

**Cheese Land Agro (India) Private Limited**  
Financial Statements together with the  
Independent Auditors' Report for the  
Year ended 31 March 2016

# **Cheese Land Agro (India) Private Limited**

Financial Statements together with the Independent Auditors' Report for the Year ended 31  
March 2016

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## **Independent Auditors' Report**

### **To the Members of Cheese Land Agro (India) Private Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Cheese Land Agro (India) Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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



**Cheese Land Agro (India) Private Limited**  
**Independent Auditors' Report – 31 March 2016 (continued)**

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in (India), of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of (India) in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

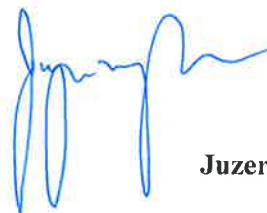


**Cheese Land Agro (India) Private Limited**  
**Independent Auditors' Report – 31 March 2016 (continued)**

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- 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 no pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For B S R & Co. LLP**  
*Chartered Accountants*

Firm Registration No: 101248W/ W-100022



**Juzer Miyajiwala**  
*Partner*

Membership No.: 047483

Place: Navi Mumbai  
Date: 17 May 2016

## **Annexure A to the Independent Auditors' Report on the Standalone Financial Statements of Cheese Land Agro India Private Limited**

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Cheese Land Agro India Private Limited on the standalone financial statements for the year ended 31 March 2016.

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of Cheese Land Agro India Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for the Standalone Financial Statements**

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

### **Auditor's Responsibility**

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

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

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



## **Annexure A to the Independent Auditors' Report on the Standalone Financial Statements of Cheese Land Agro India Private Limited- (continued)**

### **Meaning of Internal Financial Control Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Control Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm Registration No: 101248W/ W-100022

  
**Juzer Miyajiwala**  
*Partner*  
Membership No: 047483

Place: Navi Mumbai  
Date: 17<sup>th</sup> May 2016

## Cheese Land Agro (India) Private Limited

### Annexure B to the Independent Auditors' Report – 31 March 2016

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i) The Company does not hold any fixed assets as at the end of the year, accordingly clause (i) of paragraph 3 is not applicable to the Company.
- (ii) The Company does not hold any inventory as at the end of the year, accordingly clause (ii) of paragraph 3 is not applicable to the Company.
- (iii) During the year 2012 and 2013, the Company had granted interest free unsecured loan to its subsidiary, which is a party covered in the register maintained under section 189 of the Act. According to 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 the loans granted by the Company are not prejudicial to the interest of the Company. As explained to us, the schedule of repayment of principal has been stipulated and the repayments are regular.
- (iv) According to the information and explanations given to us, there are new loans, investments, guarantees and securities made by the Company to which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, clause (iv) of paragraph 3 is not applicable to the Company.
- (v) The Company has not accepted any deposits in accordance with the provisions of section 73 to 76 of the Act and the rules made there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for any of the products manufactured by the Company.
- (vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company is not required to pay any dues related to Provident fund, Income tax, Service tax, duty of customs, duty of excise, Sales tax, Employees' State Insurance, and other statutory dues. Accordingly clause (vii) of Paragraph 3 is not applicable.
- (viii) In our opinion and according to the information and explanations given to us, the Company did not have any loans from banks and financial institutions. Also there is no loan or borrowings from government or any debentures outstanding during the year.
- (ix) The Company did not have any term loan outstanding as at the end of the year. The Company is a 'Private Limited Company' and had not raised money by way of initial public offer or further public offer (including debt instruments) during the year.





## Cheese Land Agro (India) Private Limited

### Annexure to the Independent Auditors' Report – 31 March 2016 (*continued*)

- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the company has not paid any managerial remuneration during the year. Accordingly clause (xi) of paragraph 3 is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the financial statements.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of (India), 1934.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No: 101248W/ W-100022



**Juzer Miyajiwala**  
*Partner*

Membership No: 047483

Place: Navi Mumbai  
Date: 17<sup>th</sup> May 2016

# Cheese Land Agro (India) Private Limited

## Balance Sheet

as at 31 March 2016

(Currency - Indian Rupees)

	Notes	31-Mar-16	31-Mar-15
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,000,000	1,000,000
Reserves and surplus	4	(376,563)	(381,576)
	(A)	<u>623,437</u>	<u>618,424</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	-	1,155,155,588
	(B)	<u>-</u>	<u>1,155,155,588</u>
<b>Current liabilities</b>			
Trade payables	6		
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises		443,281	370,270
Other current liabilities	7	1,454,530,472	374,902,412
Short-term provisions	8	2,410	-
	(C)	<u>1,454,976,163</u>	<u>375,272,682</u>
<b>Total</b>	(A)+(B)+(C)	<u>1,455,599,600</u>	<u>1,531,046,694</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non current investment	9	299,999,990	299,999,990
Long term loans and advances	10	199,150	1,155,506,378
	(A)	<u>300,199,140</u>	<u>1,455,506,368</u>
<b>Current assets</b>			
Trade receivables	11	664	4,200
Cash and bank balances	12	1,818	4,926
Short-term loans and advances	13	1,155,397,978	75,531,200
	(B)	<u>1,155,400,460</u>	<u>75,540,326</u>
	(A) + (B)	<u>1,455,599,600</u>	<u>1,531,046,694</u>

Significant accounting policies  
Notes to the financial statements

2  
3-21

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

As per our report of even date attached

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Reg. No : 101248W/W-100022

  
**Juzer Miyajiwala**  
Partner  
Membership No. 047483

Place : Navi Mumbai  
Date : 17th May 2016

**For and on behalf of Board of Directors of  
Cheese Land Agro (India) Private Limited**

  
**Vivek S Nirmal**  
Director

  
**Ashok Sinha**  
Director

Place : Navi Mumbai  
Date : 17th May 2016

# Cheese Land Agro (India) Private Limited

## Statement of Profit and Loss

for the year ended 31 March 2016

(Currency - Indian Rupees)

	Notes	31-Mar-16	31-Mar-15
<b>Revenue from operations</b>	14		
Sale of services		907,500	482,000
<b>Total</b>		<u>907,500</u>	<u>482,000</u>
<b>Total revenue</b>		<u>907,500</u>	<u>482,000</u>
<b>Expenses</b>			
Employee benefits expenses	15	296,000	216,944
Other expenses	16	604,077	267,071
<b>Total expenses</b>		<u>900,077</u>	<u>484,015</u>
<b>Profit / (loss) before tax</b>		7,423	(2,015)
<b>Tax expense</b>			
Current tax		2,410	-
Deferred tax	17	-	-
<b>Profit / (loss) for the year</b>		<u>5,013</u>	<u>(2,015)</u>
<b>Basic and diluted profit / (loss) per equity share of face value of Rs. 10 each</b>	18	0.05	(0.02)
Significant accounting policies	2		
Notes to the financial statements	3-21		

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

As per our report of even date attached

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Reg. No : 101248W/W-100022

  
Juzer Miya jiwala  
Partner  
Membership No. 047483

Place : Navi Mumbai  
Date : 17th May 2016

**For and on behalf of Board of Directors of  
Cheese Land Agro (India) Private Limited**

  
Vivek S Nirmal  
Director

  
Ashok Sinha  
Director

Place : Navi Mumbai  
Date : 17th May 2016

# Cheese Land Agro (India) Private Limited

## Cash Flow Statement

for the year ended 31 March 2016

(Currency - Indian Rupees)

	31-Mar-16	31-Mar-15
<b>A Cash flows from operating activities</b>		
Net profit before tax	7,423	(2,015)
Movements in working capital :		
Decrease in trade receivables	3,536	79,200
Increase / (decrease) in trade payables	73,011	(163)
Increase / (decrease) in other current liabilities	3,672	(46,040)
Cash generated from operations	87,642	30,982
Less: Income taxes paid	(90,750)	(48,200)
<b>Net cash flow used in operating activities</b>	<b>(3,108)</b>	<b>(17,218)</b>
<b>B Cash Flow From Investing Activities</b>		
Loans and Advances recovered from Subsidiary	75,531,200	-
<b>Net cash flow from investing activities</b>	<b>75,531,200</b>	<b>-</b>
<b>C Cash Flow From Financing Activities</b>		
Long term borrowings repaid to holding company	(75,531,200)	-
<b>Net cash flow used in financing activities</b>	<b>(75,531,200)</b>	<b>-</b>
Net decrease in Cash and cash equivalents (A+B+C)	(3,108)	(17,218)
Cash and cash equivalents at the beginning of the year	4,926	22,144
<b>Cash and cash equivalents at the end of the year</b>	<b>1,818</b>	<b>4,926</b>
<b>Notes</b>		
Figures in brackets represent outflows of cash and cash equivalents.		
<b>Components of cash and cash equivalents</b>		
Cash in hand	656	266
Current Account with Banks	1,162	4,660
<b>Total cash and cash equivalents (refer note 12)</b>	<b>1,818</b>	<b>4,926</b>

Summary of significant accounting policies  
Notes to the financial statements

2  
3-21

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

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

Firm Reg. No : 101248W/W-100022



**Juzer Miyajiwala**  
Partner  
Membership No. 047483

Place : Navi Mumbai  
Date : 17th May 2016

**For and on behalf of Board of directors of  
Cheese Land Agro (India) Private Limited**



**Vivek S Nirmal**  
Director



**Ashok Sinha**  
Director

Place : Navi Mumbai  
Date : 17th May 2016

# Cheese Land Agro (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2016

(Currency - Indian Rupees)

### 1. Background

Cheese Land Agro (India) Private Limited ("Cheese Land" or "the Company") was incorporated on 22 April 2010. The Company is a 100% subsidiary of Prabhat Dairy Limited, which is listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited on 21 September 2015. Cheese Land in turn has made an investment in Sunfresh Agro Industries Private Limited, its subsidiary and holds 72.22% of its paid up equity share capital.

### 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis. The Company has prepared these financial statements to comply in all material respects with the applicable accounting standards notified pursuant to Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules 2014.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenditure during the reporting period. Actual results may differ from those estimates. Any difference between the actual results and estimates are recognised in the period in which the results are known/ materialize. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### 2.3 Current-non-current classification

All assets and liabilities are classified into current and non-current.

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- 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.



# Cheese Land Agro (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

### 2. Significant accounting policies (continued)

#### 2.3 Current-non-current classification (continued)

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be settled within 12 months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

##### 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.

#### 2.4 Revenue recognition

##### a) Sale of services

Income from services is recognized when the services are rendered.

##### b) Interest income

Interest income is recognised using the time proportion method based on the underlying interest rates.

#### 2.5 Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of the acquisition are classified as current investments. All other investments are classified as long-term investments. However, that portion of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as current portion of long term investments in consonance with the current/non-current classification scheme of revised Schedule VI.

Long-term investments are valued at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are valued at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.



# Cheese Land Agro (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

### 2. Significant accounting policies (continued)

#### 2.6 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, bonus and compensated absences. The undiscounted amount of short-term employee services is recognised as an expense as the related service is rendered by the employees.

#### 2.7 Foreign exchange transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currency are translated at the year- end exchange rate and the resultant exchange differences are recognised in the Statement of Profit and Loss.

#### 2.8 Taxation

Income-tax comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation and carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonable/ virtually certain (as the case may be) to be realized.

Timing differences, which reverse within the tax holiday period, do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same. For this purpose, timing differences, which originate first, are considered to reverse first.

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.



# Cheese Land Agro (India) Private Limited

## Notes to the financial statements

for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

### 2. Significant accounting policies (continued)

#### 2.9 Provisions and contingencies

A provision is recognised in the Balance Sheet, when the Company has a present obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date. The provisions are measured on an undiscounted basis. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

##### *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.

#### 2.10 Segment reporting

During the year, the Company has rendered technical and professional services to its customers. This in context of Accounting Standard 17 on Segment Reporting, are considered to constitute one single reportable primary segment. There are no reportable secondary segments – geographical segments.

#### 2.11 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.

#### 2.12 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.





# Cheese Land Agro (India) Private Limited

## Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

	31-Mar-16	31-Mar-15
<b>3. Share Capital</b>		
<b>Authorised</b>		
250,000 (2015: 250,000) Equity shares of Rs. 10 each with voting rights	<b>2,500,000</b>	2,500,000
	<b>2,500,000</b>	2,500,000
<b>Issued, subscribed and paid-up</b>		
100,000 (2015: 100,000) Equity shares of Rs. 10 each with voting rights	<b>1,000,000</b>	1,000,000
	<b>1,000,000</b>	1,000,000

### 3.1 Reconciliation of shares outstanding at the beginning and at the end of the reporting period:

Particulars of shares	31-Mar-16		31-Mar-15	
	No. of shares	Amount	No. of shares	Amount
Number of shares outstanding at the beginning of the period	100,000	1,000,000	100,000	1,000,000
Add: Additional shares issued, subscribed and paid-up	-	-	-	-
Number of shares outstanding at the end of the period	100,000	1,000,000	100,000	1,000,000

### 3.2 Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Class of shares / Name of shareholder	31-Mar-16		31-Mar-15	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares with voting rights:</b>				
Prabhat Dairy Limited, the holding company	99,999	99.999%	99,999	99.999%

### 3.3 Details of shareholders holding more than 5% shares is set out below:

Class of shares / Name of shareholder	31-Mar-16		31-Mar-15	
	No. of shares	% holding	No. of shares	% holding
<b>Equity shares</b>				
Prabhat Dairy Limited, the holding company	99,999	99.999%	99,999	99.999%

### 3.4 Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



# Cheese Land Agro (India) Private Limited

Notes forming part of the Financial Statements  
for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

	31-Mar-16	31-Mar-15
<b>4. Reserves and surplus</b>		
<b>Surplus / (deficit) in Statement of Profit and Loss</b>		
At the commencement of the period	(381,576)	(379,561)
Add: Profit / (Loss) for the period	5,013	(2,015)
<b>Total reserves and surplus</b>	<b>(376,563)</b>	<b>(381,576)</b>
<b>5. Long-term borrowings</b>		
<b>Borrowings from related parties:</b> (refer note no 19)		
Unsecured		
Others	-	1,155,155,588
	-	1,155,155,588
<b>Details of terms of repayment of interest free unsecured long-term borrowings obtained from Prabhat Dairy Limited are as follows:</b>		
Interest free term loan from Prabhat Dairy Limited:		
Repayable on 31st March 2016	-	374,882,412
Repayable on 31st March 2017	1,454,506,800	1,155,155,588
	<b>1,454,506,800</b>	<b>1,530,038,000</b>
<b>6. Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note 20)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	443,281	370,270
	<b>443,281</b>	<b>370,270</b>
<b>7. Other current liabilities</b>		
Current maturities of long-term borrowings		
Others		
From related parties		
Unsecured (refer note 5)	1,454,506,800	374,882,412
Statutory liabilities	23,672	20,000
	<b>1,454,530,472</b>	<b>374,902,412</b>
<b>8. Short-term provisions</b>		
Income tax (net of advance taxes paid)	2,410	-
	<b>2,410</b>	<b>-</b>



# Cheese Land Agro (India) Private Limited

## Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

	31-Mar-16	31-Mar-15
<b>9. Non current investments</b>		
<i>(Valued at cost unless stated otherwise)</i>		
<b>Trade investments</b>		
<b>Trade investments : unquoted</b>		
<b>Investment in Equity Instruments of trade subsidiary:</b>	<b>299,999,990</b>	299,999,990
Equity Shares of Sunfresh Agro Industries Private Limited [37,483,254 (2015: 37,483,254) equity shares of Rs. 10 each, fully paid up - which include 7,483,255 (2015: 7,483,255) equity shares received as bonus shares]		
	<u>299,999,990</u>	<u>299,999,990</u>
<b>10 Long term loans and advances</b>		
<i>(Unsecured, considered good unless otherwise stated)</i>		
<b>To related parties:</b>		
Private companies in which any director is a director or member		
Sunfresh Agro Industries Private Limited	-	1,155,397,978
<b>To parties other than related parties:</b>		
Advance tax	<u>199,150</u>	108,400
	<u>199,150</u>	<u>1,155,506,378</u>
<b>11. Trade receivables</b>		
<i>(Unsecured)</i>		
Other receivables		
Considered good	<u>664</u>	4,200
	<u>664</u>	<u>4,200</u>
<b>12. Cash and Bank balances</b>		
<i>Cash and cash equivalents</i>		
Cash on hand	656	266
Balances with banks		
In current accounts	<u>1,162</u>	4,660
	<u>1,818</u>	<u>4,926</u>
<b>13. Short-term loans and advances</b>		
<i>(Unsecured)</i>		
<b>To related parties</b>		
Private companies in which any director is a director or member	<u>1,155,397,978</u>	75,531,200
Sunfresh Agro Industries Private Limited	<u>1,155,397,978</u>	<u>75,531,200</u>



# Cheese Land Agro (India) Private Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

	31-Mar-16	31-Mar-15
<b>14. Revenue from operations</b>		
Sale of services - Technical and professional fees	907,500	482,000
	<u>907,500</u>	<u>482,000</u>
<b>15. Employee benefits expenses</b>		
Salaries, wages and allowances	296,000	216,944
	<u>296,000</u>	<u>216,944</u>
<b>16. Other expenses</b>		
Travelling and conveyance	28,562	676
Legal and professional expenses	333,626	9,371
Payment to auditors (refer note 21)	240,450	255,676
Bank charges	1,439	1,348
	<u>604,077</u>	<u>267,071</u>



# Cheese Land Agro (India) Private Limited

## Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

### 17. Deferred tax (liabilities) / assets

Accounting Standard 22 Taxes on Income requires that the deferred tax asset should be recognised when it is probable that the taxable profits will be available against which the deferred tax asset can be utilised. Where an entity has history of tax losses, the entity recognises a deferred tax asset only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.

As there is no virtual certainty / convincing evidence at this stage that sufficient taxable profit will be available in the immediate future, net deferred tax asset has not been recognised.

### 18. Earning Per Share (EPS)

	31-Mar-16	31-Mar-15
Net profit/(loss) for the period attributable to ordinary equity shareholders	5,013	(2,015)
Number of equity shares for the purpose of basic & diluted earnings per share	100,000	100,000
Par value per equity share	10	10
Earnings per share- Basic / Diluted	<u>0.05</u>	<u>(0.02)</u>



# Cheese Land Agro (India) Private Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2016 (continued)

(Currency - Indian Rupees)

### 19 Related Party Disclosures:

Name of the related party and nature of relationship where control exists:

#### Names of related parties

Prabhat Dairy Limited  
Sunfresh Agro Industries Private Limited  
Nirmal Family Trust

Mr. Vivek S Nirmal  
Mr. Sarangdhar R. Nirmal  
Mrs. Vijaya S. Nirmal  
Mrs. Nidhi V. Nirmal  
Mrs. Sneha Nirmal Astunkar

#### Description of relationship

Holding Company  
Subsidiary Company  
Trust which directly controls reporting Company and in which KMPs are interested  
Key Management Personnel (KMP)  
Relative of KMP  
Relative of KMP  
Relative of KMP  
Relative of KMP

### B) Details of related party transactions during the period ended 31 March 2016 and balances outstanding as at 31 March 2016:

Name of Party	Description of Relationship	Nature of Transaction	Transactions during the period	Balance Outstanding as at March 31, 2016	
				Debit	Credit
Prabhat Dairy Limited	Holding company	Loan repaid during the year	75,531,200	-	-
		Long term loans / borrowings - Unsecured	-	-	1,454,506,800 (1,530,038,000)
Sunfresh Agro Industries Private Limited	Subsidiary Company	Loans recovered during the period	75,531,200	-	-
		Loans and advances	-	1,155,397,978 (1,230,929,178)	-
		Investments held	-	299,999,990 (299,999,990)	-

Note:

1. Figures in bracket relate to the previous period.

### 20 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on information available with the Company, during the year there are no transactions with/no amounts payable as at the year end to Micro and Small Enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors.

### 21 Payment to auditors (including service tax)

	31-Mar-16	31-Mar-15
Statutory audit fees	229,000	228,000
Out of pocket expenses reimbursed	11,450	27,676
	<u>240,450</u>	<u>255,676</u>


For B S R & Co. LLP  
Chartered Accountants  
Firm Reg. No : 101248W/W-100022

  
Juzer Miyajiwala  
Partner  
Membership No. 047483

Place : Navi Mumbai  
Date : 17th May 2016

For and on behalf of Board of directors  
Cheese Land Agro (India) Private Limited

  
Vivek S Nirmal  
Director

  
Ashok Sinha  
Director

Place : Navi Mumbai  
Date : 17th May 2016