of Interests

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other Companies including Chairmanships and notifies changes during the year. The members of the Board while discharging their duties avoid conflict of interest in the decision making process. The members of Board restrict themselves from any discussions and voting in transactions in which they have concern or interest.

Insider Trading Code

The Company has adopted an Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations) which is duly amended from time to time basis.

The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations.

Committees of the Board

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board and function under their respective charters. These Committees play an important role in the overall management of day to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The minutes of the Committee Meetings are placed before the Board for noting.

The Company has four Board Level Committees:

A) Audit Committee

B) Nomination and Remuneration Committee

C) Stakeholders` Relationship Committee and

D) Corporate Social Responsibility Committee

(A) Audit Committee

Composition

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risks, etc. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function. Mr. Haresh Shah, Independent Director was the Chairman of the Audit Committee till May 14, 2018. Mr. Anoop Krishna was appointed as the Chairman of the Audit Committee for the financial year 2018-19. w.e.f. July 30, 2018. The other members of the Audit Committee include independent directors namely Mr. Rajesh Srivastava, Mr. Soundararajan Bangarusamy, Mr. Ashok Sinha, Mrs. Seemantinee Khot and an executive Director Mr. Vivek S. Nirmal.

Meetings and Attendance

The Audit Committee met four times during the financial year 2018-19. The maximum gap between two meetings was not more than 120 days. The Committee met on May 18, 2018, August 10, 2018, November 14, 2018 and February 13, 2019. The requisite quorum was present at all the meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 22, 2018.

The Table below provides the attendance of the Audit Committee members:

Sr. No.	Name of Director	Position in Committee	Category of Director	No. of Meetings Attended
1	Mr. Haresh Shah*	Chairman	Independent	NA
2	Mr. Anoop Krishna	Chairman	Independent	3 of 3
3	Mr. Rajesh Srivastava	Member	Independent	3 of 4
4	Mr. B. Soundararajan	Member	Independent	1 of 4
5	Mr. Ashok Sinha	Member	Independent	3 of 4
6	Mrs. Seemantinee Khot	Member	Independent	4 of 4
7	Mr. Vivek S. Nirmal	Member	Promoter, Executive	4 of 4

Mr. Haresh Shah resigned as a Director with effect from May 14, 2018 and Mr. Anoop Krishna is appointed as a Director with effect from July 30, 2018

Terms of Reference

The Audit Committee inter alia performs the functions of approving annual Internal Audit Plan, review of financial reporting system, internal controls system, discussion on financial results, interaction with Statutory and Internal Auditors, one-on-one Meeting with Statutory and Internal Auditors, recommendation for the appointment of Statutory and Cost Auditors and their remuneration, recommendation for the appointment and remuneration of Internal Auditors, Review of Business Risk Management Plan, Management Discussions and Analysis, Review of Internal Audit Reports and significant related party transactions. In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

Functions of Audit Committee

The Audit Committee, while reviewing the Annual Financial Statements also reviews the applicability of various Accounting Standards (AS) referred to in Section 133 of the Companies Act, 2013. The compliance of the Accounting Standards as applicable to the Company has been ensured in the preparation of the Financial Statements for the year ended March 31, 2019.

The Audit Committee bridges the gap between the Internal Auditors and the Statutory Auditors. The Statutory Auditors are responsible for performing independent audit of the Company's Financial Statements and Company's internal financial control over financial reporting in accordance with the generally accepted auditing practices and issuing reports based on such audits, while the Internal Auditors are responsible for the internal risk controls.

Besides the above, Chairman and Managing Director, Joint Managing Director, Chief Financial Officer, Business Heads of the Company's Divisions, the representatives of the Statutory Auditors and the Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as a Secretary to the Committee as required by Regulation 18(1)(e) of the Listing Regulations.

The Company follows best practices in financial reporting. The Company has been reporting on quarterly basis, the Un-audited Consolidated Financial Statements as required by the Regulation 33 of the Listing Regulations. The Company's quarterly Un-audited Standalone as well as Consolidated Financial Statements are made available on the website of the Company at http://www.prabhat-india.in/investor.html and are also sent to the Stock Exchanges where the Company's Equity Shares are listed for display at their respective websites.

The Audit Committee also oversees and reviews the functioning of vigil mechanism (implemented in the Company as a Fraud Risk Management Policy and Whistle Blower Policy) and reviews the findings of investigation into cases of material nature and the actions taken in respect thereof.

Internal Controls and Governance Processes

The Company continuously invests in strengthening its internal control and processes. The Audit Committee along with Chief Financial Officer formulates a detailed plan for the Internal Auditors for the year, which is reviewed at the Audit Committee meetings. The Internal Auditors attend the meetings of the Audit Committee at regular basis and submit their recommendations to the Audit Committee and provide a road map for the future.

(B) Nomination and Remuneration Committee

Composition

The Nomination and Remuneration Committee comprises of three Directors. Mr. Ashok Sinha, Independent Director, is the Chairman of the Committee. The other members of the Nomination and Remuneration Committee include Mr. Rajesh Srivastava and Mrs. Seemantinee Khot. The composition of the Nomination and Remuneration Committee is in accordance with the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Meeting and Attendance

The Nomination and Remuneration Committee met twice during the financial year 2018-19. The Committee met on May 7, 2018 and July 26, 2018. The requisite quorum was present at all the meetings.

The Table below provides the attendance of the Nomination and Remuneration Committee members:

Sr. No.	Name of Director	Position in Committee	Category of Director	No. of Meetings Attended
1	Mr. Ashok Sinha	Chairman	Independent	2 of 2
2	Mrs. Seemantinee Khot	Member	Independent	2 of 2
3	Mr. Rajesh Srivastava	Member	Independent	2 of2
4	Mr. Haresh Shah*	Member	Independent	0 of 1

*Mr. Haresh Shah resigned as a Director with effect from May 14, 2018

Terms of Reference

The broad terms of reference of the Nomination and Remuneration Committee, as approved by the Board, are in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, which are as follows:

(i) Reviewing the overall compensation policy, service agreements and other employment conditions of Managing/Whole-time Director(s) and Key Managerial Persons;

(ii) To help in determining the appropriate size, diversity and composition of the Board;

(iii) To recommend to the Board appointment/ reappointment and removal of Directors;

(iv) To frame criteria for determining qualifications, positive attributes and independence of Directors;

(v) To recommend to the Board remuneration payable to the Directors (while fixing the remuneration of executive Directors, the restrictions contained in the Companies Act, 2013 are to be considered);

(vi) To create an evaluation framework for the Independent Directors and the Board;

(vii) To provide necessary reports to the Chairman after the evaluation process is completed by the Directors;

(viii) To assist in developing a succession plan for the Board;

(ix) To assist the Board in fulfilling responsibilities entrusted from time-to-time; and

(x) Delegation of any of its powers to any member of the Committee or the Compliance Officer.

Remuneration Policy

A. Remuneration to Non-Executive Directors (including Independent Directors)

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are paid sitting fees for each Meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid to Non-Executive Directors during the Financial Year 2018-19 was INR 10.25 Lakhs. The Non-Executive Directors/Independent Directors do not have any material pecuniary relationship or transactions with the Company.

B. Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Chairman and Managing Director and Joint Managing 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 Chairman and Managing Director and Joint Managing Director comprises of salary, perquisites and allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meetings. No annual increments have been given or considered to be paid to the Chairman and Managing Director and Joint Managing Director.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high calibre talent.

Presently, the Company does not have any stock options scheme for its Directors.

The Nomination and Remuneration Policy is displayed on the Company's website at http://www.prabhat-india.in/investor.html.

Details of Remuneration Paid to Directors for the year ended March 31, 2019:

(A) Non Executive Directors

Name of Director	Sitting Fees (INR)	No. of Shares Held	Commission to Non-executive Directors (INR)
Mr. Rajesh Srivastava	2,25,000	Nil	Nil
Mr. B. Soundararajan	75,000	Nil	Nil
Mr. Ashok Sinha	2,50,000	Nil	Nil
Mrs. Seemantinee Khot	3,00,000	Nil	Nil
Mr. Anoop Krishna	1,75,000	Nil	Nil

(B) Executive Directors

Particulars	Mr. Sarangdhar R. Nirmal	Mr. Vivek S. Nirmal
Term of Appointment	5 years effective from March 1, 2015	5 years effective from March 1, 2015
Salary and Allowances	INR 22 Lacs per annum	INR 2 Lacs per annum
Commission	Nil	Nil
Variable Pay	Nil	Nil
Perquisites	As per Company's rules	As per Company's rule
Retrial Benefits	Contribution to provident fund, superannuation fund, gratuity, leave encashment	Contribution to provident fund, superannuation fund, gratuity, leave encashment
Sitting Fees	Nil	Nil
Sitting Fees from subsidiary companies	Nil	Nil
Minimum Remuneration	Mr. Sarangdhar R. Nirmal shall be entitled to minimum remuneration comprising of salary, perquisites and benefits as per the applicable provisions of the Companies Act, 2013 in the event of inadequacy or absence of profits	Mr. Vivek S. Nirmal shall be entitled to minimum remuneration comprising of salary, perquisites and benefits as per the applicable provisions of the Companies Act, 2013 in the event of inadequacy or absence of profits
Notice Period & Severance Fees	N.A.	N.A.

The remuneration paid to the Chairman and Managing Director and Joint Managing Director is within limits specified under section 197 of the Act.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

C. Stakeholders' Relationship Committee

Composition and Attendance

The Stakeholders' Relationship Committee comprises of three Directors. Mr. Ashok Sinha, Independent Director is the Chairman of this Committee. The table below highlights the composition and attendance of the Members of the Committee. The requisite quorum was present at the Meeting held during the year.

Sr. No.	Name of Director	Position	Category	No. of Meetings attended
1	Mr. Ashok Sinha	Chairman	Independent	1 of 1
2	Mr. Sarangdhar R. Nirmal	Member	Promoter, Executive	1 of 1
3	Mr. Vivek S. Nirmal	Member	Promoter, Executive	1 of 1

Ms. Priya Nagmoti, Company Secretary was the Compliance Officer till October 10, 2018.

Ms. Dipti Todkar, Company Secretary is the Compliance Officer from October 11, 2018.

Terms of Reference

The Board has clearly defined the terms of reference for this committee. The Committee looks into the matters of Shareholders/ Investors grievances along with other matters listed below:

(i) approval of transfer of shares/debentures and issue of duplicate/split/consolidation/sub-division of share/ debenture certificates;

(ii) to carry out any other duties that may be delegated to the Committee by the Board of Directors from time-to-time.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent viz., Karvy Computershare Private Limited attend to all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc. The minutes of the Stakeholders' Relationship Committee Meetings are circulated to the Board and noted by the Board of Directors at the Board Meetings.

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

Details of Shareholders' Complaints Received, Solved and Pending Share Transfers

The total numbers of complaints received and resolved during the year ended March 31, 2019 were 5. There were no complaints outstanding as on March 31, 2019. The number of pending share transfers and pending requests for dematerialization as on March 31, 2019 were Nil. Shareholders'/Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended /pending for more than thirty days as on March 31, 2019.

Sr. No.	Nature of Complaints	Complaints Received	Complaints Redressed
1	Non-receipt of Dividend Warrant	1	1
2	Non-receipt of annual report		
3	Non-receipt of Duplicate/ Consolidated Share Certificates	-	-
4	Non-receipt of Demat Credit/ Remat requests	-	-
5	Non-Receipt of Refund Order	-	-
6	Others (e.g. Queries received from other Statutory Authorities, etc.)	4	4
	Total	**5**	**5**

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

D. Corporate Social Responsibility Committee

Composition

The Corporate Social Responsibility (CSR) Committee comprises of three Directors, Mrs. Seemantinee Khot, Independent Director, is the Chairman of the Committee. The other members of the CSR Committee include Mr. Saramgdhar R. Nirmal, Promoter Executive Director and Mr. Rajesh Srivastava, Independent Director. The Composition of CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. As per Section 135 of the Companies Act, 2013 the Company had spent INR 35.30 lakhs for the financial year 2018-19.

The Company has formulated CSR Policy, which is uploaded on the website of the Company at http://www.prabhat-india.in/investor.html.

Terms of Reference

(i) To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company specified in Schedule VII of the Companies Act, 2013;

(ii) To provide guidance on various CSR activities to be undertaken by the Company and to monitor process.

Meetings and Attendance:

There were no instances requiring the meeting of CSR and therefore no meeting of the CSR committee was held during the financial year 2018-19.

E. Independent Directors' Meeting:

During the year under review, all the Independent Directors met on March 25, 2019, inter alia, to:

(i) Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;

(ii) Evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;

(iii) Evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

(iv) Evaluation of the status of the sale transaction of the dairy business

Subsidiary Companies

The Company has two subsidiaries viz. Sunfresh Agro Industries Pvt. Ltd. ("Sunfresh") and Cheese Land Agro (India) Pvt. Ltd. Sunfresh is a material subsidiary as defined under the Listing Regulations. The Company has formulated a policy for determining its 'Material' Subsidiaries and the same is available on the website of the Company at http://www.prabhat-india.in/investor.html.

AFFIRMATIONS AND DISCLOSURES:

(a) Compliances with Governance Framework

The Company is in compliance with all mandatory requirements under the Listing Regulations.

(b) Related party transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year. Related party transactions have been disclosed under significant accounting policies and notes forming part of the Financial Statements in accordance with "IND AS". A statement in summary form of transactions with Related Parties in ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company at http://www.prabhat-india.in/investor.html.

None of the transactions with Related Parties were in conflict with interest of Company. All the transactions are in the ordinary course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

(c) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during last three Financial Years.

The Company has complied with all requirements specified under the Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three financial years.

(d) Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website at http://www.prabhat-india.in/investor.html.

(e) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

(f) Risk Management

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

(g) Commodity price risk and Commodity hedging activities

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages its risk inter alia through cost plus contracts with majority of its institutional customers and through proactive and close engagement with farmers.

(h) A certificate from a Company Secretary in practice has been received stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

(i) During the year, details of fees paid/payable to the Statutory Auditors and all entities in the network firm/ network entity of which the Statutory Auditor is a part, by the Company and its subsidiaries, are given below

(₹ In lakhs

Particulars	By the Company*	By the Subsidiaries*	Total
Audit Fees	20.00	6.00	26.00
Tax Matters	-	-	-
Certifications	6.00	-	6.00
Reimbursements	0.52	0.10	0.62
Other Services	-	-	-
Total	26.52	6.10	32.62

*The above fees are exclusive of applicable tax.

(j) **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has complied with the applicable provisions of the aforesaid Act and the Rules framed thereunder, including constitution of the Internal Complaints Committee (ICC). The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same is available on the Company's website at www.prabhat-india.in

Status of complaints as on 31st March 2019:

1.	Number of complaints filed during the financial year	NIL
2.	Number of complaints disposed off during the financial year	NIL
3.	Number of complaints pending at the end of the financial year	NIL

(k) The Company has complied with all the applicable mandatory requirements relating to Corporate Governance under the Listing Regulations. Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time-to-time.

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

General Body Meetings:

Details of Last Three Annual General Meetings Held

AGM	Financial Year	Date and Time	Venue	Details of Special Resolution Passed
18th	2015-16	September 30, 2016 at 2.30 p.m.	Registered Office of the Company	No special resolution was passed
19th	2016-17	August 10, 2017 at 2.30 p.m.	Registered Office of the Company	No special resolution was passed
20th	2017-18	September 22, 2018 at 2.30 p.m.	Registered Office of the Company	No special resolution was passed

Postal Ballot

During the year under review, no resolution was passed through postal ballot.

There is no special resolution proposed to be conducted through postal ballot.

General Shareholder Information:

Annual General Meeting For The Financial Year 2018-19

DAY AND DATE	Monday, 30th September, 2019
TIME	12.00 noon
VENUE	121/2A At Ranjankhol, Taluka Rahata, Dist. Ahmednagar – 413720
FINANCIAL YEAR	12 months ended 31st March, 2019
BOOK CLOSURE DATES	Tuesday, September 24, 2019 to Monday, September 30, 2019 (both days inclusive)
LAST DATE OF RECEIPT OF PROXY FORMS	Saturday, September 28, 2019 before 12:00 noon

Tentative Calendar for Financial Year ending March 31, 2020

The tentative dates for Board Meetings for consideration of quarterly financial results are as follows:

Sr. No.	Particulars of Quarter	Tentative Dates
1	First Quarter Results	In or before the second week of August 2019
2	Second Quarter & Half Yearly Results	In or before the second week of November 2019
3	Third Quarter & Nine-months ended Results	In or before the second week of February 2020
4	Fourth Quarter & Annual Results	In or before the last week of May 2020

Unclaimed Dividend/ Shares

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the Company along with interest accrued, if any to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of Section 125. The details of unclaimed/ unpaid dividend are available on the website of the Company at http://www.prabhat-india.in/investor.html.

Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA) in case of unpaid/ unclaimed dividend on shares for a consecutive period of seven years

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholders from IEPFA by following the procedure prescribed under the IEPF Rules. Therefore, it is in the interest of shareholders to regularly claim the dividends declared by the Company. As on March 31, 2019 there are no shares liable to be transferred to the Demat Account of IEPFA.

Details of Unclaimed Dividend as on March 31, 2019 and due dates for transfer are as follows:

Sr. No.	Financial Year	Date of Declaration of Dividend	Unclaimed Amount (₹)	Due date for transfer to IEPF Account
1	2010-11	N.A.	N.A.	N.A.
2	2011-12	N.A.	N.A.	N.A.
3	2012-13	N.A.	N.A.	N.A.
4	2013-14	N.A.	N.A.	N.A.
5	2014-15	March 9, 2015	Nil	N.A.
6	2015-16	September 30, 2016	991,627.20	2023
7	2016-17	August 10, 2017	26,078	2024

During the year under review, the Company has not transferred any amount to Investor Education and Protection Fund since no dividend was declared in FY 2010-11.

As per Regulation 34(3) read with Schedule V of the Listing Regulations, the details of the shares in the Suspense Account are as follows:

Aggregate Number of Shareholders and the Outstanding Shares in the suspense account lying at the beginning of the year	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Number of shareholders to whom shares were transferred from suspense account during the year	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares
(1)	(2)	(3)	(4)	(5)
-----NIL-----				

Note: During the year under review, no shares were credited by the Company to the said demat suspense account.

Distribution of Shareholding as on March 31, 2019

No. of equity shares	No. of shareholders	% of shareholders	No. of shares held	% of Shareholding
1 to 500	22081	90.29	2311461	2.37
501 to 1000	1216	4.97	974649	1.00
1001 to 2000	582	2.38	880774	0.90
2001 to 3000	167	0.68	435473	0.45
3001 to 4000	82	0.34	291808	0.30
4001 to 5000	74	0.30	353172	0.36
5001 to 10000	114	0.47	862781	0.88
10001 and above	139	0.57	91566013	93.74
GRAND TOTAL	**24,455**	**100.00**	**97,676,131**	**100.00**

Shareholding Pattern as on March 31, 2019

Category	No. of Holders	Total Shares	% To Equity
Promoters	5	48,935,584	50.099839
Foreign Corporate Bodies	2	22,515,473	23.051152
Bodies Corporates	325	9,010,950	9.225335
Resident Individuals	23,133	7,569,919	7.750019
Foreign Portfolio - Corp	24	5,187,019	5.310426
Alternative Investment Fund	2	2,802,114	2.868781
Mutual Funds	7	555,014	0.568219
H U F	448	293,045	0.300017
Non Resident Indians	304	255,287	0.261361
Clearing Members	107	207,847	0.212792
Banks	1	160,665	0.164487
Non Resident Indian Non Repatriable	93	73,277	0.075020
Nbfc	3	72,004	0.073717
Indian Financial Institutions	1	37,933	0.038835
Total	24,455	97,676,131	100.00

Dematerialisation of Shares And Liquidity

Excluding 3 Equity shares of the Company which is held in physical form, all the remaining Equity shares have been dematerialized (NSDL 93.07% and CDSL 6.93 %) as on March 31, 2019. 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 dematerialise their shares with either of the Depositories.

Dematerialization of Shares – Process

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail the benefits of dealing in shares in demat form. For convenience of shareholders, the process of getting the shares dematerialized is given hereunder:

(a) Demat account should be opened with a Depository Participant (DP).

(b) Shareholders should submit the Dematerialization Request Form (DRF) along with share certificates in original, to their DP.

(c) DP will process the DRF and will generate a Dematerialization Request Number (DRN).

(d) DP will submit the DRF and original share certificates to the Registrar and Transfer Agents (RTA), which is Karvy Computershare Private Limited.

(e) RTA will process the DRF and confirm or reject the request to DP/ depositories.

(f) Upon confirmation of request, the shareholder will get credit of the equivalent number of shares in his demat account maintained with the DP.

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 dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on various aspects of corporate law and practices. The Company has complied with each one of them.

Outstanding GDRs/ Warrants and Convertible Bonds, conversion date and likely impact on equity:

The Company has neither issued nor is there any outstanding GDRs / Warrants or Convertible Bonds as on March 31, 2019.

The Company's equity shares are listed on the following Stock Exchanges and the listing fees have been duly paid to the Exchanges:

Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai – 400 001	539351
National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	PRABHAT

Share Price Data

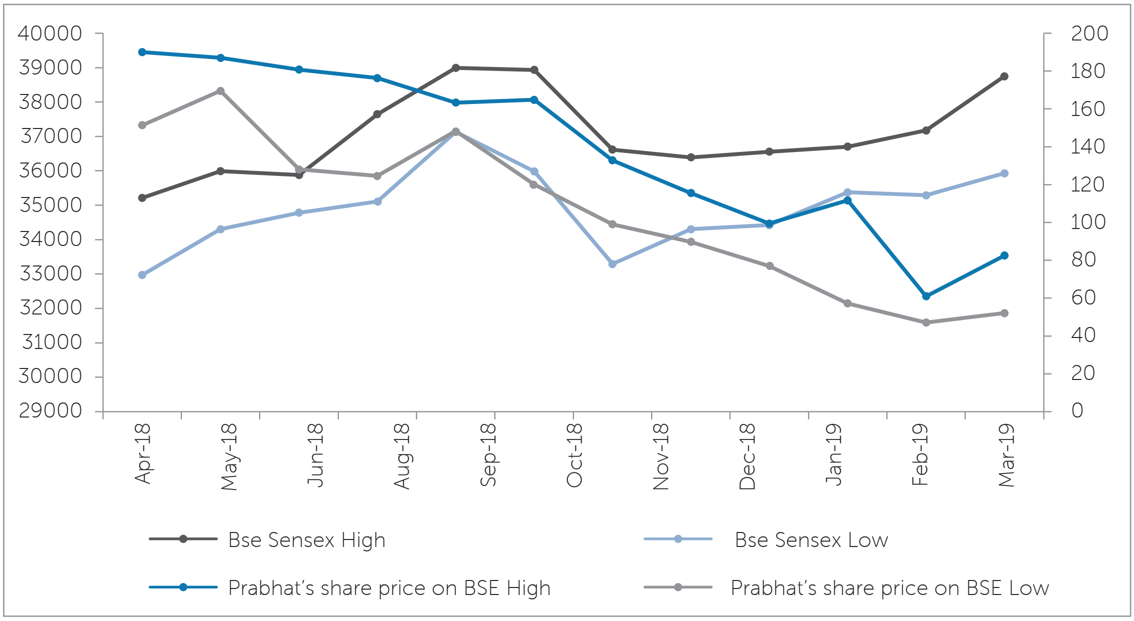
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
	INR	INR	Nos.	INR	INR	Nos.
April, 2018	190	151.35	1,58,709	188.80	150.70	2522428
May, 2018	187	169.50	2,14,666	188	170	27,31,738
June, 2018	180.80	128.00	1,59,744	178.30	128.10	17,98,548
July, 2018	176.25	124.55	2,32,571	177.40	125.30	25,56,954
August, 2018	163.30	148.30	5,78,604	163.90	147.05	10,98,088
September, 2018	164.80	120	2,76,185	165.45	120	8,78,341
October, 2018	132.80	99	76,735	134.40	98.50	9,47,724
November, 2018	115.55	89.75	1,15,692	115.95	89	14,07,490
December, 2018	99.40	77	1,02,303	94.60	84.25	14,97,799
January, 2019	111.65	57.20	55,43,629	111.30	59.10	5,05,28,377
February, 2019	60.95	47.15	4,82,912	61.45	47.10	38,98,005
March, 2019	82.50	52.05	5,83,721	81	52	48,17,482

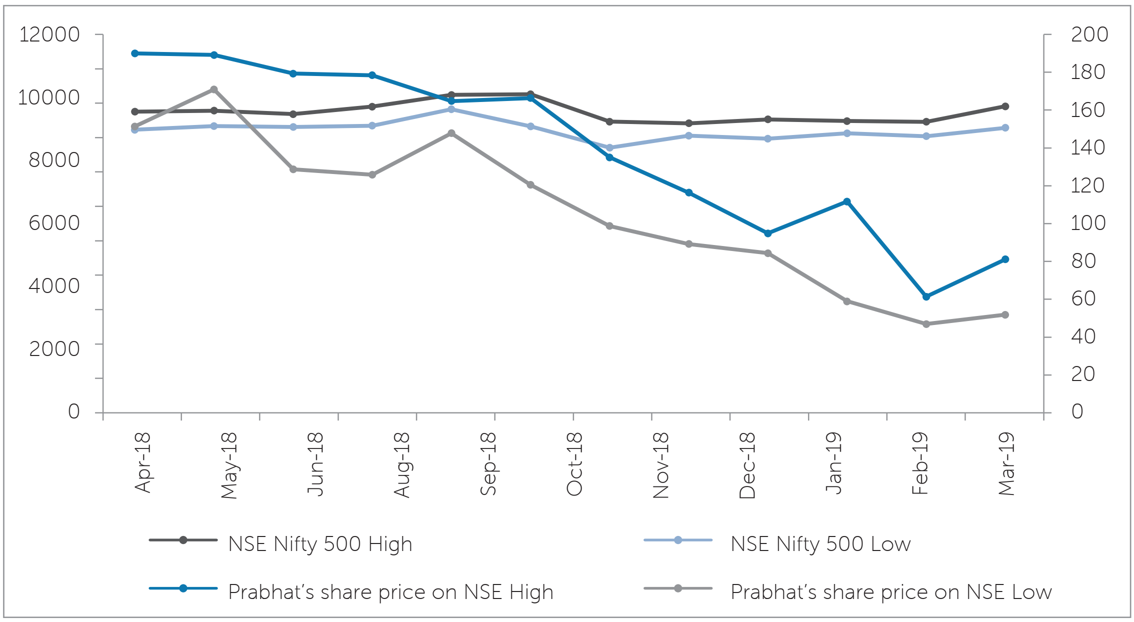
ISIN	:	INE302M01033
Particulars	**BSE**	**NSE**
Closing share price as on March 29, 2019 (INR)	76.60	76.60
Market Capitalisation as on March 31, 2019 (INR in lakhs)	74,819.92	74,819.92

Prabhat's Equity Share Performance vis-à-vis BSE Sensex and NSE Nifty 500

Month	Prabhat's share price on BSE		BSE SENSEX		Prabhat's share price on NSE		NSE NIFTY 500	
	High	Low	High	Low	High	Low	High	Low
Apr-18	190	151.35	35213.30	32972.56	188.80	150.70	9503.60	8933.45
May-18	187	169.50	35993.53	34302.89	188	170	9531.65	9046.70
Jun-18	180.80	128.00	35877.41	34784.68	178.30	128.10	9423.20	9018.05
Jul-18	176.25	124.55	37644.59	35106.57	177.40	125.30	9657.60	9060.60
Aug-18	163.30	148.30	38989.65	37128.99	163.90	147.05	10027.00	9579.70
Sep-18	164.80	120	38934.35	35985.63	165.45	120	10049.85	9041.65

Month	Prabhat's share price on BSE		BSE SENSEX		Prabhat's share price on NSE		NSE NIFTY 500	
	High	Low	High	Low	High	Low	High	Low
Oct-18	132.80	99	36616.64	33291.58	134.40	98.50	9185.50	8370.80
Nov-18	115.55	89.75	36389.22	34303.38	115.95	89	9134.35	8742.50
Dec-18	99.40	77	36554.99	34426.29	94.60	84.25	9258.35	8646.55
Jan-19	111.65	57.20	36701.03	35375.51	111.30	59.10	9206.05	8825.60
Feb-19	60.95	47.15	37172.18	35287.16	61.45	47.10	9179.75	8729.70
Mar-19	82.50	52.05	38748.54	35926.94	81	52	9667.45	8994.00





Means of Communication to Shareholders

(i) The unaudited quarterly/ half yearly results are announced within forty five days of the close of the quarter / half year. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Regulations.

(ii) The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper viz. "Financial Express" and in local language (Marathi) newspaper viz. "Kesari"), within forty-eight hours of approval thereof. Presently, the same are not sent to the shareholders separately.

(iii) The Company's financial results and official press releases are displayed on the Company's website at

Any presentation made to the institutional investors or/ and analysts are also posted on the Company's website at http://www.prabhat-india.in/investor.html.

(iv) Management Discussion and Analysis report forms part of the Annual Report, which is sent to the shareholders of the Company.

(v) The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Ltd. are filed electronically. The Company has complied with filing submissions through BSE's BSE Listing Centre. Likewise, the said information is also filed electronically with NSE through NSE's NEAPS portal.

A separate dedicated section under "Investor Desk", on the Company's website www.prabhat-india.in gives information on unclaimed dividends, shareholding pattern, quarterly/half yearly results and other relevant information of interest to the investors / public.

SEBI processes investor complaints in a centralized web based complaints redressal system i.e. SCORES. Through this system a shareholder can lodge complaint against a company for his grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.

The Company has designated the email ids cs@prabhatdairy.in and investor@prabhatdairy.in exclusively for investor relation and the same is prominently displayed on the Company's website at http://www.prabhat-india.in/investor.html.

Share Transfer System

The transfer of shares in physical form is processed and completed by 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 Listing Regulations, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

Nomination

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 Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

Service of documents through electronic mode

As a part of Green Initiative, the members who wish to receive the notices/documents through e-mail, may kindly intimate their e-mail addresses to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited; to its dedicated e-mail id i.e. prabhat.ipo@karvy.com.

Address for Correspondence:

Compliance Officer	Registrar and Transfer Agents	Correspondence with the Company
Ms. Dipti Todkar Legal & Company Secretary Ph. No. +91 22 41287700 E-mail id: dipti.todkar@prabhatdairy.in	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032	Prabhat Dairy Ltd. Plot No. D37/4, TTC Industrial Area, Turbhe, Navi Mumbai – 400705 Ph. No. +91 22 41287700 E-mail id: investor@prabhatdairy.in

Plant Locations:

The Company had the following manufacturing and operating Locations:

1. **Prabhat Dairy Ltd.**
   At Ranjankhol, Taluka Rahata, Dist. Ahmednagar – 413720
2. **Prabhat Dairy Ltd.**
   Plot No. D37/4, TTC Industrial Area, Turbhe, Navi Mumbai – 400 705

The manufacturing facilities of the material subsidiary viz. Sunfresh Agro Industries Private Limited are located at Ranjankhol, Taluka Rahata, Dist, Ahmednagar – 413720.

CEO / CFO Certification

We the undersigned in our respective capacities as Joint Managing Director and Chief Financial Officer of Prabhat Dairy Ltd. ("the Company") to the best of our knowledge and belief certify that:

(a) We have reviewed financial statements and the Cash Flow Statement for the year ended March 31, 2019 and that to the best of our knowledge and belief, we state that:

   (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.

(b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's Code of Conduct.

(c) We are responsible 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 of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

   (i) Significant changes, if any, in internal control over financial reporting during the year;

   (ii) Significant changes, if any, 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 Ltd.**

	sd/-	sd/-
	Vivek S. Nirmal	Raviraj Vahadane
Date: May 30, 2019	Joint Managing Director	Chief Financial Officer

Compliance Certificate of The Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations and the same is annexed to this Report.

Declarations

Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and senior management personnel have affirmed compliance with Prabhat Dairy Limited's Code of Business Conduct and Ethics for the year ended March 31, 2019.

For **Prabhat Dairy Ltd.**

sd/-

Sarangdhar R. Nirmal

Chairman & Managing Director

Date: May 30, 2019

Independent Auditors' Certificate on Corporate Governance

To the Members of
Prabhat Dairy Limited

We the Statutory Auditors of Prabhat Dairy Limited (the 'Company') have examined the compliance of conditions of Corporate Governance by the Company for the year ended March 31, 2019 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D, E of schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 ('the Regulations') and as amended from time to time.

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of relevant records and information and according to the explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D, E of schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, during the year ended March 31, 2019, as applicable.

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

sd/-
Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: May 30, 2019

Financial Statements

Independent Auditor's Report

To the Members of
Prabhat Dairy Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Prabhat Dairy Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit Matters	How Was the Key Audit Matter Addressed in the Audit
Assets held for Sale and Discontinued Operations Refer Note 34 of Financial statement	
The Company vide agreement dated January 21, 2019 has signed a definitive agreement to sell its dairy business along with its subsidiary Company to Tirumala Milk Products Private Limited for a total consideration of ₹ 1,70,000 Lakhs (including adjustment for net debt outstanding, working capital adjustment and minimum non-current asset level adjustment as agreed with the buyer). The dairy business constitutes 96.39% of the total revenue of the Company. We have considered this as a key audit matter because of the significance of the said transaction and disclosure requirements as required under 'Ind AS 105- Non-current Assets Held for Sale and Discontinued Operations'.	Our audit procedures in respect of this matter include: 1) Reading definitive agreement to sell to understand the key terms and conditions of the transaction 2) Evaluating management's assessment of the consideration received for the disposal, the carrying amount of the net assets sold and the loss on disposal, if any 3) Evaluating applicability of 'Ind AS 105 -Non-current Assets Held for Sale and Discontinued Operations' to the said transaction. 4) Agreeing the cash consideration received to bank statements in the subsequent period. 5) Critically assessing the appropriateness of the Company's disclosures in respect of the disposal including the disclosures related to Non-current assets Held for sale and discontinued operations and the restatement of comparative in Statement of profit and loss.

Key audit Matters	How Was the Key Audit Matter Addressed in the Audit
Going Concern Refer Note 44 of Financial statement	
The Company has entered into an agreement to sell its dairy business along with its subsidiary Company to Tirumala Milk Products Private Limited, which constitutes 96.39% of the total revenue of the Company. In view of the above, the ability of the Company to continue as a going concern is evaluated. It is supported by the cash flow forecasts prepared by the management. Such forecasts include the managements' assumptions regarding the timing of future cash flows and operating results which are by their nature uncertain. We have considered this as a key audit matter as the aforesaid transaction, could have an impact on the financial position of the Company and involves management's assessment and estimate in evaluating going concern assumption.	Our audit procedures in respect of this matter include: 1) Reviewing cash-flow forecasts and challenging management's assumptions around future sales, gross margin and operating costs and resulting cash flows; 2) verifying the calculation to ensure the accuracy of the underlying financial data; 3) Analysing the impact of reasonable possible changes in cash flow forecasts and their timing by applying sensitivities to key inputs includes future sales, gross margin and operating costs; 4) Assessing the accuracy of the forecasts by comparing previous forecasts with the Company's actual financial performance; and 5) Assessing the adequacy of the Company's disclosures within the financial statements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises of the information included in the Director's report, Shareholders information, Management Discussion and Analysis and Corporate Governance Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Report on Other Legal and Regulatory Requirements

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

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

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

    (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 financial statements – Refer Note 37 to the standalone financial statements;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place : Shrirampur
Date : May 30, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PRABHAT DAIRY LIMITED

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date : May 30, 2019

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PRABHAT DAIRY LIMITED FOR THE YEAR ENDED MARCH 31, 2019

[Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) All the fixed assets (Property, Plant and Equipment) have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory (excluding Goods in transit and stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.

iii. The Company has granted unsecured loans amounting to ₹ 17,241.15 lakhs to one of its subsidiary Company covered in the register maintained under section 189 of the Companies Act, 2013.

(a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of loans granted by the Company to its subsidiary company covered in the register maintained under section 189 of the Act, (total loan amount granted ₹ 17,241.15 lakhs and balance outstanding as at balance sheet date ₹ 527.83 lakhs) are prejudicial to the Company's interest on account of the fact that the loans granted are interest free which is significantly lower than the cost of funds to the Company and also lower than the prevailing yield of government securities close to the tenor of the loan.

(b) The loans granted to the Company listed in the register maintained under section 189 of the Act are interest free and repayable on demand. According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the Company has not demanded the loan from its subsidiary company.

(c) The Company has not demanded repayment of its loan. Accordingly, there are no amounts overdue for more than ninety days in respect of the loan granted to Company listed in the register maintained under section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

Statutory dues which were outstanding, as at March 31, 2019 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Income Tax Act, 1961	Advance Tax	49.16	2018-19	September 15, 2018	Not paid till May 30, 2019	

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax act 1961	Income tax	35.60	A.Y 2007-08*	Income tax Appellate Tribunal, Pune
Income tax act 1961	Income tax	28.77	A.Y 2009-10*	Income tax Appellate Tribunal, Pune
Income tax act 1961	Income tax	113.79	A.Y 2010-11*	Income tax Appellate Tribunal, Pune
Income tax act 1961	Income tax	16.95	A.Y 2011-12*	Income tax Appellate Tribunal, Pune
Income tax act 1961	Income tax	257.02	A.Y 2012-13*	Income tax Appellate Tribunal, Pune

*A.Y. 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 institution, government or any debentures outstanding during the year.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration 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. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place : Shrirampur
Date : May 30, 2019

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PRABHAT DAIRY LIMITED

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to standalone financial statements of Prabhat Dairy Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements 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) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date : May 30, 2019

Balance Sheet

as at 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	11	-	15,435.66
Capital work-in-progress	12	-	168.95
Intangible assets	11	-	33.41
Financial assets			
i) Investments	13	3,258.00	32,712.66
ii) Other financial assets	14	-	293.98
Income tax assets (net)		283.17	283.17
Deferred tax assets (net)	10	49.84	-
Other non-current assets	15	-	1,721.43
Total non-current assets	(A)	**3,591.01**	**50,649.26**
Current assets			
Inventories	16	24.36	4,809.12
Financial assets			
i) Trade receivables	17	50.08	9,257.46
ii) Cash and cash equivalents	18	695.65	1,773.27
iii) Bank balances other than cash and cash equivalents	19	105.00	7,916.44
iv) Loans	20	597.83	31.07
v) Other financial assets	21	-	653.00
Other current assets	22	-	4,197.03
Assets Classified as Held for Sale		127,234.39	-
Total current assets	(B)	**128,707.31**	**28,637.39**
TOTAL ASSETS	(A+B)	**132,298.32**	**79,286.65**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	23	9,767.61	9,767.61
Other equity	24	48,083.35	47,391.61
Total equity	(C)	**57,850.96**	**57,159.22**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	26	-	3,349.91
Provisions	27	-	74.09
Deferred tax liabilities (net)	10	-	173.87
Total non-current liabilities	(D)	-	3,597.87
Current liabilities			
Financial liabilities			
(i) Borrowings	28	-	8,500.00
(ii) Trade payables	29		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		260.73	4,832.58
(ii) Other financial liabilities	30	31.12	1,370.60
Other current liabilities	31	10.18	3,686.58
Provisions	32	22.30	51.12
Current tax liabilities (net)	33	47.27	88.68
Liabilities directly associated with assets classified as held for sale		74,075.76	-
Total current liabilities	(E)	**74,447.36**	**18,529.56**
Total liabilities	(D+E)	**74,447.36**	**22,127.43**
TOTAL EQUITY AND LIABILITIES	(C+D+E)	**132,298.32**	**79,286.65**

Significant accounting policies 2-3

Notes to the financial statements 4-51

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Statement of Profit and Loss
for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

	Notes	31 March 2019	31 March 2018
Continuing Operations			
Income			
Revenue from operations	4	7,153.54	2,747.21
Total income		7,153.54	2,747.21
Expenses			
Purchase of stock-in-trade	5	6,698.20	2,592.62
Changes in inventories of stock-in-trade	6	54.44	(35.76)
Employee benefits expense	7	116.21	64.17
Other expenses	8	1.29	0.42
Total Expenses		6,870.14	2,621.45
Profit before tax from Continuing Operations		283.40	125.76
Tax expense from Continuing Operations:			
Current Tax		95.83	43.52
Total tax expense	10	95.83	43.52
Profit for the year from Continuing operations		187.57	82.24
Discountinued Operations			
Profit before tax from discontinued operations		277.38	1,942.41
Tax (expenses)/ credit of discontinued Operations	10	(200.30)	134.25
Profit from discontinued operations, net of tax		477.68	1,808.16
Profit for the year		665.25	1,890.40
Other comprehensive income (OCI) from discontinued operation	9		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefit obligations		26.49	6.16
Income tax related to items that will not be reclassified to profit or loss		-	(2.13)
Other comprehensive income for the year, net of tax		26.49	4.03
Total comprehensive income for the year		691.74	1,894.43
Basic and diluted earnings per equity share of face value of ₹ 10 each (31 March 2018: ₹ 10)	25		
(a) From continuing operations		0.19	0.08
(b) From discontinuing operations		0.49	1.85
(c) From continuing and discontinuing operations		0.71	1.94

Significant accounting policies	2-3
Notes to the financial statements	4-51

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Statement of Cash Flow

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
A. Cash flow from operating activities		
Profit before tax from :		
Continuing operations	283.40	125.76
Discontinued operations	277.38	1,942.41
Profit before tax including discontinued operations	560.78	2,068.17
Adjustments for		
Depreciation and amortization expense	1,666.17	1,891.68
Loss on sale of property, plant and equipment	15.93	17.29
Interest income	(112.39)	(312.26)
Provision for doubtful debts	60.59	
Provisions no longer required Written Back	-	(15.40)
Unwinding of interest on preference share	(778.89)	(513.88)
Fair Value Gain on Derecognisation on Pref Share	119.20	
Finance costs	2,128.82	1,658.83
	3,660.21	4,794.43
Working capital adjustments		
Decrease/ (Increase) in inventories	1,742.83	(72.53)
Decrease/ (Increase) in trade receivables	(2,190.56)	1,669.31
Decrease/ (Increase) in Other Financial Assets	(3,372.92)	185.78
Decrease in Other Non Current Asset	425.70	593.03
Decrease/ (Increase) in Other Current Asset	(12,693.94)	1,382.25
(Increase) in Others - Financial Asset - Long Term	(135.50)	(213.80)
Decrease/ (Increase) in Loan to employee	(104.72)	6.57
(Decrease) in other Financial Liabilities	(21.25)	(150.76)
Increase/(Decrease) in other current liabilities	18,439.87	(2,430.05)
Increase in trade and other payables	4,710.84	1,164.40
Increase in current provisions and employee benefits	34.96	8.35
(Decrease) in non current provisions and employee benefits	(47.60)	(27.51)
	10,447.92	6,909.47
Income Tax paid	(160.67)	(448.60)
Net cash flows from operating activities (A)	10,287.25	6,460.87
B. Cash flow from investing activities		
Payment for purchase and construction of property, plant and equipment	(1,840.13)	(4,551.16)
Receipt of government grants	398.25	248.91
Investment in subsidiaries	-	(14,801.98)
Proceeds from sale of property, plant and equipment	163.09	25.85
(Loan Given) / Repayment of loans by Subsidiary	(17,241.15)	14,545.07
Interest received	113.15	533.96
Redemption/(Investment) in bank deposits for more than 3 months	7,768.30	(2,330.16)
Net cash flows used in investing activities (B)	(10,638.49)	(6,329.51)
C. Cash flow from financing activities		
Repayment of borrowings	(978.91)	(8,037.20)
Proceeds of borrowings (net of borrowing cost)	24,219.38	4,143.94
Dividend paid (includes tax on dividend)	-	(472.46)
Finance charges paid	(2,064.16)	(1,653.26)
Net cash flows from financing activities (C)	21,176.31	(6,018.98)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	20,825.07	(5,887.62)
Cash and cash equivalents at the beginning of the year	1,773.27	7,660.89
Cash and cash equivalents at the end of the year	22,598.34	1,773.27

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Cash and cash equivalents comprise (refer note 18)		
Balance with banks :		
In current account	**753.56**	1,424.27
In CC account	**-**	286.47
Cheques on hand	**21,800.00**	-
Cash on hand	**44.79**	62.53
Cash and Cash equivalents as at the year end	**22,598.35**	**1,773.27**
Cash and Cash equivalents from Discountinued operations	**21,902.70**	-
Cash and Cash equivalents from Countinuing operations	**695.65**	1,773.27
Non- cash financing and investing activities		
Substantial modification in terms of investment in redeemble preference shares into Compulsory convertible preference shares (Refer note 48)	**11,588.64**	-
Assignment of Trade Receivables received from subsidiary (Refer note 49)	**23,130.39**	-

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".

The Company has elected to present a statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 34.

Debt reconciliation

This section sets out an analysis of debt and movements in debt for each of the year presented :

	Non Current Borrowing	Current Borrowing	Total
Net Debt As at 1 April 2017	3,867.51	12,734.77	16,602.28
Additional Loan taken	4,178.94	-	4,178.94
Transaction cost amortisation	5.57	-	5.57
Payment of transaction cost	(35.00)	-	(35.00)
Repayment of Loan	(3,802.43)	(4,234.77)	(8,037.20)
Net Debt As at 31 March 2018	4,214.59	8,500.00	12,714.59
Net Debt As at 1 April 2018	4,214.59	8,500.00	12,714.59
Additional Loan taken	371.06	23,848.32	24,219.38
Transaction cost amortisation	18.87		18.87
Repayment of Loan	(978.91)		(978.91)
Net Debt As at 31 March 2019	3,625.61	32,348.32	35,973.93

Significant accounting policies 2-3

Notes to the financial statements 4-51

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2019

(a) Equity share capital (Refer note 23)

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	Amount	No. of shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid				
Opening	**97,676,131**	**9,767.61**	97,676,131	9,767.61
Add: issue during the year	**-**	**-**	-	-
Closing	**97,676,131**	**9,767.61**	97,676,131	9,767.61

(b) Other equity

(Amount in- INR in Lakhs, unless otherwise stated)

Particulars	Reserves and Surplus			Items of OCI	
	Securities premium account	Retained earnings	Capital reduction reserve	Remeasurements of the net defined benefit Plans	Total equity
Balance at 1 April 2017	**35,601.33**	**7,405.28**	**2,960.10**	**2.93**	**45,969.64**
Profit for the year	-	1,890.40	-	-	1,890.40
Other comprehensive income for the year (net of tax)	-	-	-	4.03	4.03
Total comprehensive income for the year	**-**	**1,890.40**	**-**	**4.03**	**1,894.43**
Transactions with owners in their capacity as owners					
Contribution by and distribution to owners					
Dividends	-	(390.70)	-	-	(390.70)
Dividend distribution tax	-	(81.76)	-	-	(81.76)
Total transactions with owners	**-**	**(472.46)**	**-**	**-**	**(472.46)**
Balance at 31 March 2018	**35,601.33**	**8,823.22**	**2,960.10**	**6.96**	**47,391.61**
Profit for the year	-	665.25	-	-	665.25
Other comprehensive income (OCI) from discontinued operation (net of tax)	-	-	-	26.49	26.49
Total comprehensive income for the year	**-**	**665.25**	**-**	**26.49**	**691.74**
Balance at 31 March 2019	**35,601.33**	**9,488.47**	**2,960.10**	**33.45**	**48,083.35**

Significant accounting policies	2-3
Notes to the financial statements	4-51

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Notes to the financial statements

for the year ended 31 March 2019

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 trading in cattle feed and 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.

The Company, along with Cheese Land Agro (India) Private Limited ('wholly owned subsidiary Company), Sunfresh Agro industries Private Limited ('step down subsidiary Company) and Promoter Shareholders (together referred to as 'Group') have entered into a Definitive Sale Agreement on January 21, 2019 with Tirumala Milk Products Private Limited ("The Buyer") for sale of its holding in Sunfresh Agro industries Private Limited. For details refer note 34

2. Basis of Preparation

2.1 Statement of compliance with Ind AS

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 financial statements were authorized for issue by the Company's Board of Directors on 30 May 2019.

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

Details of the Company's significant accounting policies are included in Note 3.

2.2 New and amended standards adopted by the company

The Company has applied following standards and amendments for the first time for its annual reporting period commencing from April 1, 2018:

- IND AS 115, Revenue from contract with customers

  The Company has adopted IND AS 115 using the modified retrospective method as suggested in para C7 of transition provision of IND AS 115.

- Amendment to IND AS 20, Accounting for government grants and disclosure of government assistance - in case of grants related to assets, an option was available to deduct the grant in arriving at the carrying amount of assets.

These amendments did not have any significant impact on the amounts recognized in current and previous year.

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), 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.

2.4 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
Assets held for sale	Lower of carrying value as per the respective Ind AS and Fair value less cost to sell

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date,

Notes to the financial statements

for the year ended 31 March 2019

reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

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 March 31, 2019 is included in the following notes:

- Note 10 – 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 utilized;

- Note 11 – 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 unfavorable 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 42– Fair value measurements and valuation processes

  The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value.

- Note 45– measurement of defined benefit obligations: key actuarial assumptions;

- Impairment of non-financial assets

  In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

- Effective Interest Rate (EIR) method The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the financial instruments. This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well

Notes to the financial statements

for the year ended 31 March 2019

expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

- Impairment of financial asset

  The Company recognizes loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortized cost except investment in equity instruments. At each reporting date, the Company assesses whether the above financial assets 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.

2.6 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 categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized 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.

2.7 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.

Notes to the financial statements

for the year ended 31 March 2019

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) Revenue from contracts with customers

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms as agreed with the customers. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The company does not expect to have any contracts where the period between the transfer of promised goods and service to the customer and payment by customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for time value of money.

b) Interest income

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

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.

Notes to the financial statements

for the year ended 31 March 2019

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.

Classification and subsequent measurements

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.

Notes to the financial statements

for the year ended 31 March 2019

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 derecognizes 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 derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes 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 realize 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.

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 and cost of the item can be measured reliably. The carrying value of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the year in which they are incurred.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advance' under other non-current assets and cost of asset not ready to use before such date are disclosed under 'Capital Work-in-progress'.

Notes to the financial statements

for the year ended 31 March 2019

Depreciation

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.

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	10.56	8
Computers	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.

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property, plant and equipment is provided up to the date preceding the date of sale or deduction as the case may be. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in 'Statement of Profit and Loss' under 'other income' in case of gains and under 'other expenses' in case of losses.

Depreciation method, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

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.

Amortization 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 reorganization; or

Notes to the financial statements

for the year ended 31 March 2019

- 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 realizing 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 Ind AS 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.

Notes to the financial statements

for the year ended 31 March 2019

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. The comparison of cost and net realizable value is made on item by item basis.

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 partly funded, wherein contributions are made 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 recognized in the Statement of Profit and Loss except to the extent that it relates to an item recognized in other comprehensive income or directly in equity.

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 recognized amounts, and it is intended to realize 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 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 realized. Deferred tax assets - unrecognized 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 realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized 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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Notes to the financial statements

for the year ended 31 March 2019

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 Government Grants

Grants from government are recognized when there is reasonable assurance that the Company will comply with the specified conditions and that the Grant will be received.

Government grants related to assets are reduced from the carrying value of Fixed assets presented in the Balance sheet. Accordingly, the grant is recognized in the profit and loss account over the life of depreciable assets as a reduced depreciation expense.

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Chief operating decision maker (CODM). The CODM evaluates the performance of the company by segregating the company into two different segments; processing of milk and manufacturing of dairy products and cattle feed business.

The Company's operations are primarily in India, accordingly there is no reportable secondary geographical segment.

The Chief operating decision maker (CODM) consists of Chairman and Managing Director and Joint Managing Director.

3.15 Contributed equity

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.16 Assets classified as held for sale

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset (or disposal group) to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programmed to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from the other liabilities in the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in statement of profit or loss.

3.17 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.

3.18 Cash and cash equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits.

3.19 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.20 Standards (including amendments) issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116, Leases. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019. The Company is currently evaluating the requirements of amendments. The Company believe that the adoption of this amendment will not have a material effect on its financial statements.

Notes to the financial statements

for the year ended 31 March 2019

4. Revenue from operations

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Sales of products and services	7,153.54	2,747.21
	7,153.54	2,747.21

5. Purchase of stock-in-trade

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
	6,698.20	2,592.62

6. Changes in inventories of stock-in-trade

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Inventories at the beginning of the year :		
Stock-in-trade	78.80	43.04
Less:		
Inventories at the end of the year:		
Stock-in-trade	24.36	78.80
Changes In Inventories:		
Stock-in-trade	54.44	(35.76)
(Increase)/ decrease in inventory	54.44	(35.76)

7. Employee benefit expense

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Salaries, wages bonus and allowances	105.72	59.09
Contribution to provident and other funds (refer note 41)	4.11	2.21
Gratuity expense (refer note 41)	2.35	1.09
Staff welfare expenses	4.03	1.78
	116.21	64.17

8. Other expense

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Corporate Social Responsibility (CSR) (refer note 40)	1.29	0.42
	1.29	0.42

Notes to the financial statements

for the year ended 31 March 2019

9. Statement of other comprehensive income

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
(i) Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans [refer note 41(ii) A(v)]	26.49	6.16
	26.49	6.16
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(2.13)
	26.49	4.03

10. Tax expense

10.1 Amounts recognised in profit and loss

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Current tax		
Current tax on the profit for the year	269.99	378.43
Adjustment of current tax of prior periods	46.32	(59.08)
Current tax expense	316.31	319.35
Deferred tax		
Origination and reversal of temporary differences	(365.62)	142.84
(Short) MAT credit relating to prior years	(55.16)	-
MAT credit entitlement	-	(284.42)
Deferred tax expense/(benefit)	(420.78)	(141.58)
Tax expense for the year	(104.47)	177.77
Tax expense/ (credits) for the year attributable to :		
Continuing Operations	95.83	43.52
Discontinued Operations	(200.30)	134.25
	(104.47)	177.77

10.2 Amounts recognised in other comprehensive income

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19			For the year ended 31-Mar-18		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	26.49	-	26.49	6.16	(2.13)	4.03
	26.49	-	26.49	6.16	(2.13)	4.03

Notes to the financial statements

for the year ended 31 March 2019

10.3 Reconciliation of effective tax rate

(Amount in- INR in Lakhs, unless otherwise stated)

	31-Mar-19		31-Mar-18	
Profit before tax from continuing operations		283.40		125.76
Profit before tax from discontinued operations		277.38		1,942.41
Profit before tax		560.78		2,068.17
Tax using the Company's domestic tax rate of 34.94% (2018 : 34.61%)	34.94%	195.95	34.61%	715.75
Tax effect of:				
Effect of non deductible expenses	(0.72%)	(4.07)	(3.98%)	(82.24)
Deferred tax on assets as held for sale	(8.40%)	(47.11)		
Effect of tax exempt income	(38.78%)	(217.49)	(19.77%)	(408.78)
Effect of additional allowances for tax purpose	(3.57%)	(20.03)	0.72%	14.91
Effect of previous year adjustments	(1.58%)	(8.84)	(2.86%)	(59.08)
Others	(0.51%)	(2.87)	(0.14%)	(2.79)
	(18.63%)	(104.47)	8.60%	177.77

10.4 Recognised deferred tax asset and liability

Deferred tax assets and liabilities are attributable to the following:

(Amount in- INR in Lakhs, unless otherwise stated)

	Deferred tax asset		Deferred tax (liabilities)		Deferred tax asset / (liabilities)	
	As at 31-Mar-19#	As at 31-Mar-18	As at 31-Mar-19#	As at 31-Mar-18	As at 31-Mar-19#	As at 31-Mar-18
Deferred tax*						
Property, plant and equipment	-	-	(827.37)	(745.74)	(827.37)	(745.74)
Intangible assets	0.78	-	-	(2.36)	0.78	(2.36)
Investments at fair value through profit and loss	110.98	-	-	(105.86)	110.98	(105.86)
On transaction advisory services	333.22	-			333.22	-
Provisions for doubtful debts	-	47.51	-	-	-	47.51
Employee benefits	7.44	43.33	-	-	7.44	43.33
Expenses related to IPO	40.62	63.17	-	-	40.62	63.17
MAT Credit Entitlement	384.18	526.08	-	-	384.18	526.08
Deferred tax asset / (liabilities)	877.21	680.09	(827.37)	(853.96)	49.84	(173.87)

* Deferred tax assets and liabilities on assets classified as held for sale is recognised at capital gain tax rate in current year

Deferred tax includes liability of ₹ 382.39 lakhs (31 March 2018: Nil) on account of assets and liabilities classified as held for sale

Notes to the financial statements

for the year ended 31 March 2019

10.5. Movement in deferred tax balances

(Amount in- INR in Lakhs, unless otherwise stated)

	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	MAT credit utilised	Net balance March 31, 2019
Deferred tax asset/ (liabilities)					
Deferred tax assets arising on non current assets classified as held for sale					
Property, plant and equipment	(745.74)	(81.63)	-	-	**(827.37)**
Intangible assets	(2.36)	3.14	-	-	**0.78**
Investments	(105.86)	216.84	-	-	**110.98**
On transaction advisory services	-	333.22	-	-	**333.22**
Provisions for doubtful debts	47.51	(47.51)	-	-	**-**
Employee benefits	43.33	(35.89)	-	-	**7.44**
Expenses related to IPO	63.17	(22.55)	-	-	**40.62**
Tax assets/ (Liability)	(699.95)	365.62	-	-	**(334.33)**
Set off tax	526.08	55.16	-	(197.06)	**384.18**
Net tax assets/ (liability)	**(173.87)**	**420.78**	**-**	**(197.06)**	**49.84**

	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	MAT credit utilised	Net balance March 31, 2018
Deferred tax asset/ (liabilities)					
Property, plant and equipment	**(746.17)**	**0.43**	-	-	(745.74)
Intangible assets	(9.18)	6.82	-	-	**(2.36)**
Investments	-	(105.86)	-	-	**(105.86)**
Employee benefits	52.10	(6.63)	(2.14)	-	**43.33**
Expenses related to IPO	84.21	(21.04)	-	-	**63.17**
Provisions	63.44	(15.93)	-	-	**47.51**
Other items	0.63	(0.63)	-	-	**-**
Tax assets/ (Liability)	(554.97)	(142.84)	(2.14)	-	**(699.95)**
Set off tax	241.66	284.42	-	-	**526.08**
Net tax assets/ (liability)	**(313.31)**	**141.58**	**(2.14)**	**-**	**(173.87)**

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 ₹ 384.18 lakhs (31 March 2018 : ₹ 526.08 lakhs) that are available for offsetting for 15 years against future tax payable by the Company. These will expire from FY 2029-30 to FY 2033-34.

Significant management judgement 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.

Notes to the financial statements

for the year ended 31 March 2019

11. Property, plant and equipment and intangible assets

Reconciliation of carrying amount

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total (A)	Intangible Asset- Software (B)	Total (A+B)
Cost (gross carrying amount)											
Balance as at 01 April 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
Reclass of govt Grant (Refer note 44)	-	-	-	(859.52)	-	-	-	-	(859.52)	-	(859.52)
Additions	-	810.00	113.93	4,300.92	19.99	7.00	14.29	25.11	5,291.24	12.79	5,304.03
Disposals	-	-	-	(17.62)	-	(37.50)	-	-	(55.12)	-	(55.12)
Balance as at 31 March 2018	**431.50**	**4,325.44**	**4,350.25**	**10,505.90**	**327.75**	**158.07**	**71.54**	**107.34**	**20,277.79**	**195.20**	**20,472.99**
Balance as at 01 April 2018	**431.50**	**4,325.44**	**4,350.25**	**10,505.90**	**327.75**	**158.07**	**71.54**	**107.34**	**20,277.79**	**195.20**	**20,472.99**
Government Grant recognised	-	-	(18.01)	(33.61)	-	(37.83)			(89.45)		(89.45)
Additions	-	12.10	72.27	1,187.66	5.89	116.71	14.30	28.69	1,437.62	108.91	1,546.53
Disposals	-	(160.74)	-	(36.89)	-	(1.79)	(5.95)	(0.50)	(205.87)	-	(205.87)
Assets included in a disposal group classified as held for sale	(431.50)	(4,176.80)	(4,404.51)	(11,623.06)	(333.64)	(235.16)	(79.89)	(135.53)	(21,420.09)	(304.11)	(21,724.20)
Balance as at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation & Amortization											
Balance as at 01 April 2017	-	73.81	718.20	2,058.76	52.96	26.93	32.68	49.09	3,012.43	111.79	3,124.22
Reclass of govt Grant (Refer note 44)				(11.47)					(11.47)		(11.47)
Depreciation and amortisation for the year	-	71.21	361.83	1,335.31	26.27	19.31	16.24	22.98	1,853.15	50.00	1,903.15
Disposals	-	-	-	(4.23)	-	(7.75)	-	-	(11.98)	-	(11.98)
Balance as at 31 March 2018	-	**145.02**	**1,080.03**	**3,378.37**	**79.23**	**38.49**	**48.92**	**72.07**	**4,842.13**	**161.79**	**5,003.92**
Balance as at 01 April 2018	-	**145.02**	**1,080.03**	**3,378.37**	**79.23**	**38.49**	**48.92**	**72.07**	**4,842.13**	**161.79**	**5,003.92**
Depreciation and amortisation for the year	-	56.82	296.84	1,205.24	18.75	14.30	11.90	18.25	1,622.10	44.07	1,666.17
Disposals	-	(5.50)	-	(13.18)	-	(1.79)	(5.95)	(0.43)	(26.85)	-	(26.85)
Assets included in a disposal group classified as held for sale	-	(196.34)	(1,376.87)	(4,570.43)	(97.98)	(51.00)	(54.87)	(89.89)	(6,437.38)	(205.86)	(6,643.24)
Balance as at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-
Carrying amounts (Net)											
As at 31 March 2018	431.50	4,180.42	3,270.22	7,127.53	248.52	119.58	22.62	35.27	15,435.66	33.41	15,469.07
As at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-

(i) **Property, plant and equipment pledged as security**
Refer to note 26 for information on property, plant and equipment pledged as security by the company.

(ii) **Contractual obligations**
Refer to note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the financial statements

for the year ended 31 March 2019

12. Capital work in progress

Reconciliation of carrying amount

(Amount in- INR in Lakhs, unless otherwise stated)

Particulars	Building	Plant and Machinery	Furniture and fixture	Computer	Vehicle	Total
Cost (gross carrying amount)						
Balance as at 01 April 2017	6.83	509.53	0.25	-	-	516.61
Reclassification		(0.28)	-	0.28		-
Additions	115.73	3,761.30	5.88	1.08	-	3,883.99
Capitalised during the year	(113.93)	(4,110.23)	(6.13)	(1.36)	-	(4,231.65)
Balance as at 31 March 2018	**8.63**	**160.32**	**-**	**-**	**-**	**168.95**
Balance as at 01 April 2018	**8.63**	**160.32**	**-**		**-**	**168.95**
Reclassification	-	-	-		-	-
Additions	**63.64**	**958.74**	**5.39**	**-**	**198.56**	**1,226.33**
Capitalised during the year	**(72.27)**	**(1,040.47)**	**(5.39)**	**-**	**(98.90)**	**(1,217.03)**
Assets included in a disposal group classified as held for sale	**-**	**(78.59)**	**-**	**-**	**(99.66)**	**(178.25)**
Balance as at 31 March 2019	**-**	**-**	**-**	**-**	**-**	**-**

Capital work-in-progress (CWIP) as at 31 March 2018 majorly comprises of plant and equipment for setup of milk collection centres and Bulk Milk coolers (BMC) at various locations.

13. Investments

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Equity shares at cost (fully paid-up) (unquoted)		
(i) **Subsidiaries**		
2,999,999 (31 March 2018: 2,999,999) equity shares of ₹ 10 each shares of Cheese Land Agro (India) Private Limited	**3,258.00**	3,258.00
Nil (31 March 2018 : 15,523,929) equity shares of ₹ 10 each shares of Sunfresh Agro Industries Private Limited	**-**	18,525.71
Equity shares at FVTPL		
(ii) **Others**		
2 (31 March 2018 : 2) equity shares of ₹ 100 each of Abhyudaya Co-operative Bank	**0.00**	0.00
Investment in preference shares at amortised cost (fully paid-up) (unquoted)		
Subsidiaries		
Nil (31 March 2018 : 11,553,980) 0.01% non cumulative redeemable preference shares of ₹ 10 each of Sunfresh Agro Industries Private Limited	**-**	10,928.95
	3,258.00	**32,712.66**
Aggregate amount of unquoted investments	**3,258.00**	32,712.66

Notes to the financial statements

for the year ended 31 March 2019

14. Other non-current financial assets

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Unsecured, considered good		
Security deposits	-	82.58
Other receivables - Govt Authorities	-	202.14
Fixed deposits with bank- margin money	-	9.26
	-	**293.98**

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 42.

15. Other non-current assets

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Capital advances (for capital commitments refer note 37(c)]		
- Considered good	-	47.94
- Considered doubtful	-	50.00
Less: Loss allowance	-	(50.00)
	-	47.94
Prepaid Expenses	-	2.48
VAT receivable	-	1,671.01
	-	**1,721.43**

16. Inventories

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Raw and packing material (at cost) [including goods-in-transit of ₹ Nil (31 March 2018: ₹ 64.79lakhs)]	-	805.33
Work-in-progress (at cost)	-	808.07
Finished goods * [including goods-in-transit of ₹ Nil (31 March 2018: ₹ 353.21 lakhs)]	-	3,089.41
Stock-in-trade * [including goods-in-transit of ₹ Nil (31 March 2018: ₹ 55.84 lakhs)]	**24.36**	106.31
	24.36	**4,809.12**

*Valued at the lower of cost or net realisable value

Hypothecated as charge against borrowings [refer notes 26 (a&b) & 28a]

The write down of inventories to net realisable value as at 31 March 2019 amounted to Nil (31 March 2018: ₹ 26.91 lakhs). The write down are included as expenses in discontinued operations under Note 34.

Notes to the financial statements

for the year ended 31 March 2019

17. Trade receivables

(Unsecured)

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
- Considered good	50.08	9,257.46
- Considered doubtful	-	87.29
	50.08	9,344.75
Less: Loss allowance for doubtful debts	-	(87.29)
Net Trade receivable	50.08	**9,257.46**

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 42.

18. Cash and cash equivalents

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Cash and cash equivalents		
Balance with banks :		
In current account	695.65	1,424.27
In Cash credit account (Refer note28(a))	-	286.47
Cash on hand	-	62.53
	695.65	1,773.27

19. Bank balances other than cash and cash equivalents

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Fixed deposits with bank (initial maturity of more than three months and remaining maturity less than twelve months)	105.00	7,916.44
	105.00	7,916.44

20. Current financial assets- Loans

(Unsecured, considered good)

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Loan to related party		
Loan to Cheese Land Agro (India) Private Limited (Refer note 43 & 46)	527.83	-
Advance to related party		
Recoverable from Directors (Refer note 43)	70.00	-
Loans to employees	-	31.07
	597.83	31.07

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 42.

Notes to the financial statements

for the year ended 31 March 2019

21. Other current financial assets

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Subsidy income receivable (Refer note 47)	-	610.61
Security deposits	-	32.97
Interest accrued on other Deposit	-	4.30
Interest accrued on fixed deposits	-	5.12
	-	**653.00**

22. Other current assets

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Advance to suppliers	-	4,136.50
Prepaid expenses	-	60.53
	-	**4,197.03**

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 42.

23. Share Capital

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Authorised:		
100,000,000 (31 March 2018: 100,000,000) Equity shares of ₹ 10 each with voting rights	**10,000.00**	10,000.00
	10,000.00	**10,000.00**
Issued Subscribed and Paid up:		
97,676,131 (31 March 2018 : 97,676,131) fully paid up equity shares of ₹ 10 each with voting rights	**9,767.61**	9,767.61
	9,767.61	**9,767.61**

23.1 Reconciliation of shares outstanding at the beginning and at the end of the year:

	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	Amount	No. of shares	Amount
At the commencement of the year				
Equity shares	**97,676,131**	**9,767.61**	97,676,131	9,767.61
Add: - Equity Shares of ₹ 10 each issued	-	-	-	-
At the end of the year				
- Equity shares with voting rights	**97,676,131**	**9,767.61**	**97,676,131**	**9,767.61**

Notes to the financial statements

for the year ended 31 March 2019

23.2 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.

23.3 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.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

23.4 Particulars of shareholders holding more than 5% shares is set out below:

	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	% held	No. of shares	% held
Nirmal Family Trust	**45,560,584**	**46.64%**	45,560,584	46.64%
India Agri Business Fund Limited	**14,038,044**	**14.37%**	14,038,044	14.37%
Societe De Promotion Et De Participation Pour La Cooperation Economique	**8,477,429**	**8.68%**	8,477,429	8.68%
Vistra ITCL India Ltd	**7,391,226**	**7.57%**	**7,391,226**	**7.57%**

24. Other equity:

(Amount in- INR in Lakhs, unless otherwise stated)

		As at 31-Mar-19	As at 31-Mar-18
Capital reduction reserve			
At the commencement and at the end of the year	(A)	**2,960.10**	2,960.10
Securities premium reserve			
At the commencement and at the end of the year	(B)	**35,601.33**	35,601.33
Retained earnings			
Opening balance		**8,823.22**	7,405.28
Net profit for the year (from continuing & discontinued operations)		**665.25**	1,890.40
Dividends			
Final dividend paid ₹ Nil per share (31 March 2018 ₹ 0.40 per share)		**-**	(390.70)
Dividend distribution tax on above		**-**	(81.76)
Closing balance	(C)	**9,488.47**	**8,823.22**
Other items of OCI			
Opening balance		**6.96**	2.93
Remeasurement of post-employment benefit obligation		**26.49**	6.16
Deferred tax on above		**-**	(2.13)
Closing balance	(D)	**33.45**	6.96
Total (A)+(B)+(C)+(D)		**48,083.35**	**47,391.61**

Notes to the financial statements

for the year ended 31 March 2019

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.

Capital reduction reserve

Captial reduction reserve is a reserve in capital nature. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Retained earnings

This represents cumulative profits of the company as effects of remeasurement of defined benefit obligations. It will be utilised in accordance with the provisions of the Companies Act, 2013.

Remeasurement of defined benefit liability (asset)

Remeasurement of defined benefit liability (asset) comprises actuarial gains and losses.

25. 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.

(Amount in- INR in Lakhs, unless otherwise stated)

		As at 31-Mar-19	As at 31-Mar-18
Profit for the year from Continuing operations	A	**187.57**	82.24
Profit for the year from discontinuing operations	B	**477.68**	1,808.16
Total comprehensive income for the year	C	**691.74**	1,894.43
Weighted average number of equity shares of face value of ₹ 10 each outstanding during the year	D	**97,676,131**	97,676,131
Basic and Diluted earnings per equity share:			
- from Continuing operations (₹)	A/D	**0.19**	0.08
- from Discontinued operations (₹)	B/D	**0.49**	1.85
- from Continuing and Discontinued operations (₹)	C/D	**0.71**	**1.94**

26. Non-current borrowings

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Borrowing from other than related parties:		
Secured		
Term Loans (Rupee Loan)		
From banks (refer note a & b)	-	3,310.94
Others		-
From bank (refer note c)	-	38.97
	-	**3,349.91**

Notes to the financial statements

for the year ended 31 March 2019

Notes:

a) **Details of repayment, interest rate, pre-payment and security provided for term loan from banks outstanding as on 31 March 2019:**

During the year 2018-19, the Company has drawn down balance ₹ 371.06 lakhs against HSBC term loan II. Also, the Company repaid ₹ 750 lakhs against HSBC term loan I and ₹ 200 lakhs against HSBC term loan- II. Interest rate for Term Loan - I & Term Loan - II is 6 month MCLR & 1 year MCLR respectively (currently 8.95%). HSBC term Loan I is repayable in 20 monthly balloning installments commencing from November 2018 whereas HSBC term loan II is repayable in 48 monthly equal installments commencing from April 2018. In case of default the lender have rights to 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 moveable fixed assets / properties (present and future) by way of hypothecation.
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."
4. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

   HSBC term loans were availed for discontinued operations and outstanding balance as on March 31, 2019 of ₹ 3,589.45 Lakhs has been classified as liabilities directly associated with assets classified as Held for Sale.

b) **Details of repayment, interest rate, pre-payment and security provided for term loan from banks outstanding as on 31 March 2018:**

During the previous year 2017-18, the Company had obtained a term loan amounting to ₹ 800 lakhs from Kotak Mahindra Bank to set up cold chain project & drawn down of ₹ 428.94 Lakhs in May, 2017. The loan carries an interest rate of 6 months MCLR +0.6% p. a. and is repayable in 48 monthly equal installments starting from April, 2018. The company is having existing Term loan of ₹ 3,750 Lakhs with Kotak Mahindra Bank Ltd & its carries an in interest rate of 6 months MCLR +0.6% p. a. and is repayable in 20 monthly installments starting from November 2018, with installments ranging between ₹ 90 lakhs to ₹ 220 lakhs. In the month of December, 2017 The HSBC Limited has taken over Term Loan - I & Term Loan - II amounting ₹ 3750 Lakhs & ₹ 800 Lakhs respectively. Interest rate for Term Loan - I & Term Loan - II is 6 month MCLR & 1 year MCLR respectively. In case of default the lender have rights to 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 moveable fixed assets / properties by way of hypothecation.
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."
4. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

Notes to the financial statements

for the year ended 31 March 2019

c) **Details of repayment, interest rate and security provided for vehicle loans from loans outstanding as on 31st March 2019 & 31st March 2018:**

The vehicle loans from other banks are secured against such vehicles and carry interest rate ranging from 9.50% to 10.51% p.a. (31 March, 2018: 7.77% to 11.50% p.a.)

Vehicle loans were availed for discontinued operations and outstanding balance as on March 31, 2019 of ₹ 36.16 Lakhs classified as Liabilities directly associated with assets classified as held for sale.

The Company's exposure to interest rate and liquidity risks are disclosed in note 42.

27. Provisions

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Provision for employee benefits		
Gratuity -partly funded (refer note 41)	-	74.09
	-	**74.09**

28. Borrowings

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
From banks		
Secured Cash credit and working capital demand loans (refer note 'a' for details below for assets pledged as security)	-	8,500.00
	-	**8,500.00**

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, Working Capital Demand Loan, repayable on demand and carry interest rate ranging from 8.00% p.a. to 11.25% p.a. (March 31, 2018: 8.65% p. a. to 9.50%). The various short term loans have been secured by way of creation of the following security: -

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 and Intangible 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. D-37/4, TTC MIDC industrial area, Turbhe, Navi Mumbai adm. 5,160 Sq. mtrs.
   ii) Survey No. 121/2 adm. 0.81 Hectares owned by the Company.
   iii) Survey No. 121/3 and 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar Nirmal, leased to the Company.
   iv) All that piece and parcel of the land at Plot No. E-1 in the Shrirampur Industrial Area, Village Khandala, Dist. Nashik admeasuring 72,000 sq.m

Notes to the financial statements

for the year ended 31 March 2019

4) Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

Cash credit and working capital demand loans were availed for discontinued operations and outstanding balance as on March 31, 2019 of ₹ 32,348.32 Lakhs classified as Liabilities directly associated with assets Held for Sale.

The Company's exposure to interest rate and liquidity risks are disclosed in note 42

29. Trade payables

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Total outstanding dues of micro enterprises and small enterprises*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises #	260.73	4,832.58
	260.73	4,832.58

The Company's exposure to liquidity risk are disclosed in note 42.

Note:

Trade payable to related parties Nil (31 March 2018: ₹ 139.79 lakhs) (Refer note 43)

* Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

30. Other financial liabilities

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Other financial liabilities at amortized cost		
Current maturities of long-term debt		
Secured		
Term loans		
From banks (refer note 26 (a, b &c))	-	864.67
Payable for purchase of fixed assets	-	392.06
Security deposits	-	12.70
Employee benefits payable*	31.12	73.66
Others	-	27.51
	31.12	1,370.60

* Includes payable to Directors ₹ 4.98 lakhs (31 March 2018: ₹ 5.52 lakhs)

31. Other current liabilities

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Advances from customers	-	3,640.08
Unclaimed dividend payable	10.18	-
Statutory dues payables	-	41.11
Others	-	5.39
	10.18	3,686.58

Notes to the financial statements
for the year ended 31 March 2019

32. Provisions

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Provision for employee benefits		
Gratuity (partly funded) (refer note 41)	**22.30**	51.12
	22.30	**51.12**

33. Current tax liabilities (net)

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Current tax liabilities [net of advance tax]	**47.27**	88.68
	47.27	**88.68**

34. Discontinued operations

34.1. Description

The Company along with its subsidiaries Cheese Land Agro (India) Private Limited, Sunfresh Agro Industries Private Limited and Promoter Shareholders (together referred to as 'Group') have entered into a Definitive Sale Agreement on January 21, 2019 with Tirumala Milk Products Private Limited (""The Buyer"") to sell the entire Dairy business of Prabhat Dairy Limited vide a Business Transfer Agreement (BTA). Also, post the slump sale, Sunfresh was to take over the entire Dairy business of the Company vide Business Transfer Agreement. The total consideration for these transactions was ₹ 1,70,000 Lakhs (including adjustment for net debt outstanding, working capital and minimum non-current asset level adjustment as agreed with the buyer). The aforesaid sale was subject to certain conditions precedent viz CCI approval, Shareholders approval, Bankers approval etc. During the year ended March 31, 2019, the Group companies received all the critical approvals and post completing the conditions precedent to the deal, the control was handed over to the buyer w.e.f. April 2, 2019.

Post completion of necessary formalities, the purchase consideration of ₹ 1,31,673.76 Lakhs (₹ 69,616.58 lakhs in Prabhat dairy Limited and ₹ 62,057.17 Lakhs in Cheese Land Agro (India) Private Limited) has been received by the Group companies in the designated escrow accounts on April 10, 2019. The net debt and transaction costs have been settled from the stated escrow accounts.

The adjustments for working capital and minimum non-current asset level adjustment and fulfilment of other conditions pursuant to the contract are under progress.

The Group has classified all its assets and liabilities of the Dairy business as "Held for sale" w.e.f. January 21, 2019 as per the requirements of Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Since, the Fair value of assets and liabilities held for sale is greater than its carrying value less cost to sell, the assets and liabilities held for sale are carried at their respective book values. Also, the Group has not depreciated or amortised non-current assets held for sale w.e.f. January 21, 2019 as per the requirements of IND AS 105.

Similarly, the Group has disclosed a single amount in the statement of profit and loss comprising the total of the post-tax profit or loss of discontinued operations separately from the results from Continuing operations as per the requirements of IND AS 105. Moreover, the Group has also re-presented the above disclosures for prior periods presented in the Financial Statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

Notes to the financial statements

for the year ended 31 March 2019

34.2 Financial performance and cash flow information for the year 2018-19 and corresponding previous year 2017-18

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year 31-Mar-19	For the year 31-Mar-18
Revenue	**191,786.11**	142,315.98
Expenses	**191,508.73**	140,373.56
Profit before tax	**277.38**	1,942.42
Income tax expenses		
Current tax (expense)	**220.49**	275.83
Deferred tax credit	**(420.79)**	(141.58)
Total tax (expense) / credit	**(200.30)**	134.25
Profit for the year from discontinued operations	**477.68**	1,808.17
Other comprehensive income (OCI) from discontinued operation		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of employee benefit obligations	**26.49**	6.16
Income tax related to items that will not be reclassified to profit or loss	**-**	(2.13)
Other comprehensive income for the year, net of tax	**26.49**	**4.03**
Total Comprehensive income	**504.17**	**1,812.20**

34.3 Net Cash flow from discontinued operations

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Net cash inflow/(outflow) from from operating activities	**9,973.24**	6,356.42
Net cash inflow/(outflow) from investing activities	**6,602.66**	(6,329.51)
Net cash inflow/(outflow) from financing activities	**21,176.31**	(6,018.98)

Notes to the financial statements

for the year ended 31 March 2019

35. Segment Information.

35.1 Description of segments and principal activities

The Chief operating decision maker (CODM) consisting of Chairman and Managing Director and Joint Managing Director, examines the Company's performance for the following two reportable segments of its business:

1: Processing of milk and manufacturing of dairy products

This part of the business manufactures and sells milk and dairy products to institutional and retail customers. The CODM monitors the perfomance milk business seperately from other segment.

2: Cattle Feed

This part of the business deals in trading of cattle feed. The CODM monitors the perfomance in cattle feed.

35.2 Segment wise Revenue, Results and Capital Employed for year ended March 31, 2019 and corresponding year ended 31 March 2018

(Amount in- INR in Lakhs, unless otherwise stated)

Sr. No.	Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
1	**Segment Revenue from operations**		
	(i) Processing of milk and manufacturing of dairy products (Discontinued operation)	**190,761.29**	141,432.50
	(ii) Cattle feed (Continuing operation)	**7,153.54**	2,747.21
	Total	**197,914.83**	**144,179.71**
2	**Segment Results**		
	(i) Processing of milk and manufacturing of dairy products (Discontinued operation)	**277.38**	1,942.41
	(ii) Cattle feed (Continuing operation)	**283.40**	125.76
	Total	**560.78**	**2,068.17**
3	**Segment Assets**		
	(i) Processing of milk and manufacturing of dairy products (Assets classified as held for sale)"	**127,234.39**	79,205.02
	(ii) Cattle feed (Continuing operation)	**5,063.93**	81.63
		132,298.32	79,286.65
	Total Assets	**132,298.32**	**79,286.65**
4	**Segment Liability**		
	(i) Processing of milk and manufacturing of dairy products (Liabilities classified as held for sale)	**74,075.76**	22,058.55
	(ii) Cattle feed (Continuing operation)	**371.60**	68.88
		74,447.36	**22,127.43**
	Total Liabilities	**74,447.36**	**22,127.43**
5	**Capital expenditure**		
	(i) Processing of milk and manufacturing of dairy products (Capital Expenditure associated with assets classified as held for sale)	**1,840.13**	4,551.16
	(ii) Cattle feed (Continuing operation)	**-**	-

Notes to the financial statements

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

Sr. No.	Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
6	**Depreciation & Amortization**		
	(i) Processing of milk and manufacturing of dairy products (Expenses associated with assets classified as held for sale)	1,666.17	1,891.68
	(ii) Cattle feed (Continuing operation)	-	-
7	**Non cash expenses other than Depreciation & Amortization**		
	(i) Processing of milk and manufacturing of dairy products (Non Cash Expenses associated with assets classified as held for sale)	179.79	-
	(ii) Cattle feed (Continuing operation)	-	-
8	**Revenue from customer more than 10% of revenue***		
	Cattle feed (Continuing operation)	2,442.04	-

* The revenue from customers more than 10% of revenue represents revenue from continuing operations.

36. Revenue from contracts with customers

36.1 First time adoption

Effective April 1, 2018, the Company has adopted IND AS 115 using the modified retrospective method as suggested in para C7 of transition provision of IND AS 115. Adoption of IND AS 115 has no significant impact on revenue, profit before tax and profit after tax of the Company.

36.2 Disaggregation of revenue

The company derives revenue from the transfer of goods and services to its institutional & retail customers, at a point in time of milk and various milk products & cattle feed business.

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19			For the year ended 31-Mar-18		
	Milk and Milk products	Cattle feed	Total	Milk and Milk products	Cattle feed	Total
Sales of products and services						
Sale of products	140,647.23	-	140,647.23	133,940.72	-	133,940.72
Sale of Traded goods	49,836.78	7,153.54	56,990.32	6,217.47	2,747.21	8,964.68
Sale of services	218.31	-	218.31	1,227.47	-	1,227.47
Revenue from contract with customers	190,702.32	7,153.54	197,855.86	141,385.66	2,747.21	144,132.87
Add:Other operating revenue	58.97	-	58.97	46.84	-	46.84
Revenue from operations	190,761.29	7,153.54	197,914.83	141,432.50	2,747.21	144,179.71
Less: Revenue from disposal group classifed as held for sale	(190,761.29)	-	(190,761.29)	(141,432.50)	-	(141,432.50)
Revenue from continuing operations	-	7,153.54	7,153.54	-	2,747.21	2,747.21

All revenues are derived from India

36.3. For assets related to contracts with customers refer note 17

36.4. Information on performance obligation

In case of goods, the Company satisfies performance obligation upon shipment in case of Ex-works and on delivery in case of door delivery terms. In case of services, performance obligation is satisfied upon completion of service. Payment terms are ranging from 30 to 90 days.

Notes to the financial statements

for the year ended 31 March 2019

Revenue from operation excludes Goods and service tax but includes excise duty collected from customers of Nil (31 March 2018: ₹ 14.00 lakhs). Sale of goods net of excise duty is ₹ 190,702.32 lakhs (31 March 2018: ₹ 1,44,118.87 lakhs). Revenue from operations for periods up to 30 June 2017 includes excise duty. From 1 July 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations year ended 31 March 2019 is not comparable 31 March 2018.

37. Contingent liabilities and commitments (to the extent not provided for):

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Contingent liabilities		
a) Income Tax Matters [refer sub-note (i)]		
Financial year 2006-07	35.60	16.09
Financial year 2008-09	28.77	28.25
Financial year 2009-10	113.80	-
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.

b) 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 (""the IT Act"") at the offices of the Company at Shrirampur, Pune and Navi Mumbai and also at the offices of the subsidiary companies 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 had 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.

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 of 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 was made pursuant to above matter amounting to ₹ 492.20 lakhs in the previous years and the Company paid tax amounting to ₹ 148.90 Lakhs.

During the current year, the Company filed the said application with 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.

The Hon'ble Income Tax Settlement Commission passed an order u/s 245 (D) of the Income Tax Act, 1961 and no additional demand was made u/s 245D(4) of the Act.

Notes to the financial statements

for the year ended 31 March 2019

c) Commitments

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**56.98**	489.86
Other commitments (refer sub-note a)	**0.90**	0.98
	57.88	**490.84**

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 pa. However, the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till March 2019 has been waived and that the Company is not required to pay any lease rent for the above referred period.

38. Operating leases where company is a lessee:

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 ₹ 374.93 lakhs (2018 : ₹ 364.63 Lakhs).

39. Payment to auditors

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Statutory audit fees	**20.00**	20.00
Limited review	**6.00**	6.00
Other services	**-**	-
Out of pocket expenses reimbursed	**0.52**	0.56
	26.52	**26.56**

* Figures are excluding Goods and Service tax (GST).

40. Corporate Social Responsibility (CSR)

As per provisions of section 135 of Companies Act 2013, the Company was required to spend ₹ 28.08 lakhs (2018 : ₹ 22.05 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 ₹ 35.31 lakhs (2018 : ₹ 22.06 lakhs) towards Corporate Social Responsibility activities. Out of total CSR spend during the year ₹ 1.29 lakhs (2018 : ₹ 0.42 lakhs) attributable to continuing business.

The breakup of expenditure incurred on CSR activities during the year (April 2018 - March 2019):

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).	35.31	-	35.31

Notes to the financial statements

for the year ended 31 March 2019

The breakup of expenditure incurred on CSR activities during the year (April 2017 - March 2018):

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)."	22.06	-	22.06

41. 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 ₹ 113.60 lakhs (2018: ₹ 115.69 Lakhs). The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

a) Contribution to provident and other funds attributable to continuing operations charged to statement of profit and loss account

(Amount in- INR in Lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Total Contribution to provident and other funds	**113.60**	115.69
Less: Contribution to provident and other funds attributable to discontinued operations	**109.49**	113.48
Contribution to provident and other funds attributable to continuing operations	**4.11**	**2.21**

(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.

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Defined benefit obligation as at the end of the year	**237.37**	199.30
Defined benefit Plan Assets as at the end of the year	**151.29**	74.09
Liability for Gratuity Net liability recognised in the Balance Sheet as at the end of the year	**86.08**	125.21
Non-current	**-**	74.09
Current	**86.08**	51.12
Net liability gratuity recognised in the Balance Sheet as at the end of the year attributable to discontinued operations	**63.78**	-
Net liability gratuity recognised in the Balance Sheet as at the end of the year attributable to continuing operations [refer B(iii)]	**22.30**	125.21

Notes to the financial statements

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

		As at 31-Mar-19	As at 31-Mar-18
A.	**Reconciliation of the net defined benefit liabilities**		
i.	**Reconciliation of present value of defined benefit obligation**		
	Present value of defined benefit obligation as at beginning of the year	199.30	150.53
	Current service cost	58.48	36.91
	Past Service cost	-	12.14
	Interest cost	14.99	10.97
	Benefits paid	(9.23)	(4.70)
	Actuarial (gains) / losses recognised in other comprehensive income	-	-
	- experience adjustment	(26.17)	(6.55)
	Present value of defined benefit obligation as at end of the year	237.37	199.30
ii.	**Reconciliation of present value of defined benefit Plan**		
	Fair value of plan assets as at beginning of the year	74.09	-
	Contribution made during the year	73.11	73.83
	Transfer in /(out)	3.26	-
	Mortality charges	(3.21)	(2.15)
	Return on plan assets	8.36	2.80
	Benefits paid	(4.64)	-
	Actuarial (gains) / losses recognised in other comprehensive income	-	-
	- experience adjustment	0.32	(0.39)
		-	-
	Fair value of plan Assets	151.29	74.09
iii.	**Amounts to be recognised in the Balance Sheet**		
	Present value of defined benefit obligation	237.37	199.30
	Defined benefit Plan Assets	151.29	74.09
	Net liability recognized in Balance Sheet	86.08	125.21
	Net gratuity liability attributable to discontinued operations	63.78	-
	Net gratuity liability attributable to continuing operations [refer B(iii)]	22.30	125.21
iv.	**Expenses recognised in the Statement of Profit and Loss**		
	Current service cost	58.48	36.91
	Past Service cost	-	12.14
	Interest cost	14.99	10.97
	Return on plan assets	(8.36)	(2.80)
		65.11	57.22
	Gratuity expenses attributable to discontinued operations	62.76	56.13
	Gratuity expenses attributable to continuing operations	2.35	1.09
v.	**Remeasurement recognised in other comprehensive income**		
	Actuarial (gain)/ losses on defined benefit obligation	(26.17)	(6.55)
	Actuarial (gain)/ losses on defined benefit Plan assets	(0.32)	0.39
	Net Actuarial (gain)/ losses	(26.49)	(6.16)
	Net Actuarial (gain)/ losses attributable to discontinued operations	(26.49)	(6.16)
	Net Actuarial (gain)/ losses attributable to continuing operations	-	-

Notes to the financial statements

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

		As at 31-Mar-19	As at 31-Mar-18
vi.	**Expected contribution to the fund in the next year - Gratuity**	-	125.00
B.	**Defined benefit obligations**		
i.	**Actuarial assumptions**		
	Principal actuarial assumptions at the reporting date (expressed as weighted averages).		
	Discount rate (per annum)	**7.80%**	7.70%
	Salary escalation rate	**9.00%**	8.00%
	Attrition rate	**4.00%**	5.00%
	Expected average remaining working lives of employees (in Years)	**14.61**	13.46

Assumptions regarding future mortality have been based on published standard table in accordance with Indian Assured Lives Mortality (2006-08) ultimate.

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 (including discontinued operations)**

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:

	For the year ended 31-Mar-19		For the year ended 31-Mar-18	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**(18.56)**	**22.39**	(15.97)	19.03
Future salary growth (1% movement)	**19.75**	**(16.83)**	16.79	(14.47)
Attrition rate (1% movement)	**(1.60)**	**1.84**	(0.17)	0.19

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.

iii. **Employees gratuity liability allocation between continuing and discontinued operation**

All the employees except cattle feed employees and directors shall be trasferred to Sunfresh Agro Industries Private Limited as part of definitive sale agreement. Present value of defined benefit obligation for employees to be retained by the Company is ₹ 61.49 lacs. Present value of defined benefit assets for employees to be retained by the Company allocated is ₹ 39.19 lacs. Hence, net gratuity liability attributable to continuing operations amounting to ₹ 22.30 lacs.

42. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The fair value of other current financial assets, cash and cash equivalents, trade receivables, investments, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Notes to the financial statements

for the year ended 31 March 2019

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

Carrying values of non-current security deposits and non-current term deposits are not significant and therefore the impact of fair value is not considered for above disclosure.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities (not held for sale), including their levels in the fair value hierarchy

As at 31-03-2019

		Carrying amount			
	Note	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets measured at fair value					
Investments	13	0.00	-	-	0.00
Financial assets					
Trade receivables	17	-	-	50.08	50.08
Cash and cash equivalents	18	-	-	695.65	695.65
Bank balances other than cash and cash equivalents	19	-	-	105.00	105.00
Loans	20	-	-	597.83	597.83
		0.00	**-**	**1,448.56**	**1,448.56**
Financial liabilities					
Trade payables	29	-	-	260.73	260.73
Other current financial liabilities	30	-	-	31.12	31.12
		-	**-**	**291.85**	**291.85**

Quantitative disclosures fair value measurement hierarchy for assets and liabilities

	Fair value			
	Level 1	Level 2	Level 3	Total
Investments	0.00	-	-	0.00

As at 31-03-2018

		Carrying amount			
	Note	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets measured at fair value					
Investments	13	0.00	-	-	0.00
Investments in Preference share of Subsidiary	13	-	-	10,928.95	10,928.95
Financial assets					
Trade receivables	17	-	-	9,257.46	9,257.46
Cash and cash equivalents	18	-	-	1,773.27	1,773.27
Bank balances other than cash and cash equivalents	19	-	-	7,916.44	7,916.44
Loans	20	-	-	31.07	31.07
Other non-current financial asset	14	-	-	293.98	293.98
Other current financial asset	21	-	-	653.00	653.00
		0.00	**-**	**30,854.17**	**30,854.17**

Notes to the financial statements
for the year ended 31 March 2019

	Note	Carrying amount			
		FVTPL	FVTOCI	Amortised Cost	Total
Financial liabilities					
Long term borrowings	26	-	-	3,349.91	3,349.91
Short term borrowings	28	-	-	8,500.00	8,500.00
Trade payables	29	-	-	4,832.58	4,832.58
Current maturity of long term borrowings	30	-	-	864.67	864.67
Other current financial liabilities	30	-	-	505.93	505.93
		-	-	**18,053.09**	**18,053.09**

Quantitative disclosures fair value measurement hierarchy for assets and liabilities

	Fair value			
	Level 1	Level 2	Level 3	Total
Investments	0.00	-	-	0.00

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 (directly associated with assets classified as Held for Sale)	Discounted cash flow: The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate	Not applicable	Not applicable
Investment in Preference shares (directly associated with assets classified as Held for Sale)	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.

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.

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.

Notes to the financial statements
for the year ended 31 March 2019

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, interest 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.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency). As on 31 March, 2019 and 31 March, 2018 there was no exposure in foreign currency of receivable as well as payable.

iii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's receivables from statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does not foresee any credit risks on deposits with regulatory authorities.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 and March 31, 2018 is the carrying amounts as mentioned in Note 13,14 & 17 to 21.

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 Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry/ sector in which customers operate.

Notes to the financial statements

for the year ended 31 March 2019

The following table gives details in respect of revenue generated from top ten customers:

(Amount in- INR in Lakhs, unless otherwise stated)

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Revenue from top ten customer	5,568.17	92,836.99

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:

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Balance at the beginning	87.29	102.69
Impairment loss recognized/ (Reversed) attributable to discontinued operations	60.59	(15.40)
Provision for Impairment loss attributable to discontinued operations	(147.88)	
Balance at the end	-	87.29

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 certificates of deposit which are funds deposited at a bank for a specified time period.

iv. Liquidity risk

Liquidity risk is the risk that the company will not be able to meets its financial obligation as they become due.

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 2019, the Company had a working capital of ₹ 54,259.97 lakhs and as at 31 March 2018 of ₹ 10,107.83 lakhs (including assets held for sale and liabilities associated with assets held for sale). The working capital of the Company for this purpose has been derived as follows:

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Total current asset (A)	128,707.31	28,637.39
Total current liabilities (B)	74,447.36	18,529.56
Working capital (A-B)	54,259.95	10,107.83

The working capital as at 31 March 2019 calculated above includes cash and cash equivalents of ₹ 695.65 lakhs and deposits with banks of ₹ 105 lakhs. Also, the working capital as at 31 March 2018 calculated above includes cash and cash equivalents of ₹ 1773.27 lakhs and deposits with banks of ₹ 7916.44 lakhs.

The following are the remaining contractual maturities of financial liabilities at the reporting date for continuing operations. The amounts are gross and undiscounted.

As at 31-03-2019

	Carrying amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Trade payables	260.73	(260.73)	(260.73)	-	-	-	-
Employee benefits payable	31.12	(31.12)	(31.12)	-	-	-	-
	291.85	**(291.85)**	**(291.85)**	**-**	**-**	**-**	**-**

As at 31-03-2018

	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	4,214.59	(4,214.59)	(56.92)	(807.75)	(2,476.15)	(873.77)	-
Working capital loans from banks	8,500.00	(8,500.00)	(8,500.00)	-	-	-	-
Trade payables	4,832.58	(4,832.58)	(4,832.58)	-	-	-	-
Payable for purchase of fixed assets	392.06	(392.06)	(392.06)	-	-	-	-
Employee benefits payable	73.66	(73.66)	(73.66)	-	-	-	-
Security deposits	12.70	(12.70)	(12.70)	-	-	-	-
Others	27.51	(27.51)	(27.51)	-	-	-	-
	18,053.10	**(18,053.10)**	**(13,895.43)**	**(807.75)**	**(2,476.15)**	**(873.77)**	**-**

v. Market risk

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

Exposure to currency risk

The company has no significant exposure to currency risk as on balance sheet date 31 March 2019 & 31 March 2018.

	As at 31-Mar-19		As at 31-Mar-18	
	INR	EURO	INR	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 For the year ended		Year-end spot rate As at	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
EURO	**74.94**	73.19	**80.62**	69.25

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.

Notes to the financial statements

for the year ended 31 March 2019

vi. 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 and certificate of deposits. The interest rate profile of the Company's interest-bearing financial instruments from continuing operations are as follows:

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19*	As at 31-Mar-18
Fixed-rate instruments		
Financial assets	**105.00**	7,925.70
Financial liabilities	-	65.07
Variable-rate instruments		
Financial liabilities	-	**12,649.52**

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 ₹ 1.05 Lakhs (31 March 2018: ₹ 78.61 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.

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31-Mar-19 *				
Variable-rate instruments	-	-	-	-
Cash flow sensitivity	**-**	**-**	**-**	**-**
31-Mar-18				
Variable-rate instruments	126.50	(126.50)	115.62	(115.62)
Cash flow sensitivity	**126.50**	**(126.50)**	**115.62**	**(115.62)**

*for financial year ended 31 March 2019, fixed and variable instruments outstanding from continuing business considered for the analysis.

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.

Notes to the financial statements
for the year ended 31 March 2019

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19*	As at 31-Mar-18
Total debts	-	12,714.58
Less : Cash and cash equivalent and bank balances	**800.65**	9,689.71
Adjusted net debt	**(800.65)**	3,024.87
Total equity	**57,850.96**	57,159.22
Adjusted net debt to adjusted equity ratio	**-1.38%**	**5.29%**

*for financial year ended 31 March 2019, debts and cash & cash equivalents of continuing business considered for debt -equity ratio.

43. Related party relationships, transactions and balances

a) **Individuals having control over the Company (Key management personnel)**

Mr. Sarangdhar R. Nirmal, Chairman & Managing Director

Mr. Vivek S. Nirmal, Joint Managing Director

Mr. Raviraj Vadhane, Chief Financial Officer (from 27 April 2016)

Ms. Priya Nagmoti, Company Secretary (upto 10 october 2018)

Ms. Dipti Todkar, Company Secretary (from 11 October 2018)

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

Nirmal Rural Multipurpose Institute

Subsidiary Companies

Cheese Land Agro (India) Private Limited

Sunfresh Agro Industries Private Limited

Relatives of key management personnel :

Mrs. Nidhi V. Nirmal

Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence :

Prabhat Agro. Multi State Co-Operative Society Limited

Notes to the financial statements

for the year ended 31 March 2019

c) Disclosure of related party transactions:

(Amount in- INR in Lakhs, unless otherwise stated)

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	-	-	64,217.43	-	-	64,217.43
	-	-	(12,328.88)	-	-	(12,328.88)
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	-	5,513.95	5,513.95
	-	-	-	-	(2,251.74)	(2,251.74)
Cheese Land Agro (India) Private Limited	-	-	-	-	-	-
	-	(488.89)	-	-	-	(488.89)
						-
	-	-	-	-	-	-
Sale of goods:-						-
Sunfresh Agro Industries Private Limited	-	-	81,095.33	-	-	81,095.33
	-	-	(70,520.44)	-	-	(70,520.44)
Other expenses						-
Sunfresh Agro Industries Private Limited	-	-	-	-	-	-
	-	-	(30.35)	-	-	(30.35)
Corporate Social Responsibility (CSR) expenses						
Nirmal Rural Multipurpose Institute					4.36	4.36
					-	-
Interest income						-
Cheese Land Agro (India) Private Limited	-	-	-	-	-	-
	-	(255.86)	-	-	-	(255.86)
Fair Value loss on conversion of Preference Share						
Sunfresh Agro Industries Private Limited			119.20			119.20
			-			-
Unwinding of interest & Fair value adjustment on preference shares						
Sunfresh Agro Industries Private Limited	-	-	778.89	-	-	778.89
	-	-	(513.88)	-	-	(513.88)
Assignment of receivable & advance received						
Sunfresh Agro Industries Private Limited		-	6,417.07			6,417.07
		-	-			-
Cheese Land Agro (India) Private Limited		16,713.32				16,713.32
		-				-

Notes to the financial statements

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

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
Loan to subsidiary						
Cheese Land Agro (India) Private Limited	-	17,241.15	-	-	-	17,241.15
		-				
Managerial Remuneration						-
Sarangdhar R. Nirmal	-	-	-	22.00	-	22.00
	-	-	-	(70.00)	-	(70.00)
Vivek Nirmal	-	-	-	2.00	-	2.00
	-	-	-	(24.00)	-	(24.00)
Salary						-
Raviraj Vahadane	-	-	-	18.11	-	18.11
	-	-	-	(9.06)	-	(9.06)
Priya Nagmoti	-	-	-	18.85	-	18.85
	-	-	-	(28.16)	-	(28.16)
Dipti Todkar	-	-	-	10.21	-	10.21
	-	-	-	-	-	-
Relatives of KMPs	-	-	-	22.76	-	22.76
	-	-	-	(19.23)	-	(19.23)
Lease Rent payment						-
Sarangdhar R. Nirmal	-	-	-	-	-	-
	-	-	-	(26.48)	-	(26.48)
Loans and advances Recovered						
Cheese Land Agro (India) Private Limited	-	-	-	-	-	-
	-	(14,545.07)	-	-	-	(14,545.07)
Investment in equity share						
Cheese Land Agro (India) Private Limited	-	-	-	-	-	-
	-	(3,248.00)				(3,248.00)
Investment in 0.01% non cumulative preference share (including equity Component)						-
Sunfresh Agro Industries Private Limited	-	-	-	-	-	-
	-	-	(11,553.98)	-	-	(11,553.98)
Change in terms of 0.01% non cumulative preference share (including Premium) to Compulsory convertible preference shares						
Sunfresh Agro Industries Private Limited		-	11,588.64	-	-	11,588.64
		-	-	-	-	-
Balances outstanding at the end of the year						

Notes to the financial statements

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

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
Investment held in equity shares by Company						
Cheese Land Agro (India) Private Limited	-	3,258.00	-	-	-	3,258.00
	-	(3,258.00)	-	-	-	(3,258.00)
Sunfresh Agro Industries Private Limited (Including equity component of investment in preference shares)	-	-	18,525.70	-	-	18,525.70
	-	-	(18,525.70)	-	-	(18,525.70)
Investment held in 0.01% non cumulative Compulsory Convertible preference share **						
Sunfresh Agro Industries Private Limited			11,588.64			11,588.64
			-			-
Investment held in 0.01% non cumulative preference share **						-
Sunfresh Agro Industries Private Limited	-	-	-	-	-	-
	-	-	(10,928.95)	-	-	(10,928.95)
Trade Payable						
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	-	89.20	89.20
	-	-	-	-	(12.26)	(12.26)
Cheese Land Agro (India) Private Limited	-	-	-	-		-
		(127.53)				(127.53)
Loan to subsidiary						
Cheese Land Agro (India) Private Limited	-	527.83	-	-	-	527.83
	-	-	-	-	-	-
Advance to Supplier						
Nirmal Rural Multipurpose Institute	-	-			18.00	18.00
	-	-			-	-
Advance from customers						
Sunfresh Agro Industries Private Limited	-	-	28,333.83	-	-	28,333.83
	-	-	(3,268.69)	-	-	(3,268.69)
Recoverable from Director						
Vivek Sarangdhar Nirmal	-	-	-	22.00	-	22.00
	-	-	-	-	-	-
Sarangdhar Ramchandra Nirmal	-	-	-	48.00	-	48.00
	-	-	-	-	-	-

(Amount in- INR in Lakhs, unless otherwise stated)

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
Employee Benefits Payable						
Vivek Sarangdhar Nirmal	-	-	-	1.81	-	1.81
	-	-	-	(1.39)	-	(1.39)
Sarangdhar Ramchandra Nirmal	-	-	-	3.17	-	3.17
	-	-	-	(4.13)	-	(4.13)
Post employment benefits						
Vivek Sarangdhar Nirmal	-	-	-	6.00	-	6.00
	-	-	-	(5.86)	-	(5.86)
Sarangdhar Ramchandra Nirmal	-	-	-	20.00	-	20.00
	-	-	-	(20.00)	-	(20.00)
Priya Nagmoti	-	-	-	-	-	-
	-	-	-	(1.78)	-	(1.78)
Dipti Todkar	-	-	-	0.24	-	0.24
	-	-	-	-	-	-
Relatives of KMPs	-	-	-	1.84	-	1.84
	-	-	-	(1.67)	-	(1.67)

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 2019 has been waived and that the Company is not required to pay any lease rent for the above period.

** Carrying value of Preference shares as on March 31, 2019 are at amortised cost.

With respect to transactions with related parties, the Company is of view that such transactions have been carried out at arms length and conditions/ provisions as laid down in section 188 of the Companies Act, 2013 have been complied with.

Outstanding balances at the year-end are unsecured and interest free. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party.

44. Going Concern

Till the previous year, the dairy business constituted major business of the Company. The sale of Dairy business casts significant doubt on the entity's ability to continue as a going concern. However, no material uncertainty exists.

The Sale consideration receivable is higher than the net asset value of the Dairy business. The sales proceeds will be used to discharge all the liabilities of the Dairy business and the surplus will be used for distribution to shareholders after transaction costs, taxes and other indemnity commitments.

Notes to the financial statements

for the year ended 31 March 2019

Post the sale of Dairy business, the Company intends to focus on cattle feed business and has proposed merger of its subsidiary Cheese Land Agro (India) Private Limited with itself, currently pending for approval with 'the Regional Directorate'.

Based on the projections for cattle feed business provided, the management of the Company is confident that it will be in the position to repay its liabilities relating to cattle feed business as and when they arise.

Hence, financials statements of the Company are prepared on a going concern basis.

45. Proposed Merger with Cheese Land Agro (India) Private Limited

On February 13, 2019, the Board of Directors of the Company and those of Cheese Land Agro (India) Private Limited ('the Subsidiary Company') approved the scheme of Amalgamation and Arrangement under Section 230-233 of the Companies Act, 2013 ("Proposed Scheme") for merger of Cheese Land Agro (India) Private Limited with the Company subject to approvals like shareholder's approval, creditor's approval, Regional Directorate approval etc. The approval from 'The Regional Directorate' was not received till the date of approval of financial results by the Board of Directors.

Since the application for proposed Merger to 'The Regional Directorate' was made post the year end on April 27, 2019 and the approval for effecting the merger also not received till the date of approval of financials, the same indicates that the conditions did not exist at the end of the reporting period.

Accordingly, the same is treated as a non-adjusting event as per Ind AS 10, Events After the Reporting Period and the merger has not been effected in the standalone financial statements of Prabhat Dairy Limited.

46. Loan to subsidiary company

In the earlier years, the Company had granted short term loans amounting to ₹ 2,993.51 lakhs and long-term loans amounting to ₹ 11,551.56 lakhs to Cheese Land Agro (India) Private Limited, its subsidiary company. The long-term loans were due for repayment on March 31, 2019 along with interest @7.50% p.a.

During the previous year, the subsidiary had prepaid the entire loan amount outstanding along with interest accrued thereon by August 14, 2017. It has paid interest @ 7.5% for the period from April 1, 2017 to June 30, 2017. However, at the request of the subsidiary company, the Company had waived off interest for the period from July 1, 2017 till August 14, 2017.

The Company had accounted for Finance Income amounting to ₹ Nil (March 31, 2018 : 255.87 lakhs) on account of such loans in discontinued operations (Refer Note 34).

During the year under consideration, the Company further advanced interest free loan amounting to ₹ 17,241.15 (including assignment of trade receivables of ₹ 16,713.32 lakhs of Cheese Land Agro (India) Private Limited). The balance outstanding as at March 31, 2019 is ₹ 527.83 lakhs (March 31, 2018 : Nil).

47. Milk Subsidy

With effect from August 1, 2018, the Government of Maharashtra introduced a Subsidy of ₹ 5 per litre (₹ 3 per litre for the month of March 2019) to be paid to the farmers through the Company provided the Company fulfils specified conditions relating to purchase price and utilisation of milk.

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. Also, Grants related to income can be presented as part of profit or loss, either separately or under a general heading such as 'Other income' or alternatively deducted in reporting the related expense.

Accordingly, during the year, the Company has recognised ₹ 7,268.63 Lakhs (March 31, 2018 ₹ Nil) on account of such Grant as a reduction from cost of material consumed and disclosed the same in discontinued operations (refer Note no. 34).

Notes to the financial statements
for the year ended 31 March 2019

48. Investment in preference shares

During the previous year FY 2017-18, Prabhat Dairy Limited had invested in 1,15,53,980 – 0.01% Non-Cumulative Redeemable Preference shares of ₹ 10 each of Sunfresh Agro Industries Private Limited (SAIPL), its subsidiary company at ₹ 100 each. As per the terms of issue, the same was redeemable for ₹ 137 per share after 5 years or for ₹ 155 per share after 7 years from the date of issue.

The contractual cash flows from preference shares was sole payment of principal (interest being immaterial). Also, the business model of the Company was to hold the instrument till maturity, Hence, as per the provisions of Ind AS 109 – "Financial Instruments", such Preference shares were carried at amortised costs. Initially, the Preference shares were recognised at Fair Value and difference between face value of consideration paid and Fair value was treated as Equity Investment. The Debt component of preference shares was subsequently measured at amortised cost.

On January 24, 2019, the terms of preference shares were modified from 0.01% Non – Cumulative Redeemable Preference shares (NCP) to 0.01% Non – Cumulative compulsory convertible Preference shares (CCP) which are convertible into Equity shares at any time within 5 years from the date of issue of shares at the discretion of Board of Directors of the Company. Further, the number of equity shares to be issued at the time of conversion shall be determined based on valuation report at the time of conversion.

Modification of terms of Preference shares from Redeemable to Compulsory Convertible is treated as substantial modification as per the provisions of IND AS 109. Consequently, the Company has de-recognised its Investment in 0.01% Non – Cumulative Redeemable Preference shares of ₹ 11,707.84 lakhs (being carrying value of Investment at amortised cost at the date of modification) and recognised Investment in 0.01% Non – Cumulative compulsory convertible Preference shares at its fair value of ₹11,588.64 Lakhs. The loss of ₹119.20 Lakhs between carrying value of Redeemable Preference shares and fair value of Convertible Preference shares as on the date of modification is recognised in under discontinued operations (Refer Note 34).

As per the provisions of Ind AS 109 "Financial Instruments", such Compulsory convertible Preference shares are classified as Fair value through Profit & Loss (FVTPL) since contractual cash flows are not sole payment of principal and interest and the business model is no longer to hold the instrument till maturity. At initial recognition, the Investment in convertible preference shares is recognised at Fair value. Subsequently, the same is measured at Fair value.

Accordingly, the Company has recognised interest Income till January 21, 2019 (date when the preference shares were classified as Held for sale) of ₹ 778.89 Lakhs (March 31, 2018: ₹ 513.88 Lakhs) during the year in discontinued operations (Refer Note 34).

49. Assignment of Receivable & Advances from Subsidiaries

Assets classified as held for Sale includes Trade receivable of ₹ 16,713.32 lakhs of Cheeseland Agro (India) Private Limited, Trade Receivable and Advance to Supplier of ₹ 5,138.05 lakhs and ₹ 1,279.02 lakhs respectively of Sunfresh Agro Industries Private Limited assigned to the Company.

50. Government grant for setting up of integrated cold chain facilities

During the previous year FY 2017-18, the Company was sanctioned grants related to assets under 'Scheme for Cold Chain Value Addition and Preservation Infrastructure for setting up of integrated cold chain facilities for Dairy products at Shrirampur, Maharashtra of ₹ 848.05 lakhs.

Government grant income was recognised in statement of profit or loss on a systematic basis over the useful life of the asset.

Notes to the financial statements

for the year ended 31 March 2019

The MCA vide notification dated September 20, 2018 has issued the Companies (Indian Accounting Standards) Second Amendment Rules 2018 to amend the Companies (Indian Accounting Standards Rules 2015. As per the said notification, in case of grants related to assets, an option was available to deduct the grant in arriving at the carrying amount of assets. In such case, the grant was recognized in the Statement of Profit and Loss over the life of depreciable asset as a reduced depreciation expense.

The Company has elected to reduce the grant while calculating the carrying amount of asset. Accordingly, in the financials for the year ended March 31, 2019, the value of Property, Plant and Equipment has been disclosed net of Government Grant of ₹ 862.82 Lakhs (March 31, 2018 ₹ 848.04 Lakhs) and depreciation expense is shown net of Grant income of ₹ 74.68 lakhs (March 31, 2018 : ₹ 11.47 lakhs) under note 34 - Discontinued Operations.

The Company has adopted the change in accounting policy retrospectively in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and accordingly previous periods figures have been restated wherever necessary.

There is no impact of such change in the accounting policy on the profit of the current and previous periods.

	31-Mar-19	31-Mar-18
Opening balance	**610.61**	-
Grant accrued during the year	**89.44**	859.52
Grant received during the year	**(398.25)**	(248.91)
Closing balance	**301.80**	**610.61**

51. Prior year comparatives

Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification/ disclosure.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Independent Auditor's Report

To the Members of
Prabhat Dairy Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Prabhat Dairy Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of our reports on separate financial statements and on the other financial information of subsidiaries,the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group at March 31, 2019, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit Matters	How Was the Key Audit Matter Addressed in the Audit
Assets held for Sale and Discontinued Operations Refer Note 34 of Financial statement The Group vide agreement dated January 21, 2019 has signed a definitive agreement to sell its dairy business along with its subsidiary Company to Tirumala Milk Products Private Limited for a total consideration of ₹ 1,70,000.00 Lakhs (including adjustment for net debt outstanding, working capital adjustment and minimum non-current asset level adjustment as agreed with the buyer). The dairy business constitutes 86.65% of the total revenue of the Group. We have considered this as a key audit matter because of the significance of the said transaction and disclosure requirements as required under 'Ind AS 105-Non-current Assets Held for Sale and Discontinued Operations'.	Our audit procedures in respect of this matter include: 1) Reading definitive agreement to sell to understand the key terms and conditions of the transaction 2) Evaluating management's assessment of the consideration received for the disposal, the carrying amount of the net assets sold and the loss on disposal, if any 3) Evaluating applicability of 'Ind AS 105 -Non-current Assets Held for Sale and Discontinued Operations' to the said transaction. 4) Agreeing the cash consideration received to bank statements in the subsequent period. 5) Critically assessing the appropriateness of the Group's disclosures in respect of the disposal including the disclosures related to Non-current assets Held for sale and discontinued operations and the restatement of comparative in Statement of profit and loss.

Key audit Matters	How Was the Key Audit Matter Addressed in the Audit
Going Concern	
Refer Note 46 of Financial statement The Group has entered into an agreement to sell its dairy business along with its subsidiary Company to Tirumala Milk Products Private Limited, which constitutes 86.65% of the total revenue of the Group. In view of the above,the ability of the Group to continue as a going concern is evaluated. It is supported by the cash flow forecasts prepared by the management. Such forecasts include the managements' assumptions regarding the timing of future cash flows and operating results which are by their nature uncertain. We have considered this as a key audit matter as the aforesaid transaction, could have an impact on the financial position of the Group and involves management's assessment and estimate in evaluating going concern assumption.	Our audit procedures in respect of this matter include: 1) Reviewing cash-flow forecasts and challenging management's assumptions around future sales, gross margin and operating costs and resulting cash flows; 2) Verifying the calculation to ensure the accuracy of the underlying financial data; 3) Analysing the impact of reasonable possible changes in cash flow forecasts and their timing by applying sensitivities to key inputs includes future sales, gross margin and operating costs; 4) Assessing the accuracy of the forecasts by comparing previous forecasts with the Group's actual financial performance; and 5) Assessing the adequacy of the Group's disclosures within the financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises of the information included in the Director's report, Management Discussion and Analysis, Corporate Governance Report and Shareholders information but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Report on Other Legal and Regulatory Requirements

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss,the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies,none of the directors of the Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of internal financial controls over financial reporting of the Group 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 39 to the consolidated financial statements.

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Groupto its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place : Shrirampur
Date : May 30, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PRABHAT DAIRY LIMITED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place : Shrirampur
Date : May 30, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PRABHAT DAIRY LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Prabhat Dairy Limited on the consolidated Financial Statements for the year ended March 31, 2019]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of Prabhat Dairy Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies, which are companies incorporated in India, 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date : May 30, 2019

Consolidated Balance Sheet

as at 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	13	-	44,218.77
Capital work-in-progress	14	-	1,129.74
Intangible assets	13	-	33.40
Financial assets			
i) Investments	15	-	0.32
ii) Other financial assets	16	-	2,138.88
Income tax assets (net)		305.45	314.71
Deferred tax assets (net)	12	624.25	-
Other non-current assets	17	-	1,901.67
Total non-current assets	(A)	929.70	49,737.49
Current assets			
Inventories	18	24.36	13,241.17
Financial assets			
i) Trade receivables	19	50.03	22,208.75
ii) Cash and cash equivalents	20	695.77	4,892.57
iii) Bank balances other than cash and cash equivalents	21	105.00	7,960.74
iv) Loans	22	70.00	34.69
v) Other financial assets	23	-	1,941.43
Other current assets	24	1,617.48	4,295.76
Assets Classified as Held for Sale		142,051.75	-
Total current assets	(B)	144,614.39	54,575.11
TOTAL ASSETS	(A+B)	145,544.09	104,312.60
EQUITY AND LIABILITIES			
Equity			
Equity share capital	25	9,767.61	9,767.61
Other equity	26	68,234.36	63,317.76
Equity attributable to owners of the Company		78,001.97	73,085.37
Total equity	(C)	78,001.97	73,085.37
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	28	-	3,356.66
Provisions	29	-	95.44
Deferred tax liabilities (net)	12	-	1,239.35
Total non-current liabilities	(D)	-	4,691.45
Current liabilities			
Financial liabilities			
(i) Borrowings	30	-	16,500.00
(ii) Trade payables	31	1,300.16	6,740.73
(ii) Other financial liabilities	32	101.12	1,901.32
Other current liabilities	33	10.18	956.14
Provisions	34	22.30	67.05
Current tax liabilities (net)	35	225.55	370.54
Liabilities directly associated with assets classified as held for sale		65,882.81	-
Total current liabilities	(E)	67,542.12	26,535.78
Total liabilities	(D+E)	67,542.12	31,227.23
TOTAL EQUITY AND LIABILITIES	(C+D+E)	145,544.09	104,312.60

Significant accounting policies 2-3

Notes to the financial statements 4-55

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

	Notes	31 March 2019	31 March 2018
Continuing Operations			
Income			
Revenue from operations	4	**23,872.13**	2,754.63
Other income	5	**0.38**	0.30
Total income		**23,872.51**	**2,754.93**
Expenses			
Purchase of stock-in-trade	6	**22,521.00**	2,592.62
Changes in inventories of stock-in-trade	7	**54.44**	(35.76)
Employee benefits expense	8	**188.07**	66.04
Finance costs	9	**9.00**	-
Other expenses	**10**	**838.92**	7.84
Total Expenses		**23,611.43**	**2,630.74**
Profit before tax from Continuing Operations		**261.08**	124.19
Tax expense from Continuing Operations:			
Current Tax		**265.13**	42.98
Total tax expense	**12**	**265.13**	**42.98**
Profit for the year from Continuing operations		**(4.05)**	81.21
Discountinued Operations			
Profit before tax from discontinued operations	36.2	**3,814.58**	5,242.00
Tax (expenses)/ credit of discontinued Operations	12	**(1,074.96)**	595.69
Profit for the year from discontinued operations		**4,889.54**	4,646.31
Profit for the year		**4,885.49**	4,727.52
Other comprehensive income (OCI) from discontinued operation	36.2		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefit obligations		**33.43**	13.41
Income tax related to items that will not be reclassified to profit or loss		**(2.32)**	(4.64)
Other comprehensive income (OCI) net of tax	11	**31.11**	8.77
Total comprehensive income for the year		**4,916.60**	**4,736.29**
Basic and diluted earnings per equity share of face value of ₹ 10 each (31 March 2018: ₹ 10)	27		
(a) From continuing operations		**(0.00)**	0.08
(b) From discontinuing operations		**5.01**	4.76
(c) From continuing and discontinuing operations		**5.03**	4.85

Significant accounting policies	2-3
Notes to the financial statements	4-55

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Consolidated Statement of Cash Flow

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
A. Cash flow from operating activities		
Profit before tax from :		
Continuing operations	261.09	124.19
Discontinued operations	3,814.57	5,242.00
Profit before tax including discontinued operations	4,075.66	5,366.19
Adjustments for		
Depreciation and amortization expense	4,196.46	4,895.68
Loss on sale of property, plant and equipment	29.74	17.95
Interest income	(158.59)	(73.65)
Provision for doubtful trade and other receivables	62.49	30.75
Provisions no longer required Written Back	-	(15.40)
Unrealised exchange loss	-	15.36
Finance costs	3,663.78	3,342.94
	11,869.54	13,579.82
Working capital adjustments		
Decrease in inventories	3,062.33	84.15
(Increase)/ Decrease in trade receivables	(6,627.43)	4,887.17
(Increase)/ Decrease in current financial assets	(5,677.31)	571.31
(Increase)/ Decrease in loans	(102.20)	8.28
Decrease in other non current assets	431.30	694.00
(Increase)/ Decrease in other current assets	(14,309.66)	3,837.32
(Increase)/ Decrease in non current financial assets	755.08	(1,535.85)
(Decrease)/ Increase in other Financial Liabilities	46.44	(206.10)
Increase/(Decrease) in other current liabilities	(6,596.51)	347.80
Increase in trade payables	6,075.29	1,346.77
Increase/(Decrease) in current provisions and employee benefits	51.24	(13.72)
(Decrease) in non current provisions and employee benefits	(62.02)	-
	(11,083.91)	23,600.95
Income Tax paid	(450.52)	(1,795.54)
Net cash flows from operating activities (A)	(11,534.43)	21,805.41
B. Cash flow from investing activities		
Payment for purchase and construction of property, plant and equipment	(7,003.60)	(6,924.47)
Proceeds from sale of property, plant and equipment	247.33	30.92
Capital Subsidy Received	398.25	248.91
Interest received	131.80	65.30
Redemption/(Investment) in bank deposits for more than 3 months	7,815.96	(2,336.48)
Net cash flows used in investing activities (B)	1,589.74	(8,915.82)
C. Cash flow from financing activities		
Proceeds of borrowings (net of borrowing cost)	32,199.39	4,178.94
Repayment of borrowings	(999.20)	(19,244.57)
Principal element of finance lease payments	(0.92)	-
Dividend paid (includes tax on dividend)	-	(472.52)
Interest paid	(3,491.62)	(3,372.37)
Net cash flows from financing activities (C)	27,707.65	(18,910.52)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	17,762.96	(6,020.93)
Cash and cash equivalents at the beginning of the year	4,892.57	10,913.50
Cash and cash equivalents at the end of the year	22,655.53	4,892.57
Non- cash financing and investing activities		
Acquisition of property, plant and equipment by mean of finance lease	75.00	-

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Reconciliation of Cash and Cash equivalents with the Balance Sheet		
Cash and cash equivalents comprise (refer note 20)		
Balance with banks :		
In current account	**806.09**	4,524.63
In CC account	**-**	300.02
Cheques on hand	**21,800.00**	-
Cash on hand	**49.44**	67.92
Cash and Cash equivalents as at the year end	**22,655.53**	4,892.57
Cash and Cash equivalents from Discontinued operations	**21,959.76**	-
Cash and Cash equivalents from Continuing operations	**695.77**	4,892.57

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".

The Group has elected to present a statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 36.

Debt reconciliation

This section sets out an analysis of debt and movements in debt for each of the year presented :

	Non Currrent Borrowing	Current Borrowing	Finance lease	Total
Net Debt As at 1 April 2017	3,904.40	31,925.55	-	35,829.95
Additional Loan taken	4,178.94	-	-	4,178.94
Transaction cost amortisation	5.57	-	-	5.57
Payment of transaction cost	(35.00)	-	-	(35.00)
Repayment of Loan	(3,819.02)	(15,425.55)	-	(19,244.57)
Net Debt As at 31 March 2018	4,234.89	16,500.00	-	20,734.89
Net Debt As at 1 April 2018	4,234.89	16,500.00	-	20,734.89
Acquisition of property, plant and equipment by mean of finance lease	-		75.00	75.00
Finance charges on lease	-		1.12	1.12
Additional Loan taken	371.06	31,828.33		32,199.39
Transaction cost amortisation	18.88			18.88
Repayment of Loan	(999.20)		(0.92)	(1,000.12)
Net Debt As at 31 March 2019	3,625.63	48,328.33	75.20	52,029.16

Significant accounting policies 2-3

Notes to the financial statements 4-55

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Consolidated Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2019

(a) Equity share capital (Refer note 25)

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	Amount	No. of shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid				
Opening	97,676,131	9,767.61	97,676,131	9,767.61
Add: issue during the year	-	-	-	-
Closing	97,676,131	9,767.61	97,676,131	9,767.61

(b) Other equity

(Amount in- INR in Lakhs, unless otherwise stated)

Particulars	Reserves and Surplus					Items of OCI	
	Securities premium account	Retained earnings	Capital reduction reserve	Capital reserve	Capital Reserve on Consolidation	Remeasurements of the net defined benefit Plans	Total equity
Balance at 1 April 2017	35,601.32	15,190.00	2,960.10	4,189.87	1,103.29	9.41	59,053.99
Profit for the year	-	4,727.52	-	-	-	-	4,727.52
Other comprehensive income for the year (net of tax)	-	-	-	-	-	8.77	8.77
Total comprehensive income for the year	-	4,727.52	-	-	-	8.77	4,736.29
Transactions with owners in their capacity as owners							
Dividends	-	(390.75)	-	-	-	-	(390.75)
Dividend distribution tax	-	(81.77)	-	-	-	-	(81.77)
Total transactions with owners	-	(472.52)	-	-	-	-	(472.52)
Balance at 31 March 2018	35,601.32	19,445.00	2,960.10	4,189.87	1,103.29	18.18	63,317.76
Profit for the year	-	4,885.49	-	-	-	-	4,885.49
Other comprehensive income (OCI)	-	-	-	-	-	31.11	31.11
Total comprehensive income for the year	-	4,885.49	-	-	-	31.11	4,916.60
Balance at 31 March 2019	35,601.32	24,330.49	2,960.10	4,189.87	1,103.29	49.29	68,234.36

Significant accounting policies	2-3
Notes to the financial statements	4-55

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Notes to the consolidated financial statements

for the year ended 31 March 2019

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 trading of Cattle feed business and 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	Place of business / country of Incorporation	Relationship	Ownership held by	Principal Activity	Ownership Interest held by Group (March 31, 2019)	Ownership Interest held by Group (March 31, 2018)
Cheese Land Agro (India) Private Limited	India	Subsidiary	Prabhat Dairy Limited	Trading of Cattle feed business	100%	100%
Sunfresh Agro Industries Private Limited	India	Step down Subsidiary	Cheese Land Agro (India) Private Limited and Prabhat Dairy Limited (refer note below)	Procurement and processing of milk and sale of milk and milk products	100%	100%

Prabhat Dairy Limited ('the Ultimate Holding Company'), holds 29.29% (31 March 2018: 29.29%) and Cheese Land Agro (India) Private Limited holds 70.71% (31 March 2018: 70.71%) of paid up equity shares of Sunfresh Agro Industries Private Limited.

All the above mentioned companies are incorporated in India.

During the year, the Holding Company, along with Cheese Land Agro (India) Private Limited ('wholly owned subsidiary Company), Sunfresh Agro industries Private Limited ('step down subsidiary Company) and Promoter Shareholders (together referred to as 'Group') have entered into a Definitive Sale Agreement on January 21, 2019 with Tirumala Milk Products Private Limited ("The Buyer") for sales of its Dairy Business and sale of its holding in Sunfresh Agro industries Private Limited. For details, refer note 36.

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 financial statements were authorized for issue by the Holding Company's Board of Directors on 30 May 2019.

2.1 Statement of compliance

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

Details of the Group's significant accounting policies are included in Note 3.

2.2 New and amended standards adopted by the Group

The Group has applied following standards and amendments for the first time for its annual reporting period commencing from April 1, 2018:

- IND AS 115, Revenue from contract with customers

Notes to the consolidated financial statements

for the year ended 31 March 2019

The Group has adopted IND AS 115 using the modified retrospective method as suggested in para C7 of transition provision of IND AS 115.

- Amendment to IND AS 20, Accounting for government grants and disclosure of government assistance - in case of grants related to assets, an option was available to deduct the grant in arriving at the carrying amount of assets.

These amendments did not have any significant impact on the amounts recognized in current and previous year.

2.3 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.

2.4 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
Assets held for sale	Lower of carrying value as per the respective Ind AS and Fair value less cost to sell

2.5 Principles of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has right to, variable returns from involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies are consistent across all entities within group.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

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 2019 is included in the following notes:

- Note 12 – 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 13 – 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.

2.6 Use of estimates and judgements (continued)

Assumptions and estimation uncertainties (continued)

- Note 39 – the Group has received some orders and notices from tax authorities in respect of direct and

Notes to the consolidated financial statements

for the year ended 31 March 2019

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 43 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 44– Fair value measurements and valuation processes

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value.

- Impairment of non-financial assets:

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

- Effective Interest Rate (EIR) method :

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the financial instruments. This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

- Impairment of financial asset:

The Group recognizes loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortized cost except investment in equity instruments. At each reporting date, the Group assesses whether the above financial assets 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.

2.7 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).

Notes to the consolidated financial statements

for the year ended 31 March 2019

- 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.

2.7 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 is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms as agreed with the customers. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Customers have the contractual right to return goods only when authorised by the Group. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Notes to the consolidated financial statements

for the year ended 31 March 2019

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

The Group does not expect to have any contracts where the period between the transfer of promised goods and service to the customer and payment by customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for time value of money.

b) **Interest income**

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

c) **Other**

Other items of income are accounted as and when the right to receive payment is established.

3.2 Government grants

Grants from government are recognized when there is reasonable assurance that the Company will comply with the specified conditions and that the Grant will be received.

Government grants related to assets are reduced from the carrying value of Fixed assets presented in the Balance sheet. Accordingly, the grant is recognized in the profit and loss account over the life of depreciable assets as a reduced depreciation expense.

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.

Export incentives are recognized 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.

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.

Notes to the consolidated financial statements

for the year ended 31 March 2019

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.

Classification and subsequent measurements

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 recognized 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 derecognizes 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.

Notes to the consolidated financial statements

for the year ended 31 March 2019

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 derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes 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 recognized 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 realize 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.

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 and cost of the item can be measured reliably. The carrying value of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the year in which they are incurred.

Advance paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advance' under other non-current assets and cost of asset not ready to use before such date are disclosed under 'Capital Work-in-progress'.

Depreciation

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.

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:

Notes to the consolidated financial statements

for the year ended 31 March 2019

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	10.56	8
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.

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property, plant and equipment is provided up to the date preceding the date of sale or deduction as the case may be. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in 'Statement of Profit and Loss' under 'other income' in case of gains and under 'other expenses' in case of losses.

Depreciation method, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

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.

Amortization 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 reorganization; 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.

Notes to the consolidated financial statements

for the year ended 31 March 2019

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 realizing 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 Ind AS 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 re-assessed 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. The comparison of cost and net realizable value is made on item by item.

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 partly funded, wherein contributions are made 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 or directly in equity.

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.

Notes to the consolidated financial statements

for the year ended 31 March 2019

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 realize 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 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 recognized 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 realized. Deferred tax assets - unrecognized 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 realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized 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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

3.12 Leases

Assets held under leases

Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

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

Operating segments are reported in a manner consistent with the internal reporting provided to Chief operating decision maker (CODM). The CODM evaluates the performance of the Group by segregating the Group into two different segments; processing of milk and manufacturing of dairy products and cattle feed business.

The Group's operations are primarily in India, accordingly there is no reportable secondary geographical segment.

The Chief operating decision maker (CODM) consists of Chairman and Managing Director and Joint Managing Director.

3.15 Contributed equity

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.16 Assets classified as held for sale

The Group classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset (or disposal group) to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programmed to locate a buyer and complete the plan has been initiated (if applicable)
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

Notes to the consolidated financial statements

for the year ended 31 March 2019

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from the other liabilities in the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in statement of profit or loss.

3.16 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.

3.17 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.

3.18 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.19 Standards (including amendments) issued but not yet effective

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116, Leases. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019. The Group is currently evaluating the requirements of amendments. The Group believe that the adoption of this amendment will not have a material effect on its financial statements

Notes to the consolidated financial statements
for the year ended 31 March 2019

4. Revenue from operations

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Sales of products and services		
Sale of products (including excise duty)	-	-
Sale of traded goods	23,868.53	2,747.21
Sale of services	3.60	7.42
	23,872.13	2,754.63

5. Other income

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Miscellaneous income	0.38	0.30
	0.38	0.30

6. Purchase of stock-in-trade

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
	22,521.00	2,592.62

7. Changes in inventories of stock-in-trade

(Amount in- INR in Lakhs, unless otherwise stated)

		For the year ended 31-Mar-19	For the year ended 31-Mar-18
Inventories at the beginning of the year :			
Finished goods		-	-
Stock-in-trade		78.80	43.04
Work-in-process		-	-
	(A)	78.80	43.04
Inventories at the end of the year:			
Stock-in-trade		24.36	78.80
	(B)	24.36	78.80
Changes In Inventories:			
Stock-in-trade		54.44	(35.76)
(Increase)/ decrease in inventory	**(A) - (B)**	54.44	(35.76)

Notes to the consolidated financial statements

for the year ended 31 March 2019

8 Employee benefit expense

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Salaries, wages bonus and allowances	177.59	60.96
Contribution to provident and other funds (refer note 43)	4.11	2.21
Gratuity expense (refer note 43)	2.35	1.09
Staff welfare expenses	4.02	1.78
	188.07	66.04

9. Finance costs

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Interest on delayed payment of tax	9.00	-
	9.00	-

10. Other expense

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Travelling and conveyance	0.01	0.01
Legal and professional expenses	836.56	5.28
Payment to auditors (refer note 41)	1.05	1.00
Bank charges	0.01	0.04
Corporate Social Responsibility (CSR) (refer note 42)	1.29	1.33
Miscellaneous expenses	-	0.18
	838.92	7.84

11. Statement of other comprehensive income

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
(i) Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans (Refer note 43 A(v))	33.43	13.41
	33.43	13.41
(ii) Income tax relating to items that will not be reclassified to profit or loss	(2.32)	(4.64)
	31.11	8.77

Notes to the consolidated financial statements

for the year ended 31 March 2019

12. Tax expense

12.1 Amounts recognised in Statement of Profit and Loss

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
(a) Income Tax expense		
Current tax		
Current tax on the profit for the year	1,091.58	1,027.55
Adjustment of current tax of prior periods	161.55	(35.86)
Total current tax expense	1,253.13	991.69
(b) Deferred tax		
Attributable to -		
Origination and reversal of temporary differences	(4,798.51)	580.53
MAT credit entitlement	(189.61)	(933.55)
Reversal of MAT credit entitlement of subsidiary classified as held for sale	2,925.17	-
MAT credit (entitlement) / Reversal	2,735.56	(933.55)
Total deferred tax expense	(2,062.95)	(353.02)
Income tax expenses for the year (a+b)	(809.82)	638.67
Tax expense/ (credit) for the year attributable to :		
Continuing Operations	265.13	42.98
Discontinued Operations	(1,074.96)	595.69
	(809.83)	638.68

12.2 Amounts recognised in other comprehensive income

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19			For the year ended 31-Mar-18		
	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	33.43	(2.32)	31.11	13.41	(4.64)	8.77
	33.43	(2.32)	31.11	13.41	(4.64)	8.77

12.3 Reconciliation of effective tax rate

(Amount in- INR in Lakhs, unless otherwise stated)

	For the Year ended 31-Mar-19		For the Year ended 31-Mar-18	
Profit before tax from continuing operations		261.08		124.19
Profit before tax from discontinued operations		3,814.58		5,242.00
Profit before tax		4,075.66		5,366.19
Tax using the Group's domestic tax rate of 34.94% (31 March 2018 : 34.61%)	34.94%	1,424.04	34.61%	1,857.13
Tax effect of:				
Effect of non deductible expenses	0.92%	37.56	(0.24%)	(12.92)
Effect of deferred tax on assets as held for sale	(9.38%)	(382.25)	0.00%	-
Effect of tax exempt income (exemption under section 80IB)	(11.70%)	(476.85)	(15.34%)	(823.03)
Effect of additional allowances for tax purpose	(0.64%)	(26.26)	(6.18%)	(331.45)
Reversal of deferred tax liability of subsidiary classified as held for sale	(34.75%)	(1,416.40)	0.00%	-
Effect of subsidiary income taxed at lower rate	(0.98%)	(39.83)	0.00%	-
Effect of carry forward losses of previous years	(1.62%)	(66.21)	0.00%	-
Effect of previous year adjustments	3.51%	143.09	(0.67%)	(35.86)
Others	(0.16%)	(6.71)	(0.28%)	(15.20)
	(19.87%)	(809.83)	11.90%	638.67

Notes to the consolidated financial statements

for the year ended 31 March 2019

12.4 Recognised deferred tax asset and liability

Deferred tax assets and liabilities are attributable to the following:

(Amount in- INR in Lakhs, unless otherwise stated)

Particulars	Deferred tax asset		Deferred tax (liabilities)		Deferred tax asset / (liabilities)	
	As at 31-Mar-19#	As at 31-Mar-18	As at 31-Mar-19#	As at 31-Mar-18	As at 31-Mar-19#	As at 31-Mar-18
Deferred tax*						
Property, plant and equipment	-	-	(827.36)	(4,792.06)	(827.36)	(4,792.06)
Intangible assets	0.78	-	-	(2.36)	0.78	(2.36)
Investments held for sale	504.79	-	-	-	504.79	-
Provisions	-	80.56	-	-	-	80.56
Deferred tax assets on transaction advisory services	475.48	-	-	-	475.48	-
Employee benefits	7.45	56.24	-	-	7.45	56.24
Expenses related to IPO	40.62	63.17	-	-	40.62	63.17
MAT credit entitlement	390.91	3,323.51	-	-	390.91	3,323.51
Other Items		31.59			-	31.59
Deferred tax assets / (liabilities)	**1,420.03**	**3,555.07**	**(827.36)**	**(4,794.42)**	**592.67**	**(1,239.35)**

* Deferred tax assets and liabilities on assets classified as held for sale is recognised at capital gain tax rate in current year

Deferred tax assets includes ₹ 185.28 lakhs (31 March 2018: Nil) on account of assets and liabilities classified as held for sale

12.5. Movement in deferred tax balances

(Amount in- INR in Lakhs, unless otherwise stated)

As at 31-Mar-2019	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	MAT credit utilised	Net balance March 31, 2019
Deferred tax asset/ (liabilities)					
Property, plant and equipment	(4,792.06)	3,964.70	-	-	(827.36)
Intangible assets	(2.36)	3.14	-	-	0.78
Investments	-	504.79	-	-	504.79
Employee benefits	56.24	(46.47)	(2.32)	-	7.45
Expenses related to IPO	63.17	(22.55)	-	-	40.62
Provisions	80.56	(80.56)	-	-	-
Deferred tax assets on transaction advisory service	-	475.47	-	-	475.48
Other items	31.59	-			31.59
Deferred Tax assets / (liabilities)	(4,562.86)	4,798.51	(2.32)	-	233.34
MAT credit entitlement (net)	3,323.51	(2,735.56)	-	(197.04)	390.91
Net deferred tax assets / (liabilities)	**(1,239.35)**	**2,062.95**	**(2.32)**	**(197.04)**	**624.25**

Notes to the consolidated financial statements

for the year ended 31 March 2019

As at 31-Mar-2018	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	MAT credit utilised	Net balance March 31, 2018
Deferred tax asset/ (liabilities)					
Property, plant and equipment	(4,253.11)	(538.95)	-		(4,792.06)
Intangible assets	(9.18)	6.82	-		(2.36)
Investments	-	-	-		-
Loans and borrowings	-	-	-		-
Employee benefits	65.63	(4.75)	(4.64)		56.24
Expenses related to IPO	84.21	(21.04)	-		63.17
Accumulated unabsorbed depreciation	-	-	-		-
Provision	85.84	(5.28)	-		80.56
Other items	48.92	(17.33)	-		31.59
Deferred Tax assets / (liabilities)	(3,977.69)	(580.53)	(4.64)	-	(4,562.86)
MAT credit entitlement (net)	2,389.96	933.55	-		3,323.51
Net deferred tax assets / (liabilities)	**(1,587.73)**	**353.02**	**(4.64)**	**-**	**(1,239.35)**

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 unused tax credit in the form of MAT credit amounting to ₹ 390.91 lakhs (31 March 2018 : ₹ 3323.51 lakhs) that are available for offsetting for 15 years against future tax payable by the Group. These will expire from FY 2029-30 to FY 2033-34.

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.

Notes to the consolidated financial statements

for the year ended 31 March 2019

13. Property, plant and equipment and intangible assets

Reconciliation of carrying amount

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Plant and equipment under lease #	Furniture and fixtures	Vehicles	Office equipment	Computers	Total (A)	Intangible Asset-Software (B)	Total (A+B)
Cost (gross carrying amount)												
Balance as at 01 April 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
Reclass of govt Grant (Refer note 49)	-	-	-	(859.52)	-	-	-	-	-	(859.52)	-	(859.52)
Additions	-	810.00	841.55	6,733.84	-	84.46	22.47	22.30	29.60	8,544.22	12.77	8,556.99
Disposals	-	-	-	(26.26)	-	-	(37.50)	-	-	(63.76)	-	(63.76)
Balance as at 31 March 2018	**501.50**	**4,325.44**	**12,737.00**	**38,695.47**	**-**	**451.69**	**271.31**	**91.68**	**115.09**	**57,189.18**	**195.20**	**57,384.38**
Balance as at 01 April 2018	**501.50**	**4,325.44**	**12,737.00**	**38,695.47**		**451.69**	**271.31**	**91.68**	**115.09**	**57,189.18**	**195.20**	**57,384.38**
Government Grant recognised	-	-	(18.01)	(33.61)		-	(37.83)			(89.45)		(89.45)
Additions	-	12.10	791.62	3,938.17	75.00	10.22	116.71	16.32	42.16	5,002.30	121.22	5,123.52
Disposals	-	(160.74)	-	(151.08)		-	(1.79)	(5.95)	(0.91)	(320.47)	-	(320.47)
Assets included in a disposal group classified as held for sale	(501.50)	(4,176.80)	(13,510.61)	(42,448.95)	(75.00)	(461.91)	(348.40)	(102.05)	(156.34)	(61,781.56)	(316.42)	(62,097.98)
Balance as at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation & Amortization												
Balance as at 01 April 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
Reclass of govt Grant (Refer note 49)	-	-	-	(11.47)	-	-	-	-	-	(11.47)	-	(11.47)
Depreciation and amortisation for the year	-	71.21	833.68	3,843.72	-	33.72	30.50	20.32	24.00	4,857.15	50.00	4,907.15
Disposals	-	-	-	(7.14)	-	-	(7.75)	-	-	(14.89)	-	(14.89)
Balance as at 31 March 2018	**-**	**145.02**	**2,354.24**	**10,171.47**	**-**	**95.47**	**69.89**	**59.17**	**75.16**	**12,970.41**	**161.80**	**13,132.21**
Balance as at 01 April 2018	**-**	**145.02**	**2,354.24**	**10,171.47**		**95.47**	**69.89**	**59.17**	**75.16**	**12,970.42**	**161.80**	**13,132.22**
Depreciation and amortisation for the year	-	56.49	695.88	3,311.88	0.01	25.50	23.65	16.58	20.43	4,150.42	46.04	4,196.46
Disposals	-	(5.17)	-	(29.56)		-	(1.79)	(5.95)	(0.84)	(43.31)	-	(43.31)
Assets included in a disposal group classified as held for sale	-	(196.34)	(3,050.12)	(13,453.79)	(0.01)	(120.97)	(91.75)	(69.80)	(94.75)	(17,077.53)	(207.84)	(17,285.37)
Balance as at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amounts (Net)												
As at 31 March 2018	501.50	4,180.42	10,382.76	28,524.00	-	356.22	201.42	32.51	39.93	44,218.77	33.40	44,252.17
As at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-	-

(i) **Property, plant and equipment pledged as security**

Refer to note 28 for information on property, plant and equipment pledged as security by the company.

(ii) **Contractual obligations**

Refer to note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

The Group has entered into a finance lease arrangement for procurement of Plant & Machinery. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. The total lease term is 60 months and non cancellable period is 54 months. At the end of the lease term, the Plant & Machinery leased under finance lease shall be transferred to the Group on payment of 10% of the lease value provided there is no default under any terms and conditions of the agreement. The interest rate implicit in the finance lease is 10.07% p.a.

Notes to the consolidated financial statements

for the year ended 31 March 2019

14. Capital work in progress

Reconciliation of carrying amount

Particulars	Building	Plant and Machinery	Furniture and fixture	Computer	Vehicle	Total
Balance as at 01 April 2017	546.89	2,058.50	48.57	-	-	2,653.96
Reclassification /Adjustment	27.27	(27.78)	0.23	0.28	-	(0.00)
Additions	509.43	5,275.24	20.99	1.08	-	5,806.74
Capitalised during the year	(840.50)	(6,419.31)	(69.79)	(1.36)	-	(7,330.96)
Balance as at 31 March 2018	**243.09**	**886.65**	**-**	**-**	**-**	**1,129.74**
Balance as at 01 April 2018	**243.09**	**886.65**	**-**	**-**	**-**	**1,129.74**
Reclassification	18.92	(25.92)	-	7.00	-	-
Additions	604.47	3,268.08	7.63	91.22	198.56	4,169.96
Capitalised during the year	(791.62)	(3,800.15)	(7.63)	(98.22)	(98.90)	(4,796.52)
Assets included in a disposal group classified as held for sale	(74.86)	(328.66)	-	-	(99.66)	(503.18)
Balance as at 31 March 2019	**-**	**-**	**-**	**-**	**(0.00)**	**0.00**

Capital work-in-progress (CWIP) as at 31 March 2018 comprises mainly building construction in progress and plant and machinery under installation for milk collection centers & bulk milk cooler (BMC) at various location and milk powder plant at Shrirampur.

15. Non-current Investments

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Investment in equity instruments (fully paid up)		
Unquoted :		
Equity shares at FVTPL		
(i) Others		
a) 2 Shares (31 March 2018 : 2) of ₹ 100 each of Abhyudaya Co-operative Bank	**0.00**	0.00
b) Nil Shares (31 March 2018 : 640) of ₹ 50 each of The Mula Pravara Electric Co-operative Society Limited)	**-**	0.32
Total equity instruments	**0.00**	0.32
Aggregate amount of unquoted investments	**0.00**	**0.32**

16. Other non-current financial assets

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Unsecured, considered good		
Security deposits	**-**	199.57
Deposits with banks	**-**	134.52
Fixed deposits with bank	**-**	9.26
Other receivables - Govt Authorities	**-**	202.14
Subsidy income receivable	**-**	1,593.39
	-	**2,138.88**

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 44.

Notes to the consolidated financial statements

for the year ended 31 March 2019

17. Other non-current assets

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Capital advances (For capital commitments refer note 39(d))		
- Considered good	-	201.93
- Considered doubtful	-	50.00
Less: Loss allowance	-	(50.00)
	-	201.93
Prepaid Expenses	-	17.67
VAT receivable	-	1,682.07
	-	**1,901.67**

18. Inventories

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Raw and packing material (at cost) [including goods-in-transit of ₹ Nil (31 March 2018: ₹ 93.51lakhs)]	-	1,737.69
Work-in-progress (at cost)	-	2,288.85
Finished goods * [including goods-in-transit of ₹ Nil (31 March 2018: ₹ 626.34 lakhs)]	-	9,108.31
Stock-in-trade * [including goods-in-transit of ₹ Nil (31 March 2018: ₹ 55.84 lakhs)]	**24.36**	106.32
	24.36	**13,241.17**

*Valued at the lower of cost or net realisable value

Hypothecated as charge against borrowings [refer notes 28 (a&b) & 30a]

The write down of inventories to net realisable value as at 31 March 2019 amounted to Nil (31 March 2018: ₹ 258.42 lakhs). The write down are included in changes in inventories of stock-in-trade in profit and loss under discontinued operations under Note 36.

19. Trade receivables

(Unsecured)

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
- Unsecured, considered good	**50.03**	22,208.75
- Doubtful	-	182.76
	50.03	22,391.51
Less: Loss allowance for doubtful debts	-	(182.76)
	50.03	**22,208.75**

Information about the Group's exposure to credit and market risks and fair value measurement is included in note 44.

Notes to the consolidated financial statements
for the year ended 31 March 2019

20. Cash and cash equivalents

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Cash and cash equivalents		
Balance with banks :		
In current account	695.72	4,524.63
In Cash credit account (Refer note28(a))	-	300.02
Cash on hand	0.05	67.92
	695.77	4,892.57

21. Bank balances other than cash and cash equivalents

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Fixed deposits with bank (maturity of more than three months but less than twelve months)	105.00	7,916.44
Balance held as security against borrowing and other commitments (initial maturity of more than three months and remaining maturity less than twelve months)	-	44.30
	105.00	7,960.74

22. Current financial assets- Loans
(Unsecured, considered good)

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Advance to related party		
Recoverable from Directors (Refer note 45)	70.00	-
Loans to employees	-	34.69
	70.00	34.69

Information about the Groups's exposure to credit and market risks, and fair value measurement, is included in note 44.

23. Other current financial assets

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Subsidy income receivable (Refer note 47)	-	1,882.76
Security deposits	-	35.89
Interest accrued on Deposit other	-	14.80
Interest accrued on fixed deposits	-	7.98
	-	1,941.43

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 44.

24. Other current assets

(Amount in- INR in Lakhs, unless otherwise stated)

	31 March 2019	31 March 2018
Advance to suppliers	1,617.39	4,167.91
GST receivable	0.09	-
Prepaid expenses	-	127.85
	1,617.48	4,295.76

Information about the Groups's exposure to credit and market risks, and fair value measurement, is included in note 44.

Notes to the consolidated financial statements

for the year ended 31 March 2019

25. Share Capital

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Authorised:		
100,000,000 (31 March 2018: 100,000,000) Equity shares of ₹ 10 each with voting rights	10,000.00	10,000.00
	10,000.00	10,000.00
Issued Subscribed and Paid up:		
97,676,131 (31 March 2018 : 97,676,131) fully paid up equity shares of ₹ 10 each with voting rights	9,767.61	9,767.61
	9,767.61	9,767.61

25.1 Reconciliation of shares outstanding at the beginning and at the end of the year:

	As at 31-Mar-19		As at 31-Mar-18	
Particulars	No. of shares	Amount	No. of shares	Amount
At the commencement of the year				
Equity shares	97,676,131	9,767.61	97,676,131	9,767.61
Add: - Equity Shares of ₹ 10 each issued	-	-	-	-
At the end of the year				
- Equity shares	97,676,131	9,767.61	97,676,131	9,767.61

25.2 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.

25.3 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.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

25.4 Particulars of shareholders holding more than 5% shares is set out below:

Name of shareholder	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	% held	No. of shares	% held
Nirmal Family Trust	45,560,584	46.64%	45,560,584	46.64%
India Agri Business Fund Limited	14,038,044	14.37%	14,038,044	14.37%
Societe De Promotion Et De Participation Pour La Cooperation Economique	8,477,429	8.68%	8,477,429	8.68%
Vistra ITCL India Ltd	7,391,226	7.57%	7,391,226	7.57%

Notes to the consolidated financial statements

for the year ended 31 March 2019

26. Other equity:

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Capital reduction reserve		
At the commencement and at the end of the year	**2,960.10**	2,960.10
Securities premium reserve		
At the commencement and at the end of the year	**35,601.32**	35,601.32
Capital reserve		
At the commencement and at the end of the year	**4,189.87**	4,189.87
Capital Reserve on Consolidation		
At the commencement and at the end of the year	**1,103.29**	1,103.29
Retained earnings		
Opening balance	**19,445.00**	15,190.00
Net profit for the year	**4,885.49**	4,727.52
Dividends		
Final dividend paid ₹ Nil per share (31 March 2018 ₹ 0.40 per share)	**-**	(390.75)
Dividend distribution tax on above	**-**	(81.77)
Closing balance	**24,330.49**	**19,445.00**
Other items of OCI		
Opening balance	**18.18**	9.41
Remeasurement of post-employment benefit obligation	**33.43**	13.41
Deferred tax on above	**(2.32)**	(4.64)
Closing balance	**49.29**	18.18
	68,234.36	**63,317.76**

Nature and purpose of other reserves

Capital reduction reserve

Capital reduction reserve is a reserve in capital nature. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

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.

Retained earnings

This represents cumulative profits of the Company and effects of remeasurement of defined benefit obligations. It will be utilized in accordance with provisions of the Companies Act, 2013.

Remeasurement of defined benefit liability (asset)

Remeasurement of defined benefit liability (asset) comprises actuarial gains and losses.

Notes to the consolidated financial statements

for the year ended 31 March 2019

27. 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.

(Amount in- INR in Lakhs, unless otherwise stated)

		For the year ended 31-Mar-19	For the year ended 31-Mar-18
Profit for the year from Continuing operations	A	**(4.05)**	81.21
Profit for the year from Discontinuing operations	B	**4,889.54**	4,646.31
Total comprehensive income for the year	C	**4,916.60**	4,736.29
Weighted average number of equity shares of face value of ₹ 10 each outstanding during the year	D	**97,676,131**	97,676,131
Basic and Diluted earnings per equity share:			
- from Continuing operations (₹)	A/D	**(0.00)**	0.08
- from Discontinued operations (₹)	B/D	**5.01**	4.76
- from Continuing and Discontinued operations (₹)	C/D	**5.03**	**4.85**

28. Non-current borrowings

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Borrowing from other than related parties:		
Secured (refer details below for assets pledged as security)		
Term Loans (Rupee Loan)		
From banks (refer note a & b)	**-**	3,310.94
Others		-
From bank (refer note c)	**-**	45.72
	-	**3,356.66**

Notes:

a) **Details of repayment, interest rate, pre-payment and security provided for term loan from banks outstanding as on 31 March 2019:**

During the year 2018-19, the Group has drawn down balance ₹ 371.06 lakhs against HSBC term loan II. Also, the Group repaid ₹ 750 lakhs against HSBC term loan I and ₹ 200 lakhs against HSBC term loan- II. Interest rate for Term Loan - I & Term Loan - II is 6 month MCLR & 1 year MCLR respectively (currently 8.95%). HSBC term Loan I is repayable in 20 monthly balloning installments commencing from November 2018 whereas HSBC term loan II is repayable in 48 monthly equal installments commencing from April 2018. In case of default the lender have rights to 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 moveable fixed assets / properties (present and future) by way of hypothecation.
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 Group.
   ii) Survey No. 121/2 owned by the Group.
   iii) Survey No. 121/3 and 121/2A owned by Mr. Sarangdhar Nirmal, leased to the Group.

4. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

   HSBC term loans were availed for discontinued operations and outstanding balance as on March 31, 2019 of ₹ 3,589.45 Lakhs has been classified as liabilities directly associated with assets classified as Held for Sale. (Refer note 36)

b) Details of repayment, interest rate, pre-payment and security provided for term loan from banks outstanding as on 31 March 2018:

During the previous year 2017-18, the Group had obtained a term loan amounting to ₹ 800 lakhs from Kotak Mahindra Bank to set up cold chain project & drawn down of ₹ 428.94 Lakhs in May, 2017. The loan carries an interest rate of 6 months MCLR +0.6% p. a. and is repayable in 48 monthly equal installments starting from April, 2018. the Group is having existing Term loan of ₹ 3,750 Lakhs with Kotak Mahindra Bank Ltd & its carries an in interest rate of 6 months MCLR +0.6% p. a. and is repayable in 20 monthly installments starting from November 2018, with installments ranging between ₹ 90 lakhs to ₹ 220 lakhs. In the month of December, 2017 The HSBC Limited has taken over Term Loan - I & Term Loan - II amounting ₹ 3750 Lakhs & ₹ 800 Lakhs respectively. Interest rate for Term Loan - I & Term Loan - II is 6 month MCLR & 1 year MCLR respectively. In case of default the lender have rights to 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 Group's moveable fixed assets / properties by way of hypothecation.
2. Second ranking pari passu charge over the Group'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 Group.
   ii) Survey No. 121/2 owned by the Group.
   iii) Survey No. 121/3 and 121/2A owned by Mr. Sarangdhar Nirmal, leased to the Group.
4. 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 2019 & 31st March 2018:

The vehicle loans from other banks are secured against such vehicles and carry interest rate ranging from 9.50% to 10.51% p.a. (31 March, 2018: 7.70% to 12.50% p.a.)

Vehicle loans were availed for discontinued operations and outstanding balance as on 31 march 2019 of ₹ 36.16 Lakhs classified as Liabilities directly associated with assets classified as held for sale. (Refer note 36)

The Group's exposure to interest rate and liquidity risk are disclosed in note 44.

Notes to the consolidated financial statements

for the year ended 31 March 2019

29. Provisions

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Provision for employee benefits		
Gratuity -partly funded (refer note 43)	-	95.44
	-	**95.44**

30. Current Borrowings

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
From banks		
Secured (refer note 'a' for details below for assets pledged as security)	-	16,500.00
	-	**16,500.00**

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, Working Capital Demand Loan, repayable on demand and carry interest rate ranging from 8.00% p.a. to 11.25 % p.a. (March 31, 2018: 8.30% p. a. to 8.90% p.a.). The various short term loans have been secured by way of creation of the following security: -

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 and Intangible 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. D-37/4, TTC MIDC industrial area, Turbhe, Navi Mumbai adm. 5,160 Sq. mtrs.

   ii) Survey No. 121/2 adm. 0.81 Hectares owned by the Group.

   iii) Survey No. 121/3 and 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar Nirmal, leased to the Group.

   iv) All that piece and parcel of the land at Plot No. E-1 in the Shrirampur Industrial Area, Village Khandala, Dist. Nashik admeasuring 72,000 sq.m

4) Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

   Cash credit and working capital demand loans were availed for discontinued operations and outstanding balance as on March 31, 2019 of ₹ 48,328.33 Lakhs classified as Liabilities directly associated with assets Held for Sale. (Refer note 36)

   The Group's exposure to interest rate and liquidity risk are disclosed in note 44.

Notes to the consolidated financial statements

for the year ended 31 March 2019

31. Trade payables

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Total outstanding dues of micro enterprises and small enterprises*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises #	1,300.16	6,740.73
	1,300.16	**6,740.73**

The Group's exposure to liquidity risk are disclosed in note 44.

Note:

* Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

32. Other financial liabilities

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Secured		
Term loans		
Others		
From banks (refer note 26 (a, b &c))	-	878.22
Interest accrued but not due on borrowings	-	-
Payable for purchase of fixed assets	-	882.37
Security deposits	-	16.59
Employee benefits payable (refer note a)	101.12	96.62
Others	-	27.52
	101.12	**1,901.32**

Note:

a) Includes payable to directors 76.82 lakhs (31 March 2018 : ₹ 7.49 lakhs).

33. Other current liabilities

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Advances from customers	-	383.08
Statutory dues payables	-	567.67
Unclaimed dividend payable	10.18	-
Others	-	5.39
	10.18	**956.14**

Notes to the consolidated financial statements

for the year ended 31 March 2019

34. Provisions

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Provision for employee benefits		
Gratuity (partly funded) (refer note 43)	**22.30**	67.05
	22.30	**67.05**

35. Current tax liabilities (net)

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Current tax liabilities [net of advance tax]	**225.55**	370.54
	225.55	**370.54**

36. Discontinued operations

36.1.Description

Prabhat Dairy Limited ('Ultimate Holding Company') along with its subsidiaries Cheese Land Agro (India) Private Limited, Sunfresh Agro Industries Private Limited and Promoter Shareholders (together referred to as 'Group') have entered into a Definitive Sale Agreement on January 21, 2019 with Tirumala Milk Products Private Limited (""The Buyer"") to sell the entire Dairy business of Prabhat Dairy Limited vide a Business Transfer Agreement (BTA). Also, post the slump sale, Sunfresh was to take over the entire Dairy business of the Company vide Business Transfer Agreement. The total consideration for these transactions was ₹ 1,70,000 Lakhs (including adjustment for net debt outstanding, working capital and minimum non-current asset level adjustment as agreed with the buyer). The aforesaid sale was subject to certain conditions precedent viz CCI approval, Shareholders approval, Bankers approval etc.

During the year ended March 31, 2019, the Group companies received all the critical approvals and post completing the conditions precedent to the deal, the control was handed over to the buyer w.e.f. April 2, 2019.

Post completion of necessary formalities, the purchase consideration of ₹ 1,31,673.75 Lakhs (₹ 69,616.58 lakhs in Prabhat Dairy Limited and ₹ 62,057.17 Lakhs in Cheese Land Agro (India) Private Limited) has been received by the Group companies in the designated escrow accounts on April 10, 2019. The net debt and transaction costs have been settled from the stated escrow accounts.

The adjustments for working capital and minimum non-current asset level adjustment and fulfilment of other conditions pursuant to the contract are under progress.

The Group has classified all its assets and liabilities of the Dairy business as "Held for sale" w.e.f. January 21, 2019 as per the requirements of Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Since, the Fair value of assets and liabilities held for sale is greater than its carrying value less cost to sell, the assets and liabilities held for sale are carried at their respective book values. Also, the Group has not depreciated or amortised non-current assets held for sale w.e.f. January 21, 2019 as per the requirements of IND AS 105.

Similarly, the Group has disclosed a single amount in the statement of profit and loss comprising the total of the post-tax profit or loss of discontinued operations separately from the results from Continuing operations as per the requirements of IND AS 105. Moreover, the Group has also re-presented the above disclosures for prior periods presented in the Financial Statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

Notes to the consolidated financial statements

for the year ended 31 March 2019

36.2 Financial performance and cash flow information for the year 2018-19 and corresponding previous year 2017-18

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Total income	**155,280.87**	152,899.73
Expenses	**151,466.29**	147,657.74
Profit before tax	**3,814.58**	5,241.99
Income tax expenses		
Current tax	**988.01**	948.71
Deferred tax charge / (credit)	**(2,062.96)**	(353.02)
Total tax expense	**(1,074.96)**	595.69
Profit for the year from discontinued operations	**4,889.54**	4,646.30
Other comprehensive income (OCI) from discontinued operation		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of employee benefit obligations	**33.43**	13.41
Income tax related to items that will not be reclassified to profit or loss	**(2.32)**	(4.64)
Other comprehensive income for the year, net of tax	**31.11**	8.77
Total Comprehensive income	**4,920.65**	4,655.07

36.3 Net Cash flow from discontinued operations

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Net cash inflow from operating activities	**5,393.02**	21,659.88
Net cash inflow from investing activities	**1,589.74**	2,878.34
Net cash inflow from financing activities	**27,707.65**	(30,663.95)

Notes to the consolidated financial statements

for the year ended 31 March 2019

37. Segment Reporting

37.1 Description of segments and principal activities

The Chief operating decision maker (CODM) consisting of Chairman and Managing Director and Joint Managing Director, examines the Company's performance for the following two reportable segments of its business:

1: Processing of milk and manufacturing of dairy products

This part of the business manufactures and sells milk and dairy products to institutional and retail customers. The CODM monitors the perfomance milk business seperately from other segment.

2: Cattle Feed

This part of the business deals in trading of cattle feed. The CODM monitors the perfomance in cattle feed.

37.2 Segment wise Revenue, Results and Capital Employed for year ended March 31, 2019 and corresponding year ended 31 March 2018

(Amount in- INR in Lakhs, unless otherwise stated)

Sr. No.	Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
1	**Segment Revenue from operations**		
	(i) Processing of milk and manufacturing of dairy products (Discontinued operation)	**154,906.36**	151,455.08
	(ii) Cattle feed (Continuing operation)	**23,872.13**	2,754.63
	Total	**178,778.49**	**154,209.71**
	Revenue from Operations	**178,778.49**	154,209.71
2	**Segment Results**		
	(i) Processing of milk and manufacturing of dairy products (Discontinued operation)	**3,814.58**	5,242.00
	(ii) Cattle feed (Continuing operation)	**261.08**	124.19
	Total	**4,075.66**	**5,366.19**
3	**Segment Assets**		
	(i) Processing of milk and manufacturing of dairy products (Assets classified as held for sale)	**142,051.75**	104,230.97
	(ii) Cattle feed (Continuing operation)	**3,492.34**	81.63
		145,544.09	104,312.60
	Total Assets	**145,544.09**	**104,312.60**

Notes to the consolidated financial statements

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

Sr. No.	Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
4	**Segment Liability**		
	(i) Processing of milk and manufacturing of dairy products (Liabilities classified as held for sale)	65,882.81	31,158.35
	(ii) Cattle feed (Continuing operation)	1,659.31	68.88
		67,542.12	31,227.23
	Total Liabilities	67,542.12	31,227.23
5	**Capital expenditure**		
	(i) Processing of milk and manufacturing of dairy products (Capital Expenditure associated with assets classified as held for sale)"	7,003.60	6,924.47
	(ii) Cattle feed (Continuing operation)	-	-
6	**Depreciation & Amortization**		
	(i) Processing of milk and manufacturing of dairy products (Expenses associated with assets classified as held for sale)	4,196.46	4,895.68
	(ii) Cattle feed (Continuing operation)	-	-
7	**Non cash expenses other than Depreciation & Amortization**		
	(i) Processing of milk and manufacturing of dairy products (Non Cash Expenses associated with assets classified as held for sale)	62.49	46.11
	(ii) Cattle feed (Continuing operation)	-	-
8	**Revenue from customer more than 10% of revenue***		
	(i) Cattle feed (Continuing operation)	5,278.02	NA

* The revenue from customers more than 10% of revenue represents revenue from continuing operations.

38. Revenue from contracts with customers

38.1 First time adoption

Effective April 1, 2018, the Company has adopted IND AS 115 using the modified retrospective method as suggested in para C7 of transition provision of IND AS 115. Adoption of IND AS 115 has no significant impact on revenue, profit before tax and profit after tax of the Company.

38.2 Disaggregation of revenue

The company derives revenue from the transfer of goods and services to its institutional & retail customers, at a point in time of milk and various milk products & cattle feed business.

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19			For the year ended 31-Mar-18		
	Milk and Milk products	Cattle feed	Total	Milk and Milk products	Cattle feed	Total
Sales of products and services						
Sale of products	149,573.09	-	149,573.09	150,088.97	-	150,088.97
Sale of Traded goods	1,485.26	23,868.53	25,353.79	138.63	2,747.22	2,885.85
Sale of services	416.01	3.60	419.61	1,227.47	7.42	1,234.89
Revenue from contract with customers	151,474.36	23,872.13	175,346.49	151,455.07	2,754.64	154,209.71
Add:Other operating revenue	3,432.00		3,432.00	1,180.05	-	1,180.05
Revenue from operations	154,906.36	23,872.13	178,778.49	152,635.12	2,754.64	155,389.76
Less: Revenue from disposal group classifed as held for sale	(154,906.36)	-	(154,906.36)	(152,635.12)	-	(152,635.12)
	-	23,872.13	23,872.13	-	2,754.64	2,754.64

All revenue are derived from India

Notes to the consolidated financial statements

for the year ended 31 March 2019

38.3. For assets related to contracts with customers refer note 19

38.4. Information on performance obligation

In case of goods, the Company satisfies performance obligation upon shipment in case of Ex-works and on delivery in case of door delivery terms. In case of services, performance obligation is satisfied upon completion of service. Payment terms are ranging from 30 to 90 days.

Sale of goods excludes Goods and service tax but includes excise duty collected from customers of Nil (31 March 2018: ₹ 34.42 lakhs). Sale of goods net of excise duty is ₹ 175,346.49 lakhs (31 March 2018: ₹ 154,175.29 lakhs). Revenue from operations for periods up to 30 June 2017 includes excise duty. From 1 July 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations year ended 31 March 2019 is not comparable 31 March 2018.

39. Contingent liabilities and commitments (to the extent not provided for):

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Contingent liabilities		
a) Income Tax Matters [refer sub-note (i)]		
Financial year 2006-07	**35.60**	16.09
Financial year 2008-09	**28.77**	28.25
Financial year 2009-10	**113.80**	-
Financial year 2010-11	**16.95**	26.77
Financial year 2011-12	**257.02**	**265.30**

Notes:

i) The Group 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 Group's financial position and results of operations.

b) 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 (""the IT Act"") at the offices of the Company at Shrirampur, Pune and Navi Mumbai and also at the offices of the subsidiaries of the Group and the residence of Executive Directors of the Group Companies 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 had 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.

Based on best estimate, the Group 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 excess provision of earlier year written back ₹ 196.81 Lakhs), reverse MAT credit entitlement of ₹ 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 was made pursuant to above matter amounting to ₹ 1,158.31 lakhs in the previous years and the Group paid tax amounting to ₹ 205.15 Lakhs.

During the Current year, the Group filed 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.

During the current year, the Hon'ble Income Tax Settlement Commission passed an order u/s 245 (D)(4) of the Income Tax Act, 1961 and no additional tax demand was made u/s 245 (D)(4)of the Act.

c) Commitments

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**168.52**	1,814.98
Other commitments (refer sub-note a)	**3.01**	3.21
	171.53	**1,818.19**

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 ₹ 20,052 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 2019 has been waived and that the Group is not required to pay any lease rent for the above referred period.

40. Operating leases where company is a lessee:

The Group 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 under discontinued operations (Refer Note 36) is ₹ 641.63 lakhs (2018 : ₹ 553.15 Lakhs).

41. Payment to auditors

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Statutory audit fees	**26.00**	26.00
Limited review	**6.00**	6.00
Other services	**-**	-
Out of pocket expenses reimbursed	**0.67**	1.25
	32.67	**33.25**

* Figures are excluding Goods and Service tax (GST).

42. Corporate Social Responsibility (CSR)

As per provisions of section 135 of Companies Act 2013, the Group was required to spend ₹ 110.17 lakhs (31 March 2018 : ₹ 94.23 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 ₹ 116.15 lakhs (31 March 2018 : ₹ 110.54 lakhs) towards Corporate Social Responsibility activities.

The breakup of expenditure incurred on CSR activities during the year (April 2018 - March 2019):

Particulars of CSR activity	Amount paid	Amount yet to be paid	Total Amount
(i) Construction / acquisition	-	-	-
(ii) On purpose other than (i) above	76.30	39.85	116.15

Notes to the consolidated financial statements

for the year ended 31 March 2019

The breakup of expenditure incurred on CSR activities during the year (April 2017 - March 2018):

Particulars of CSR activity		Amount paid	Amount yet to be paid	Total Amount
(i)	Construction / acquisition	-	-	-
(ii)	On purpose other than (i) above (Majorly towards for Livelihood enhancement and rural development).	110.54	-	110.54

43. 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 ₹ 140 lakhs (31 March 2018: ₹ 143.27 lakhs). The contributions payable to these plans by the Group are at rates specified in the rules of the scheme.

a) Contribution to provident and other funds attributable to continuing operations charged to statement of profit and loss account

(Amount in- INR in Lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Total Contribution to provident and other funds	**140.00**	143.27
Less: Contribution to provident and other funds attributable to discontinued operations	**135.89**	141.06
Contribution to provident and other funds attributable to continuing operations	**4.11**	**2.21**

(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.

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Defined benefit obligation as at the end of the year	**304.10**	257.94
Defined benefit Plan Assets as at the end of the year	**185.81**	95.44
Liability for Gratuity recognised in the Balance Sheet as at the end of the year	**118.29**	162.50
Non-current	**-**	95.44
Current	**118.29**	**67.06**
Net liability gratuity recognised in the Balance Sheet as at the end of the year attributable to discontinued operations	**95.99**	-
Net liability gratuity recognised in the Balance Sheet as at the end of the year attributable to continuing operations [refer B(iii)]	**22.30**	162.50

Notes to the consolidated financial statements

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

		As at 31-Mar-19	As at 31-Mar-18
A.	**Reconciliation of the net defined benefit liabilities**		
i.	**Reconciliation of present value of defined benefit obligation**		
	Present value of defined benefit obligation as at beginning of the year	257.94	189.63
	Current service cost	70.02	47.50
	Past Service cost	-	26.64
	Interest cost	19.46	13.81
	Benefits paid	(10.54)	(6.06)
	Actuarial (gains) / losses recognised in other comprehensive income	-	
	- experience adjustment	(32.79)	(13.58)
	Present value of defined benefit obligation as at end of the year	304.09	257.94
ii.	**Reconciliation of present value of defined benefit Plan**		
	Fair value of plan assets as at beginning of the year	95.44	-
	Contribution made during the year	84.95	94.45
	Transfer in /(out)	3.26	
	Mortality charges	(3.76)	(2.44)
	Return on plan assets	10.44	3.60
	Benefits paid	(5.17)	
	Actuarial (gains) / losses recognised in other comprehensive income	-	
	- experience adjustment	0.64	(0.17)
	Fair value of plan Assets	185.80	95.44
iii.	**Amounts to be recognised in the Balance Sheet**		
	Present value of defined benefit obligation	304.09	257.94
	Defined benefit Plan Assets	185.80	95.44
	Net liability recognized in Balance Sheet	118.29	162.50
iv.	**Expenses recognised in the Statement of Profit and Loss**		
	Current service cost	70.02	47.50
	Past Service cost	-	26.64
	Interest cost	19.46	13.81
	Return on plan assets	(10.44)	(3.60)
		79.04	84.35
	Gratuity expenses attributable to discontinued operations	76.69	83.26
	Gratuity expenses attributable to continuing operations	2.35	1.09
v.	**Remeasurement reconised in other comprehensive income**		
	Actuarial (gain)/ losses on defined benefit obligation	(32.79)	(13.58)
	Actuarial (gain)/ losses on defined benefit Plan assets	(0.64)	0.17
	Net Actuarial (gain)/ losses	(33.43)	(13.41)
	Actuarial (gain)/ losses attributable to discontinued operations	(33.43)	(13.41)
	Actuarial (gain)/ losses attributable to continuing operations	-	-
vi.	**Expected contribution to the fund in the next year**	-	162.00

Notes to the consolidated financial statements
for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

		For the year ended 31-Mar-19	For the year ended 31-Mar-18
B.	**Defined benefit obligations**		
i.	**Actuarial assumptions**		
	Principal actuarial assumptions at the reporting date (expressed as weighted averages).		
	Discount rate	7.80%	7.70%
	Salary escalation rate	9.00%	8.00%
	Attrition rate	4.00%	5.00%

Assumptions regarding future mortality have been based on published standard table in accordance with Indian Assured Lives Mortality (2006-08) ultimate.

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:

	For the year ended 31-Mar-19		For the year ended 31-Mar-18	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(25.01)	30.06	(21.00)	24.94
Future salary growth (1% movement)	24.77	(21.08)	20.24	(17.43)
Attrition rate (1% movement)	(0.84)	1.04	0.90	(0.99)

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.

iii. Employees gratuity liability allocation between continuing and discontinued operation

All the employees except cattle feed employees and directors shall be transferred to Sunfresh Agro Industries Private Limited as part of definitive sale agreement. Present value of defined benefit obligation for employees to be retained by the Group is ₹ 61.49 lakhs & Present value of defined benefit assets allocated for employees to be retained by the Group is ₹ 39.19 lakhs. Hence, Net gratuity liability attributable to continuing operations amounting to ₹ 22.30 lakhs.

44. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The fair value of other current financial assets, cash and cash equivalents, trade receivables, investments, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

Carrying values of non-current security deposits and non-current term deposits are not significant and therefore the impact of fair value is not considered for above disclosure.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities (classified as not held for sale), including their levels in the fair value hierarchy

As at 31-03-2019

	Note	Carrying amount			
		FVTPL	FVTOCI	Amortised Cost	Total
Financial assets measured at fair value					
Investments	15	0.00	-	-	0.00
Financial assets not measured at fair value					
Trade receivables	19	-	-	50.03	50.03
Cash and cash equivalents	20	-	-	695.77	695.77
Bank balances other than cash and cash equivalents	21	-	-	105.00	105.00
Loans	22	-	-	70.00	70.00
		0.00	**-**	**920.80**	**920.80**
Financial liabilities not measured at fair value					
Trade payables	31	-	-	1,300.16	1,300.16
Other current financial liabilities	32	-	-	101.12	101.12
		-	**-**	**1,401.28**	**1,401.28**

Quantitative disclosures fair value measurement hierarchy for assets and liabilities

	Fair value			
	Level 1	Level 2	Level 3	Total
Investments	-	-	0.00	0.00

As at 31-03-2018

	Note	Carrying amount			
		FVTPL	FVTOCI	Amortised Cost	Total
Financial assets measured at fair value					
Investments	15	0.32	-	-	0.32
Financial assets not measured at fair value					
Trade receivables	19	-	-	22,208.75	22,208.75
Cash and cash equivalents	20	-	-	4,892.57	4,892.57
Bank balances other than cash and cash equivalents	21	-	-	7,960.74	7,960.74
Loans	22	-	-	34.69	34.69
Other non-current financial asset	16	-	-	2,138.88	2,138.88
Other current financial asset	23	-	-	1,941.43	1,941.43
		0.32	**-**	**39,177.06**	**39,177.38**
Financial liabilities not measured at fair value					
Long term borrowings	28	-	-	3,356.66	3,356.66
Short term borrowings	30	-	-	16,500.00	16,500.00
Trade payables	31	-	-	6,740.72	6,740.72
Current maturity of long term borrowings	32	-	-	878.22	878.22
Other current financial liabilities	32	-	-	1,023.10	1,023.10
		-	**-**	**28,498.70**	**28,498.70**

Notes to the consolidated financial statements
for the year ended 31 March 2019

Quantitative disclosures fair value measurement hierarchy for assets and liabilities

	Fair value			
	Level 1	Level 2	Level 3	Total
Investments	-	-	0.32	0.32

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.

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.

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.

Valuation processes
The Finance team performs the valuation of financial assets and liabilities required for financial reporting purposes. The valuation results are reviewed by the CFO.

i. **Risk management framework**
The Holding Group'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, interest 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.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). For exposure in foreign currency of receivable as well as payable refer note 44 (iv)

iii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Group limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Group does not foresee any credit risks on deposits with regulatory authorities.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 and March 31, 2018 is the carrying amounts as mentioned in Note 15,16 & 19 to 23.

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:

(Amount in- INR in Lakhs, unless otherwise stated)

	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Balance at the beginning	**182.76**	167.42
Impairment loss recognised (net)	**62.49**	15.34
Provision for Impairment loss attributable to discontinued operations (Refer Note 36)	**(245.25)**	-
Balance at the end	**-**	**182.76**

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 behaviour.

Notes to the consolidated financial statements

for the year ended 31 March 2019

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 certificates of deposit which are funds deposited at a bank for a specified time period.

iv. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meets its financial obligation as they become due.

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 2019, the Group had a working capital of ₹ 70,072.27 lakhs and as at 31 March 2018 of ₹ 28,039.33 lakhs. (including assets held for sale and liabilities associated with assets held for sale) The working capital of the Group for this purpose has been derived as follows:

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19	As at 31-Mar-18
Total current asset (A)	**144,614.39**	54,575.11
Total current liabilities (B)	**67,542.12**	26,535.78
Working capital (A-B)	**77,072.27**	**28,039.33**

The working capital calculated as of 31 March 2019 includes cash and cash equivalents of ₹ 695.77 lakhs and deposits with banks of ₹ 105 lakhs from continuing operations. Also, The working capital calculated as of 31 March 2018 includes cash and cash equivalents of ₹ 4,892.57 lakhs and deposits with banks of ₹ 7,960.74 lakhs.

The following are the remaining contractual maturities of financial liabilities at the reporting date for continuing operations. The amounts are gross and undiscounted.

As at 31-03-2019

	Carrying amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Trade payables	1,300.16	(1,300.16)	(1,300.16)	-	-	-	-
Employee benefits payable	101.12	(101.12)	(101.12)	-	-	-	-
	1,401.28	**(1,401.28)**	**(1,401.28)**	**-**	**-**	**-**	**-**

As at 31-03-2018

	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	4,234.89	(4,234.89)	(63.52)	(814.70)	(2,482.90)	(873.77)	-
Working capital loans from banks	16,500.00	(16,500.00)	(16,500.00)	-	-	-	-
Trade payables	6,740.72	(6,740.72)	(6,740.72)	-	-	-	-
Payable for purchase of fixed assets	882.37	(882.37)	(882.37)	-	-	-	-
Employee benefits payable	96.62	(96.62)	(96.62)	-	-	-	-
Security deposits	16.59	(16.59)	(16.59)	-	-	-	-
Others	27.52	(27.52)	(27.52)	-	-	-	-
	28,498.71	**(28,498.71)**	**(24,327.34)**	**(814.70)**	**(2,482.90)**	**(873.77)**	**-**

Notes to the consolidated financial statements

for the year ended 31 March 2019

v. Market risk

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

vi. Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk is as follows:

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19*		As at 31-Mar-18	
	INR	Foreign currency	INR	Foreign currency
Financial liabilities				
Trade payables				
USD	-	-	403.61	6.21
Net exposure on respect of recognised liabilities	-	-	403.61	6.21
Other current financial liabilities				
EURO	-	-	7.11	0.09
Net exposure on respect of recognised liabilities	-	-	7.11	0.09

The following significant exchange rates have been applied during the year.

INR	Average rate For the year ended		Year-end spot rate As at	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
USD	**66.70**	64.94	68.35	65.04
EURO	**78.84**	74.94	77.05	80.62

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.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
Effect in INR				
For the year ended 31-Mar-19				
10% movement - profit / (loss)				
USD				
EURO	-	-	-	-
	-	-	-	-

Notes to the consolidated financial statements

for the year ended 31 March 2019

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
Effect in INR				
For the year ended 31-Mar-18				
10% movement - profit / (loss)				
USD	40.36	(40.36)	35.56	(35.56)
EURO	0.71	(0.71)	0.63	(0.63)
	41.07	**(41.07)**	**36.19**	**(36.19)**

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 from continuing operations are as follows:

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19*	As at 31-Mar-18
Fixed-rate instruments		
Financial assets	**105.00**	7,960.74
Financial liabilities	-	85.37
Variable-rate instruments		
Financial liabilities	-	**20,649.52**

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 ₹ 1.05 lakhs (31 March 2018: ₹ 78.75 lakhs). This analysis assumes that all other variables remain constant.

Notes to the consolidated financial statements

for the year ended 31 March 2019

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.

	Profit or loss		Equity, net of tax	
	100 bp increase (Loss)	100 bp decrease (Profit)	100 bp increase (Loss)	100 bp decrease (Profit)
For the year ended 31-Mar-19				
Variable-rate instruments				
Cash flow sensitivity	-	-	-	-
	-	-	-	-

	Profit or loss		Equity, net of tax	
	100 bp increase (Loss)	100 bp decrease (Profit)	100 bp increase (Loss)	100 bp decrease (Profit)
For the year ended 31-Mar-18				
Variable-rate instruments	206.50	(206.50)	181.92	(181.92)
Cash flow sensitivity	**206.50**	**(206.50)**	**181.92**	**(181.92)**

* for financial year ended 31 March 2019, fixed and variable instruments outstanding from continuing business considered for the analysis.

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.

(Amount in- INR in Lakhs, unless otherwise stated)

	As at 31-Mar-19*	As at 31-Mar-18
Total debts	-	20,734.89
Less : Cash and cash equivalent and bank balances	**800.77**	12,853.31
Adjusted net debt	**(800.77)**	7,881.58
Total equity	**78,001.97**	73,085.37
Adjusted net debt to adjusted equity ratio	**-1.03%**	**10.78%**

* for financial year ended 31 March 2019, debts and cash & cash equivalents of continuing business considered for debt -equity ratio.

Notes to the consolidated financial statements
for the year ended 31 March 2019

45. Related party relationships, transactions and balances
(Names of related parties and description of relationship as identified and certified by the Group)

a) Key Management Personnel (KMP)
Mr. Sarangdhar R. Nirmal, Chairman & Managing Director

Mr. Vivek S. Nirmal, Joint Managing Director

Mr. Raviraj Vadhane, Chief Financial Officer (from 27 April 2016)

Ms. Dipti Todkar, Company Secretary (from 11 October 2018)

Ms. Priya Nagmoti, Company Secretary (upto 10 october 2018)

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

Nirmal Rural Multipurpose Institute

Relatives of key management personnel :

Mr. Kishor Ramchandra Nirmal

Mr. Arvind J. Nirmal

Mrs. Nidhi V. Nirmal

Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence :

Prabhat Agro. Multi State Co-Operative Society Limited

(Amount in- INR in Lakhs, unless otherwise stated)

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	-	21,134.18	21,134.18
	-	(2,617.66)	(2,617.66)
Managerial Remuneration			-
Sarangdhar R. Nirmal	70.00	-	70.00
	(70.00)	-	(70.00)
Vivek Nirmal	60.00	-	60.00
	(60.00)	-	(60.00)
Capital Advance given			
Mr. Sarangdhar R. Nirmal	145.00		145.00
	-		-
Corporate Social Responsibility (CSR) expenses			
Nirmal Rural Multipurpose Institute		77.21	77.21
		-	-
Employee Benefit Expense			
Raviraj Vahadane	36.22	-	36.22
	(36.23)	-	(36.23)
Dipti Todkar	10.21	-	10.21
	-	-	-
Priya Nagmoti	18.85	-	18.85
	(28.16)	-	(28.16)

Notes to the consolidated financial statements

for the year ended 31 March 2019

(Amount in- INR in Lakhs, unless otherwise stated)

Particulars	KMP/relatives of KMP*	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Relatives of Key Managerial Personnel	132.76	-	132.76
	(129.23)	-	(129.23)
Lease Rent payment			
Sarangdhar R. Nirmal	29.13	-	29.13
	(26.48)	-	(26.48)
Kishor Ramchandra Nirmal	28.42	-	28.42
	(25.83)	-	(25.83)
Balances outstanding at the end of the year			
Capital Advance given outstanding			
Mr. Sarangdhar R. Nirmal	145.00	-	145.00
	-	-	-
Trade Payable:-			
Prabhat Agro. Multi State Co-Operative Society Limited	-	89.20	89.20
	-	(12.26)	(12.26)
Nirmal Rural Multipurpose Institute	-	39.85	39.85
	-	-	-
Advance to suppliers:-			
Prabhat Agro. Multi State Co-Operative Society Limited	-	1,617.39	1,617.39
	-	-	-
Nirmal Rural Multipurpose Institute	-	18.00	18.00
	-	-	-
Employee Benefits Payable:-			
Vivek Sarangdhar Nirmal	25.65	-	25.65
	(3.36)	-	(3.36)
Sarangdhar R. Nirmal	51.17	-	51.17
	(4.13)	-	(4.13)
Relatives of Key Managerial Personnel	2.48	-	2.48
	(3.33)	-	(3.33)
Employee Advance:-			
Vivek Sarangdhar Nirmal	22.00	-	22.00
	-	-	-
Sarangdhar R. Nirmal	48.00	-	48.00
	-	-	-
Post employment benefits			
Vivek Sarangdhar Nirmal	13.16	-	13.16
	(13.21)	-	(13.21)
Sarangdhar Ramchandra Nirmal	20.00	-	20.00
	(20.00)	-	(20.00)
Raviraj Vahadane	1.70	-	1.70
	-	-	-
Priya Nagmoti	-	-	-
	(1.78)	-	(1.78)
Dipti Todkar	0.24		0.24
	-		-
Relatives of KMPs	24.88	-	24.88
	(15.35)	-	(15.35)

Notes to the consolidated financial statements

for the year ended 31 March 2019

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 ₹ 20,052 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 2019 has been waived and that the Group is not required to pay any lease rent for the above period.

With respect to transactions with related parties, the Group is of view that such transactions have been carried out at arms length and conditions/ provisions as laid down in section 188 of the Companies Act, 2013 have been complied with.

Outstanding balances at the year-end are unsecured and interest free. For the year ended March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party.

46. Going Concern

Till the previous year, the Dairy business constituted major business of the Group. The sale of Dairy business casts significant doubt on the Group's ability to continue as a going concern. However, no material uncertainty exists.

The Sale consideration receivable is higher than the net asset value of the Dairy business. The sales proceeds will be used to discharge all the liabilities of the Dairy business and the surplus will be used for distribution to shareholders after transaction costs, taxes and other indemnity commitment.

Post the sale of Dairy business, the Group intends to focus on cattle feed business and has proposed merger of its subsidiary Cheese Land Agro (India) Private Limited with Prabhat Dairy Limited, currently pending for approval with 'the Regional Directorate'.

Based on the projections for cattle feed business provided, the management of the Group is confident that it will be in the position to repay its liabilities relating to cattle feed business as and when they arise.

Hence, the consolidated financial statements are prepared on a going concern basis.

47. Subsidy income under package Scheme of Incentives (PSI) 2007

Sunfresh Agro Industries Private Limited (a material subsidiary) 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 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 / Goods & Service Tax), subject to fulfilment 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.

Accordingly, during the year, the Group has recognized income on accrual basis under the Scheme amounting to ₹ 2,427 lakhs (March 31, 2018: ₹ 1,115.50 lakhs) under discontinued operations (Refer Note 36).

Notes to the consolidated financial statements

for the year ended 31 March 2019

48. Import duty on advance licences

In the earlier years, Sunfresh Agro Industries Private Limited (a material subsidiary) had imported Raw Material under advance licences. During the previous year FY 2017-18, the Group management ascertained that it would not be able to utilise the imported raw materials for export sales. Accordingly, the Group suo-moto paid the import duty liability (including interest and penalty) of ₹ Nil (March 31, 2018 : ₹ 462.61 lakhs). Consequently, the Cost of material consumed includes ₹ Nil (March 31, 2018 : ₹ 359.70 lakhs) on account of import duty, Finance cost includes ₹ Nil (March 31, 2018 : ₹ 48.94 lakhs) on account of interest and rates and taxes includes ₹. Nil (March 31, 2018 : ₹ 53.96 lakhs) on account of penalty thereof disclosed. The same are disclosed under Discontinued Operations (Refer Note 36).

49. Government grant for setting up of integrated cold chain facilities

During the previous year FY 2017-18, Prabhat Dairy Limited, the Ultimate Holding Company was sanctioned grants related to assets under 'Scheme for Cold Chain Value Addition and Preservation Infrastructure for setting up of integrated cold chain facilities for Dairy products at Shrirampur, Maharashtra of ₹ 848.05 lakhs.

Government grant income was recognised in statement of profit or loss on a systematic basis over the useful life of the asset. The MCA vide notification dated September 20, 2018 has issued the Companies (Indian Accounting Standards) Second Amendment Rules 2018 to amend the Companies (Indian Accounting Standards Rules 2015. As per the said notification, in case of grants related to assets, an option was available to deduct the grant in arriving at the carrying amount of assets. In such case, the grant was recognized in the Statement of Profit and Loss over the life of depreciable asset as a reduced depreciation expense.

The Group has elected to reduce the grant while calculating the carrying amount of asset. Accordingly, in the consolidated financial statements for the year ended March 31, 2019, the value of Property, Plant and Equipment has been disclosed net of Government Grant of ₹ 862.82 Lakhs (March 31, 2018 ₹ 848.05 Lakhs) and depreciation expense is shown net of Grant income of ₹ 74.68 lakhs (March 31, 2018 : ₹ 11.47 lakhs) under Discountinued Operations (Refer Note 36)

The Group has adopted the change in accounting policy retrospectively in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and accordingly previous periods figures have been restated wherever necessary. There is no impact of such change in the accounting policy on the profit of the current and previous periods.

(Amount in- INR in Lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Opening balance	**610.61**	-
Grant accrued during the year	**89.44**	859.52
Grant received during the year	**(398.25)**	(248.91)
Closing balance	**301.80**	**610.61**

50. Claim Receivable from Electricity board (MSEDCL)

Sunfresh Agro Industries Private Limited (a material subsidiary) had opted from Maharashtra State Electricity Distribution Company Limited (MSEDCL) for electricity through Express feeder under 'HT-1 Continuous supply category'. Accordingly, MSEDCL were charging the company tariff that are applicable for continuous supply (HT express feeder-continuous supply category). During period April 2011 till April 2015, the subsidiary company was facing incidences of interrupted power supply due to tripping, breakdowns, shutdowns and load shedding for which company had incurred financial losses as well as there was a breach of contract from MSEDCL for charging additional tariff without ensuring continuous supply of power. The subsidiary company paid additional tariff of ₹ 255.24 lakhs from April 2011 till April 2015 under protest to MSEDCL which was expensed out in Statement of Profit and Loss of respective years. During the year, the subsidiary company raised concerned with Internal Grievance Redressal Cell (IGRC) established under the provisions of Maharashtra Electricity Regulatory Commission (Consumer Grievance Redressal Forum & Ombudsman) Regulation of 2003. The IGRC directed MSEDCL to ensure that continuous and uninterrupted power supply to be provided to the subsidiary company. However, the IGRC did not provided relief in the form of granting refund of excess tariff extracted by MSEDCL without authority.

Notes to the consolidated financial statements
for the year ended 31 March 2019

Aggrieved by the order of IGRC, the subsidiary company filed an appeal at Consumer Grievance Redressal Forum on March 2, 2016. On April 12, 2016, the forum partly provided relief by issuing an order directing MSEDCL to refund the difference between tariff charged and tariff applicable to non-continuous supply for the period between April 2011 to April 2015 along with interest at present bank interest rate within 90 days from the date of the order. MSEDCL challenged the order through Writ petition before the Hon'ble High Court. The Hon'ble High Court passed an interim order on June 26, 2018, directing MSEDCL to deposit ₹ 255.24 Lakhs in High Court Registry.

The subsidiary company also filed a civil application before the Hon'ble High Court to allow withdrawal of part or full amount of the amount so deposited by MSEDCL during pendency of Writ petition. Such receivable from MSEDCL on account of ₹ 255.24 lakhs being contingent asset as per IND AS 37, Provisions, Contingent Liabilities and Contingent Assets is not accounted for in the consolidated financial statements.

51. Powder Subsidy

During the year under consideration, the Government of Maharashtra implemented a scheme whereby it gave subsidy of ₹ 3 per litre for every litre of milk converted into powder during the period from May 13, 2018 to June 11, 2018 subject to fulfilment of certain conditions under the scheme.

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.

During the said period, the Group converted ₹ 239.01 lakhs litres (Previous year Nil) of milk and booked ₹ 717.02 lakhs (March 31, 2018 : Nil) as Other Operating Income under Discontinued operations (Refer Note 36).

52. Milk Subsidy

With effect from August 1, 2018, the Government of Maharashtra introduced a subsidy of ₹ 5 per litre (₹ 3 per litre for the month of March 2019) to be paid to the farmers through Prabhat Dairy Limited ('Ultimate Holding Company') provided that the Ultimate Holding Company complies specified conditions relating to purchase price and utilisation of milk.

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. Also, Grants related to income can be presented as part of profit or loss, either separately or under a general heading such as 'Other income' or alternatively deducted in reporting the related expense.

Accordingly, during the year, the Group has recognised ₹ 7,268.63 Lakhs (March 31, 2018 : ₹ Nil) on account of such Grant as a reduction from Cost of Material consumed under Discountinued Operations (Refer Note 36).

53. Proposed Merger with Cheese Land Agro (India) Private Limited

On February 13, 2019, the Board of Directors of Prabhat Dairy Limited ('Ultimate Holding Company') and those of Cheese Land Agro (India) Private Limited ('Subsidiary Company') approved the scheme of Amalgamation and Arrangement under Section 230-233 of the Companies Act, 2013 ("Proposed Scheme") for merger of Cheese Land Agro (India) Private Limited with its Holding Company Prabhat Dairy Limited subject to approvals like shareholder's approval, creditor's approval, Regional Directorate approval etc. The approval from 'The Regional Directorate' was not received till the date of approval of consolidated financial statements by the Board of Directors.

Since the application for proposed Merger to 'The Regional Directorate' was made post the year end on April 27, 2019 and the approval for effecting the merger also not received till the date of approval of financials, the same indicates that the conditions did not exist at the end of the reporting period.

Accordingly, the same is treated as a non-adjusting event as per Ind AS 10, Events After the Reporting Period.

Notes to the consolidated financial statements
for the year ended 31 March 2019

54. Additional information required under schedule III

Particulars	Net Assets (total assets minus liabilities)		Share in profit or (loss)		share in other comprehensive income		share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated Profit or (loss)	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
31 March 2019	**74%**	**58,045.51**	**0%**	**5.58**	**85%**	**26.49**	**1%**	**32.07**
31 March 2018	78%	57,243.68	26%	1,226.51	46%	4.03	26%	1,230.54
Cheeseland Agro India Private Ltd								
31 March 2019	**0%**	**140.67**	**8%**	**382.73**	**0%**	**0**	**8%**	**382.73**
31 March 2018	0%	-185.71	1%	43.31			1%	43.31
Sunfresh Agro Industries Private Ltd								
31 March 2019	**25%**	**19,815.79**	**92%**	**4,497.17**	**15%**	**4.62**	**92%**	**4,501.79**
31 March 2018	22%	16,027.40	73%	3,457.70	54%	4.74	73%	3,462.44

55. Prior year comparatives

Previous year figures have been regrouped/ reclassified wherever necessary to conform with the current year classification/ disclosure.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No.105047W

Nitin Manohar Jumani
Partner
Membership No. 111700

Place: Shrirampur
Date: 30 May 2019

For and on behalf of Board of directors of
Prabhat Dairy Limited
CIN: L01100PN1998PLC013068

Sarangdhar R Nirmal
Chairman and Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Raviraj Vahadane
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No: A21676

Place: Shrirampur
Date: 30 May 2019

Notice

PRABHAT DAIRY LIMITED

CIN: L01100PN1998PLC013068
Registered Office: Gat No. 122, At Ranjankhol, Post Tilaknagar, Taluka Rahata, Ahmednagar, Shrirampur MH – 413 720
Email: investor@prabhatdairy.in; Website: www.prabhat-india.in
Tel.: +91-2422-265993

NOTICE OF ANNUAL GENERAL MEETING OF EQUITY SHAREHOLDERS OF PRABHAT DAIRY LIMITED

Day	:	Monday
Date	:	30th September, 2019
Time	:	12.00 noon
Venue	:	121/2A, At Ranjankhol, Taluka Rahata, Shrirampur, Dist. Ahmednagar, Maharashtra – 413720

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting (AGM) of the Members of Prabhat Dairy Limited will be held on **Monday, 30th day of September, 2019 at 12:00 noon** at 121/2A, At Ranjankhol, Taluka Rahata, Shrirampur, Dist. Ahmednagar, Maharashtra – 413720 to transact the following:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors' and Auditors' thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors' and Auditors' thereon.

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

Special Business

4. **Appointment of Statutory Auditor to fill casual vacancy:**
   To appoint Auditors of the Company and to fix their remuneration and if thought fit, to pass with or without modification, as Ordinary Resolution:

   "**RESOLVED THAT** subject to the provisions of Section 139, 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, M/s. KSS & Company., Chartered Accountants (FRN : 0126322W) be and are hereby appointed as Statutory Auditors of the Company, to fill the casual vacancy caused by the resignation of M/s. MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W) to hold the office from August 07, 2019, until the conclusion of this ensuing Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Board of Directors in consultation with the Auditors."

5. **Appointment of Statutory Auditor:**
   To appoint Auditors of the Company and to fix their remuneration and if thought fit, to pass with or without modification, as Ordinary Resolution:

   "**RESOLVED THAT** subject to the provisions of Section 139, 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, M/s. KSS & Company., Chartered Accountants (FRN : 0126322W), be and are hereby appointed as the Statutory Auditor of the Company, to hold the office from the conclusion this ensuing Annual General Meeting, for a tenure of 5 (five) years, till the conclusion of the Annual General Meeting in the calendar year 2024 at such remuneration plus applicable taxes, and out of pocket expenses, as may be decided between the Auditors and the Board of Directors of the Company.

RESOLVED FURTHER THAT any of the Directors of the Company, be and are hereby authorized to do such act, deeds and things and to file necessary e – forms with the concerned Registrar of Companies, to give effect to the aforementioned resolution."

6. **To approve appointment of Dr. Abdul Samad (DIN: 07929280) as an Independent Director of the Company who was appointed as an Independent Director on the Board of the Company, under Section 149, read with the Rules made thereunder and Schedule IV of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

   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), pursuant to Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the appointment of Dr. Abdul Samad (DIN: 07929280) as an Independent Director of the Company to hold office w.e.f 1st August, 2019 for a period of 5 years that is, upto 31st July, 2024 and not liable to retire by rotation be and is hereby approved."

7. **To approve appointment of Dr. Bhaskar Gaikwad (DIN: 08440915) as an Independent Director of the Company who was appointed as an Independent Director on the Board of the Company, under Section 149, read with the Rules made thereunder and Schedule IV of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

   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), pursuant to Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the appointment of Dr. Bhaskar Gaikwad (DIN: 08440915) as an Independent Director of the Company to hold office w.e.f 1st August, 2019 for a period of 5 years that is, upto 31st July, 2024 and not liable to retire by rotation be and is hereby approved."

8. **To approve appointment of Mr. Vaibhav Parjane (DIN: 08102059) as an Independent Director of the Company who was appointed as an Independent Director on the Board of the Company, under Section 149, read with the Rules made thereunder and Schedule IV of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

   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), pursuant to Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the appointment of Mr. Vaibhav Parjane (DIN: 08102059) as an Independent Director of the Company to hold office w.e.f 1st August, 2019 for a period of 5 years that is, upto 31st July, 2024 and not liable to retire by rotation be and is hereby approved.

By order of the Board of Directors
Prabhat Dairy Limited

Sd/-
Dipti Todkar
Company Secretary
(Membership No. ACS 21676)

Date: 5th September, 2019
Place: Navi Mumbai

Registered office: Gat No. 122, At Ranjankhol, Post Tilaknagar, Taluka Rahata, Ahmednagar, Shrirampur MH – 413 720.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("AGM"/"Meeting") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE / CORPORATE OFFICE OF THE COMPANY, NOT LATER THAN 48 (FOURTY-EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

   A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING Fifty (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% (TEN PERCENT) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% (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 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 is enclosed herewith.

4. As required under Regulation 36 (3) of the SEBI (Listing Obligation and Disclosure Requirements) regulation, 2015, particulars of the Directors seeking appointment/ reappointment are annexed with this Notice.

5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 24th September, 2019 to Monday, 30th September, 2019 (both days inclusive).

6. 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.

7. Members / Proxies / Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Meeting.

8. Members are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of members in respect of such joint holding will be entitled to vote.

9. 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.

   Shareholder having shares in physical shares: In terms of notification dated June 08, 2018 issued by Securities & Exchanges Board of India (SEBI) read with Press release vide PR no. 51/2018 dated December 3, 2018, request for transfer of shares in physical form shall not be processed by Company or Registrar after April 1, 2019. Therefore, if you want to transfer your share on or after April 1, 2019, please get your shares dematerialised.

10. All 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 Saturday) 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.

11. Annual General Meeting notice of the Company circulated to the Members of the Company is also uploaded on the Company's website www.prabhat-india.in in the 'Investor Desk' Section.

12. In accordance with the relevant provisions of Companies Act, 2013 read with the Rules made there under all communications are being sent to the shareholders in electronic form to the email address registered with their Depository Participant (in case of electronic shareholding)/the Company's Registrar and share transfer agent (in case of physical shareholding). We, therefore request and encourage you to register your email addresses in the records of your Depository Participant (in case of electronic shareholding)/the Company's Registrar and share transfer agent (in case of physical shareholding) mentioning your folio no./ demat account details.

However, in case you wish to receive the above shareholder communication in paper form, you may write to the Company's Registrar and Share Transfer agent, Karvy Fintech Pvt. Limited, Unit: Prabhat Dairy Limited, Karvy Selenium Tower B, Plot Nos. 31 & 32, Financial District Nanakramguda Serilingampally Mandal, Hyderabad - 500032 – India or email at suresh.d@karvy.com or to Prabhat Dairy Limited, Plot no. D37/4, TTC Industrial area, Turbhe, Navi Mumbai – 400 705 or email at investor@prabhatdairy.in

Members holding shares in demat mode are requested to register their E-mail address with their respective Depository Participants (DP). If there is any change in the E-mail address 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.

13. The Notice of Annual General Meeting along with Explanatory Statement 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 Annual General Meeting along with Explanatory Statement is being sent to those Members who have not registered their E-mail address with the Company or Depository Participant(s).

14. In terms of Section 72 of the Companies Act, 2013 and the Rules framed thereunder, a Member of the Company may nominate a person on whom the Shares held by him/her shall vest in the event of his/ her death. Member(s) desirous of availing this facility may submit nomination in the prescribed Form SH-13 to the Company/ Karvy Fintech Private Limited in case shares are held in Physical form, and to their respective Depository participant, if held in electronic form.

15. **Instructions and other information relating to e-voting are as under**

    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, substituted by Companies (Management and Administration) Rules, 2015 and as per Regulation 44 of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company is providing e-voting facility through Karvy Fintech Private Limited ("Karvy") on all resolutions set forth in this AGM Notice.

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

   i. Visit the e-Voting website of Karvy. Open web browser by typing the following URL: https://www.evoting.karvy.com either on a Personal Computer or on a mobile.

   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) 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 address 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 "EVEN" i.e., Prabhat Dairy Limited i.e. name of the Company.

   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 alpesh.panchal@kjbllp.com / chintan.goswami@kjbllp.com with a copy marked to evoting@karvy.com and suresh.d@karvy.com. The scanned image of the above mentioned documents should be in the name format "Corporate Name___ Event No___." The documents should reach the Scrutinizer on or before 17:00 pm on September 29, 2019.

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

i. E -Voting Event Number – (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.

iii. The Company has appointed Mr. Alpeshkumar J. Panchal, (ACS 49008; CP 20120) and/or in his absence Mr. Chintan J. Goswami, (ACS 33697; CP 12721), Practicing Company Secretaries and Partners of KJB & Co LLP, Company Secretaries, Mumbai, as the Scrutinizers for conducting the Remote e-voting process as well as voting to be conducted at annual general meeting through ballot/poll paper in a fair and transparent manner.

C. The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes in the presence of at least two witnesses not in employment of the Company. The Scrutinizer's shall submit a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, within a period of not exceeding Two working days from the conclusion of the voting to the Chairperson of the Company or a person authorised by him in writing who shall countersign the same.

D. The Chairperson or a person authorised by the Chairperson in writing shall declare the result of voting forthwith.

E. The results of the e-voting along with the scrutinizer's report shall be communicated immediately to the BSE Limited and National Stock Exchange of India Limited, where the shares of the company are listed and shall be placed on the Company's website (www.prabhat-india.in) and on the website of Karvy (www.karvy.com) and it will be displayed at the notice board at the registered/ corporate office of the Company for a period of at least 3 days immediately after the result is declared by the chairperson or any other person authorised by the chairperson.

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 Mr. Suresh Babu, (Unit: Prabhat Dairy Limited) of KarvyFintech 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 1517 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 address in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period will be commenced on Friday, September 27, 2019 (9:00 AM IST) and ends on Sunday, September 29, 2019 (17:00 PM IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 23, 2019, may cast their votes electronically. Any person who is not a Shareholder 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 Shareholder, the Shareholder shall not be allowed to change it subsequently.

d. The voting rights of Shareholder 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. September 23, 2019.

e. In case a person has become a Shareholder of the Company after dispatch of Notice of Annual General Meeting but on or before the cut-off date for E-voting i.e., September 23, 2019, 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 send SMS: MYEPWD <space> E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399.

   ii. Example for NSDL:
   MYEPWD <SPACE > IN 12345612345678

   Example for CDSL:
   MYEPWD <SPACE > 1402345612345678

   Example for Physical:
   a. MYEPWD <SPACE > XXXX1234567890

   iii. 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.

   iv. Member may call Karvy's toll free number 1800-3454-001.

   v. Member 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 email addresses is available.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER:

Item No. 4 and 5

M/s. MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), Statutory Auditor of the company has resigned w.e.f. 06th August, 2019 as Statutory Auditor of the Company. The remuneration paid to M/s. MSKA & Associates, Chartered Accountants is ₹ 26 lakhs by the Company (which includes its 2 subsidiaries – Sunfresh Agro Industries Private Limited and Cheese Land Agro (India) Private Limited) for the financial year 2018-19. With the business restructuring, sale of dairy business, sale of material subsidiary and consequent reduction in proposed fees, the engagement was not financially viable for their firm.

In order to fill up the casual vacancy of the Statutory Auditors, the Board of Directors on the recommendation of the Audit Committee appointed M/s. KSS & Company, Chartered Accountants,(FRN : 0126322W) (hereinafter referred as "KSS") as Statutory Auditors of the Company with effect from 7th August, 2019.

KSS is comprised of 3 partners which has diversified experience in the fields of statutory audits, banking audits, internal audits, system audit, Cost audit related compilation assignments, project financing, GST migration and returns, taxation matters and such other vast experience in. As on 31st March, 2019, the said network of audit firms has 3 partners, 8 graduates and 10 articles.

The Committee and the Board considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segment, market standing of the firm, clientele served, technical knowledge etc., and found KSS to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

Pursuant to the provisions of Section 139(8) of the Companies Act, 2013, the members needs to approve the appointment of M/s. KSS & Company, Chartered Accountants, appointed in casual vacancy at its General Meeting held within 3 (three) months from the date of appointment. Hence, the Board has proposed the approval to the members for the resolution no. 3 of the notice.

Further, the auditors appointed in the casual vacancy hold office till the conclusion of the ensuing annual general meeting. The Board on the recommendation of the Audit Committee recommended for the approval of the members, the appointment of KSS, as the Auditors of the

Company for a period of five years from the conclusion of this annual general meeting till the conclusion of annual general meeting to be held in calendar year 2024. The fees payable to the new auditor which shall not exceed ₹ 26 lakhs for financial year 2019-20. Further, the audit Fees shall be mutually agreed between the Company and KSS.

KSS have given their consent to act as the Auditors of the Company and have confirmed that the said appointment will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

Hence the board of directors has proposed the two ordinary resolutions for your approval.

None of the Directors or their relatives of the Company are interested in the resolution.

Item No - 6

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 1st August, 2019, have appointed Dr. Abdul Samad as an Independent Director of the Company not liable to retire by rotation, to hold office for a period of five consecutive years till 31st July, 2024, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

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

In the opinion of the Board, Dr. Abdul Samad fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for the appointment of Independent Directors is available for inspection by the Members at the registered office of the Company in between 11.00 am to 2.00pm on any working day up to the date of this Annual General Meeting and is also available on the website of the Company www.prabhat-india.in.

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards and Committees in respect of the appointment of Dr. Abdul Samad as the Independent Director, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is set out in this Notice.

Dr. Abdul Samad is not related to any other Director and Key Managerial Personnel of the Company.

The Board is of the opinion that it will be beneficial to the Company to avail of his services as an Independent Director of the Company and recommends the Ordinary resolution as set out in Item No.6 of the Notice for approval of the shareholders.

Save and except Dr. Abdul Samad and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel, and their relatives, are in any way, concerned or interested, in the said resolution. The resolution as set out in item No. 6 of this Notice is accordingly commended for your approval by the Board.

This Explanatory Statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No -7

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 1st August, 2019, have appointed Dr. Bhaskar Gaikwad as an Independent Director of the Company not liable to retire by rotation, to hold office for a period of five consecutive years till 31st July, 2024, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

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

In the opinion of the Board, Dr. Bhaskar Gaikwad fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for the appointment of Independent Directors is available for inspection by the Members at the registered office of the Company in between 11.00 am to 2.00pm on any working day up to the date of this Annual General Meeting and is also available on the website of the Company www.prabhat-india.in.

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards, Committees in respect of the appointment of Dr. Bhaskar Gaikwad as the Independent Director, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is set out in this Notice.

Dr. Bhaskar Gaikwad is not related to any other Director and Key Managerial Personnel of the Company.

The Board is of the opinion that it will be beneficial to the Company to avail of his services as an Independent Director of the Company and recommends the Ordinary resolution as set out in Item No. 7 of the Notice for approval of the shareholders.

Save and except Dr. Bhaskar Gaikwad and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel, and their relatives, are in any way, concerned or interested, in the said resolution. The resolution as set out in item No. 7 of this Notice is accordingly commended for your approval by the Board.

This Explanatory Statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No - 8

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 1st August, 2019, have appointed Mr. Vaibhav Parjane as an Independent Director of the Company not liable to retire by rotation, to hold office for a period of five consecutive years till 31st July, 2024, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

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

In the opinion of the Board, Mr. Vaibhav Parjane fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

A copy of the draft letter of appointment for Independent Directors, setting out the terms and conditions for the appointment of Independent Directors is available for inspection by the Members at the registered office of the Company in between 11.00 am to 2.00pm on any working day up to the date of this Annual General Meeting and is also available on the website of the Company www.prabhat-india.in.

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards and Committees in respect of the appointment of Mr. Vaibhav Parjane as the Independent Director, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is set out in this Notice.

Mr. Vaibhav Parjane is not related to any other Director and Key Managerial Personnel of the Company.

The Board is of the opinion that it will be beneficial to the Company to avail of his services as an Independent Director of the Company and recommends the Ordinary resolution as set out in Item No.8 of the Notice for approval of the shareholders.

Save and except Mr. Vaibhav Parjane and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel, and their relatives, are in any way, concerned or interested, in the said resolution. The resolution as set out in item No. 8 of this Notice is accordingly commended for your approval by the Board.

This Explanatory Statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By order of the Board of Directors
Prabhat Dairy Limited

Sd/-
Dipti Todkar
Company Secretary
(Membership No. ACS 21676)

Date: 5th September, 2019
Place: Navi Mumbai

Registered office: Gat No. 122, At Ranjankhol, Post Tilaknagar, Taluka Rahata, Ahmednagar, Shrirampur MH – 413 720.

Encl: As above

ANNEXURE TO ITEM NOS. 3, 6, 7, 8 OF THE NOTICE

Details of Director seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India.

Particulars	Dr. Abdul Samad Abdul Hameed	Dr. Bhaskar Gaikwad	Mr. Vaibhav Parjane
Age	66 years	55 years	35 years
Date of Birth	12/01/1953	01/06/1964	26/2/1984
Qualifications	M.V.Sc., Ph.D. University of Guelph, Ontario, Canada Canadian Commonwealth Fellow	M Sc (Agriculture), PhD In Agriculture Communication	CA, ICWA, CS, B.Com
Experience (including expertise in specific functional area)/ Brief Resume	More than 33 years in veterinary science and animal husbandry. Academics-as Professor 27 years Administrator as Dean of the College, Faculty and Director in the University- 7 years Hold 12 patents on various research-based products; Handled several multilateral research projects funded by Department of Biotechnology, GoI and Indian and foreign industries. Contributed immensely in the field of veterinary drug development for which he created in vitro disease model, cell culture, in situ, lab animal and target animal studies. He developed a series of nanotechnology drugs for animal infections. He also has expertise in scaling up to commercial production level. Remarkable contribution in veterinary drug development research and Contribution in Veterinary Health Electronics and Software Acted on several national and state-level committees on animal husbandry and veterinary sciences; Expert Member of National Innovation Foundation, GoI, Ahmedabad,	Vast experience of 25 years plus in agriculture sector. He was associated as Chief Scientist in Krishi Vigyan Kendra from January 1996 to August 2016, As Jr. Scientist (Agronomy) in KVK from June 1992 to Dec. 1995 and with Pravara Co-operative Sugar Factory, Pravaranagar from 1985 to 1992 He has various publications on the domain subject such as Books on Organic Farming, Sustainable Sugarcane Prod, Spirulina Production. He has also worked as an Editor of Quarterly Magazine – Krishi Vritta for 10 years. Various Research Papers – 10 on different issues, more than 200 popular articles published. Booklets on KVK's activities and impact study. Many Audio and Video CDs prepared under guidance. He has also presented Papers at various seminars at national and international levels, Published hundreds of popular articles in magazines and News papers He is a member of various institutions like IMC and Research Advisory Committee of DOR, Hyderabad, Rain fed agriculture and Agriculture Extension, women empowerment and agri., Planning Commission, GOI, for 11th and 12th Five Year Plan, Team member for project setting up Agricultural Demonstration Center to Farmers of Cote D'ivore, NRDC, New Delhi, Planning Commission for preparation of C-DAP guidelines, Maharashtra Rainfed Agriculture Mission, Sahyadri Dordarshan, Mumbai and AIR, Pune. He is also an expert/ evaluator for CAPART, New Delhi for more than 10 years, Project Evaluation of Department of Biotechnology, Government of India, Nodal Officer for the Agriclinic and Agribusiness Training Center sponsored by Ministry of Agriculture, Government of India, PI and Coordinator of different project implemented with the help of National and state level organizations He is awarded for his contribution as National Level Best Krishi Vigyan Kendra award for the year 1998-99, Zonal Level Best Krishi Vigyan Kendra award for the year 2010, National Level Best Krishi Vigyan Kendra award for the year 2011, Krishi Ratna award for the year 2013 of Govt of Maharashtra	He has an extensive industry experience, having held senior position with Godrej group. He is a Chartered Accountant, Cost Accountant and a Company Secretary with a rich experience in Corporate Advisory, Process Designing, Cost Management, and Legal Advisory since a decade. He is instrumental in guiding corporate through their growth plans and Strategic Development. He is involved in conducting Entrepreneurship development programs. He is revolutionising the education system by launching a course "Experience Buddy", wherein he is committed for enhancement of knowledge and skills sets of rural youths, introducing them to the corporate culture and make them employable / self sustainable. He is also being advisor on several corporate having exposure in the field of Milk, Sugar, Education, Aviation, Ethanol, Real estate, financial institutions, Medical institutions etc.

Particulars	Dr. Abdul Samad Abdul Hameed	Dr. Bhaskar Gaikwad	Mr. Vaibhav Parjane
		Visited Israel, Egypt and Dubai during 2003 to study the hitech agriculture production technology for 14 days and Visited Netherlands to attend 21 days course in the year 2013 on extension management and implementation of developmental project	
Terms and Conditions of Appointment / Reappointment	As per the resolution at item no. 7 of the Notice convening Annual General Meeting on September 30, 2019 read with explanatory statement thereto	As per the resolution at item no. 6 of the Notice convening Annual General Meeting on September 30, 2019 read with explanatory statement thereto	As per the resolution at item no. 8 of the Notice convening Annual General Meeting on September 30, 2019 read with explanatory statement thereto
Remuneration last drawn (including sitting fees, if any)	NA	NA	NA
Remuneration proposed to be paid	NA	NA	NA
Date of first appointment on the Board	29th May, 2019	29th May, 2019	29th May, 2019
Shareholding in the Company as on March 31, 2019	NIL	NIL	NIL
Relationship with other Directors/ Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel
Number of meetings of the Board attended during the year	NA	NA	NA
Directorships on other Listed Companies as on March 31, 2019	NA	NA	NA
Membership / Chairmanship of Committees of other Listed Companies Boards as on March 31, 2019	NA	NA	NA

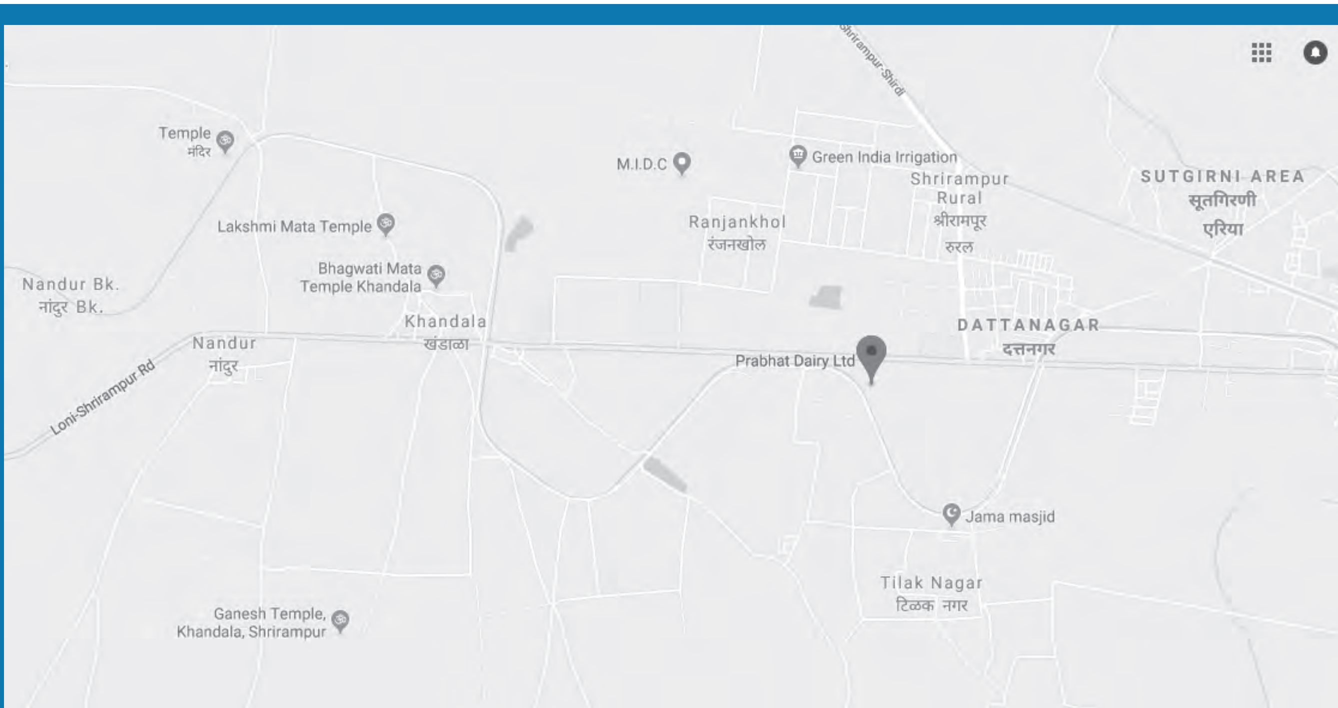
Particulars	Sarangdhar Nirmal
Age	63 years
Date of Birth	01/06/1956
Qualifications	Bachelor of Commerce and Master's degree in Business Administration
Experience (including expertise in specific functional area)/Brief Resume	Before Prabhat he used to work for Philips India, Pravara Sugar Factory, as a management trainee and then established a proprietorship firm, Nirmal Paper Industries, which was a paper board manufacturing unit based on waste paper. He is the founder of Prabhat Dairy. He has vast experience about the milk and milk related business over the years. He acts like a mentor for all the dairy farmers and employees of Prabhat Dairy. He was graced with 'The Lokmat Corporate Excellence Award' 2016 for his contribution towards the society and bringing all the farmers under one umbrella towards a common goal of serving the society with quality milk. As the Chairman and Managing Director of the Company, he is involved in the business, management and operations of the Company. Being a farmer he is continuously involved in working closely with one lac milk producers to uplift their livelihood & their dairy farming business.
Terms and Conditions of Appointment / Reappointment	As per Section 152 (6) of the Companies Act, 2013, Mr. Sarangdhar Nirmal who was appointed as Chairman and Managing Director at the Extra Ordinary General Meeting held on 24th March, 2015 is liable to retire by rotation at the meeting
Remuneration last drawn (including sitting fees, if any)	22 lakhs
Remuneration proposed to be paid	As per existing approved terms and conditions
Date of first appointment on the Board	25/11/1998
Shareholding in the Company as on March 31, 2019	11,25,000 shares i.e. 1.15% of the total shareholding in his individual capacity. 4,55,60,584 shares i.e. 46.64% of the total shareholding in his capacity as a Trustee of Nirmal Family Trust, Promoter of the Company
Relationship with other Directors/Key Managerial Personnel	Mr. Vivek Nirmal, Joint Managing Director is the son of Mr. Sarangdhar Nirmal
Number of meetings of the Board attended during the year	5
Directorships on other Listed Companies as on March 31, 2019	Vasavi Finvest Limited
Membership / Chairmanship of Committees of other Companies Boards as on March 31, 2019	NA

Note : *Directorship includes only Indian Public Limited Companies and Committee membership includes only Audit Committee and Stakeholders Relationship Committee of Public Limited Companies

Route Map for Venue of Annual General Meeting

Venue of AGM:

Gat No. 121/2A, At Ranjankhol, Taluka Rahata, Shrirampur, Dist. Ahmednagar, Maharashtra – 413720



PRABHAT DAIRY LIMITED

CIN: L01100PN1998PLC013068

Registered Office: Gat No. 122, At Ranjankhol, Post Tilaknagar, Taluka Rahata, Ahmednagar, Shrirampur MH – 413 720

Email: investor@prabhatdairy.in; Website: www.prabhat-india.in

Tel.: +91-2422-265993

PROXY FORM

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

I/We, being the member(s) of ___________________________________ shares of Prabhat Dairy Limited, 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 and whose signature(s) are appended below to attend and vote (on Poll) for me/ us and on my/ our behalf at the Meeting of the Company to be held at **121/2A, At Ranjankhol, Taluka Rahata, Shrirampur, Dist. Ahmednagar, Maharashtra – 413720 on Monday, 30th September, 2019 at 12.00 noon** and at any adjournment or adjournments thereof in respect of such resolutions and in such manner as are indicated below:

Sr. No.	Particulars
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors' and Auditors' thereon
2.	To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors' and Auditors' thereon
3.	To appoint a Director in place of Mr. Sarangdhar Nirmal (DIN: 00035234), who retires by rotation, and being eligible, offers himself for re-appointment
4.	Appointment of Statutory Auditor to fill casual vacancy
5.	Appointment of Statutory Auditor
6.	To approve appointment of Dr. Abdul Samad (DIN: 07929280) as an Independent Director of the Company
7.	To approve appointment of Dr. Bhaskar Gaikwad (DIN: 08440915) as an Independent Director of the Company
8.	To approve appointment of Mr. Vaibhav Parjane (DIN: 08102059) as an Independent Director of the Company

Signed this _______________ day of ___________ 2019.

Affix ₹ 1/-
Revenue
Stamp

Signature of Proxy holder(s) : __________________

(Signature of shareholder(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 resolution and explanatory statement please refer to the Notice of the Annual General Meeting.
7. The Proxy-holder shall prove his/ her identity at the time of attending the Annual General Meeting.
8. Please complete all details including details of member(s) in above box before submission.
9. All alterations made in the form of proxy should be initialed.

PRABHAT DAIRY LIMITED

CIN: L01100PN1998PLC013068
Registered Office: Gat No. 122, At Ranjankhol, Post Tilaknagar, Taluka Rahata, Ahmednagar, Shrirampur MH – 413 720
Email: investor@prabhatdairy.in Website: www.prabhat-india.in
Tel.: +91-2422-265993

ATTENDANCE SLIP

Folio No. / DP ID and Client ID:

Name :

Address :

No. of Shares :

I / We hereby record my/ our presence at the Annual General Meeting of the Company on Monday, September 30, 2019 at 12.00 noon at 121/2A, At Ranjankhol, Taluka Rahata, Shrirampur, Dist. Ahmednagar, Maharashtra – 413720.

____________________	____________________	____________________
First / Sole holder / Proxy	Second holder / Proxy	Third holder / Proxy

Notes:

(1) Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.

(2) Shareholder/Proxy holder desiring to attend the meeting should bring his/her copy of the Notice for reference at the meeting.

Notes

PRABHAT DAIRY LIMITED
CIN: L01100PN1998PLC013068
Registered Office: Gat No. 122, At Ranjankhol, Post Tilaknagar,
Taluka Rahata, Ahmednagar, Shrirampur MH – 413 720
Email: investor@prabhatdairy.in Website: www.prabhat-india.in
Tel.: +91-2422-265993

Concept, Content & Design WYATTPrism COMMUNICATIONS (info@wyatt.co.in) Printed at: Quarterfold Printabilities