

Cheese Land Agro (India) Private
Limited

Financial Statements for the year
ended March 31, 2018

INDEPENDENT AUDITOR'S REPORT**To the Members of Cheese Land Agro (India) Private Limited****Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Cheese Land Agro (India) Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the accounting principles generally accepted in India.

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 Ind AS 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 Ind AS financial statements based on our audit.



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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017 were audited by another auditor whose report dated May 23, 2017 expressed an unmodified audit opinion.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and 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 Cash Flow and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure 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 does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government 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.

For MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W

Amrish Anup Vaidya

Partner

Membership No. 101739



Place : Navi Mumbai

Date : May 18, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CHEESE LAND AGRO (INDIA) PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2018

[Referred to in paragraph 1(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 over financial reporting of Cheese Land Agro (India) Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (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 over financial reporting 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 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.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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



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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 March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W



Amrish Anup Vaidya

Partner

Membership No. 101739

Place : Navi Mumbai

Date : May 18, 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF CHEESE LAND AGRO (INDIA) PRIVATE LIMITED FOR THE YEAR ENDED MARCH 31, 2018

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. As the company does not have fixed assets, accordingly, the provisions stated in paragraph 3(i) (a) to (c) of the Order are not applicable to the Company.
- ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.
- iii. According to the information and explanations given to us, and based on the audit procedures performed by us, the Company had granted unsecured loans amounting to Rs.11,553.98 lakhs to its subsidiary company, which is a party covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). As per the terms of repayment, the same was due on March 31, 2017. The subsidiary company has repaid the same by July 12, 2017 along with interest.
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to the subsidiary company listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
 - (b) In case of the loans granted to the subsidiary company listed in the register maintained under section 189 of the Act, schedule of repayment of principal have been stipulated. The schedule for payment of interest has not been stipulated. The principal amount of loan was due on March 31, 2017. However, the subsidiary company has repaid the same by July 12, 2017 along with interest.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days are as follows:

| No. of Cases | Principal amount overdue | Interest overdue | Total overdue | Remarks (specify whether reasonable steps have been taken by the Company for recovery of principal amount and interest) |
|--------------|--------------------------|------------------|---------------|---|
| 1 | 56,24,07,978 | N.A. | 56,24,07,978 | Same has been recovered by the Company by July 12, 2017. |



- 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. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- 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, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.
 - (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- 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, since the Company is a Private Company, the provisions of section 197 of the Act will not be applicable. Accordingly, the provisions stated in paragraph 3(xi) of the Order are not applicable to the Company.



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- 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 (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No. 105047W

Amrish Anup Vaidya
Partner

Membership No. 101739



Place : Navi Mumbai

Date : May 18, 2018

Cheese Land Agro (India) Private Limited

Balance Sheet

as at 31 March 2018

(Amount in INR Lakhs, unless otherwise stated)

| | Notes | As at 31-Mar-18 | As at 31-Mar-17 |
|--------------------------------------|----------------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Financial Assets | | | |
| (i) Investments | 11 | 3,000.00 | 3,000.00 |
| Income tax assets (net) | | 21.75 | 1.59 |
| Total non-current assets | (A) | 3,021.75 | 3,001.59 |
| Current Assets | | | |
| Financial Assets | | | |
| (i) Trade receivables | 12 | 127.53 | - |
| (ii) Cash and cash equivalents | 13 | 0.42 | 0.06 |
| (iii) Loans | 14 | - | 11,553.98 |
| Total current assets | (B) | 127.95 | 11,554.04 |
| TOTAL ASSETS | (A+B) | 3,149.70 | 14,555.63 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 15 | 300.00 | 10.00 |
| Other equity | 16 | 2,715.94 | (229.01) |
| Total equity | (C) | 3,015.94 | (219.01) |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 18 | - | 11,551.56 |
| Total non-current liabilities | (D) | - | 11,551.56 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 19 | - | 2,993.51 |
| (ii) Trade payables | 20 | 128.72 | 4.19 |
| (iii) Other financial liabilities | 21 | - | 202.06 |
| Other current liabilities | 22 | 5.04 | 23.32 |
| Total current liabilities | (E) | 133.76 | 3,223.08 |
| Total liabilities | (D+E) | 133.76 | 14,774.64 |
| TOTAL EQUITY AND LIABILITIES | (C+D+E) | 3,149.70 | 14,555.63 |
| Significant accounting policies | 2-3 | | |
| Notes to the financial statements | 4-31 | | |

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

As per our report of even date attached

For MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No.105047W



Amrish Anup Vaidya

Partner

Membership No.: 101739

Place: Navi Mumbai

Date: 18 May 2018

For and on behalf of Board of directors of

Cheese Land Agro (India) Private Limited

CIN: U15209PN2010PTC136135



Vivek S Nirmal

Director

DIN: 00820923



Sarangdhar R. Nirmal

Director

DIN: 00035234

Place: Navi Mumbai

Date: 18 May 2018



Cheese Land Agro (India) Private Limited

Statement of profit and loss

for the year ended 31 March 2018

(Amount in INR Lakhs, unless otherwise stated)

| | Notes | For the Year ended 31-Mar-18 | For the Year ended 31-Mar-17 |
|---|-------|---------------------------------|---------------------------------|
| Revenue | | | |
| Revenue from operations | 4 | 496.31 | 5.42 |
| Other income | 5 | 199.81 | 1,451.47 |
| Total Income | | 696.12 | 1,456.89 |
| Expenses | | | |
| Purchase of Traded Goods | 6 | 444.93 | - |
| Employee benefits expense | 7 | 1.87 | 2.68 |
| Finance costs | 8 | 255.87 | 1,675.68 |
| Other expenses | 9 | 6.50 | 3.48 |
| Total Expenses | | 709.17 | 1,681.84 |
| Loss before tax | | (13.05) | (224.95) |
| Tax expense: | | | |
| Deferred tax credit | | - | (448.41) |
| Income tax expense | 10 | - | (448.41) |
| Profit / (Loss) for the year | | (13.05) | 223.46 |
| Earnings per equity share | | | |
| Basic earning per equity share of face value of Rs. 10 each (31 March 2017: Rs. 10) | 17 | (1.46) | 223.46 |
| Diluted earning per equity share of face value of Rs. 10 each (31 March 2017: Rs. 10) | 17 | (1.46) | 223.46 |

Significant accounting policies 2-3
Notes to the financial statements 4-31

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

As per our report of even date attached

For MSKA & Associates (Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No.105047W


Amrish Anup Vaidya

Partner
Membership No.: 101739

Place: Navi Mumbai
Date: 18 May 2018

**For and on behalf of Board of directors of
Cheese Land Agro (India) Private Limited**
CIN: U15209PN2010PTC136135


Vivek S Nirmal
Director
DIN: 00820923

Place: Navi Mumbai
Date: 18 May 2018


Sarangdhar R. Nirmal
Director
DIN: 00035234



Cheese Land Agro (India) Private Limited

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2018

(Amount in INR Lakhs, unless otherwise stated)

(a) Equity share capital (Refer note 15)

| | As at 31-Mar-18 | | As at 31-Mar-17 | |
|---|--------------------|--------|--------------------|--------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity shares of Rs 10 each issued, subscribed and fully paid | | | | |
| Opening | 1,00,000 | 10.00 | 1,00,000 | 10.00 |
| Add: issue during the year | 29,00,000 | 290.00 | - | - |
| Closing | 30,00,000 | 300.00 | 1,00,000 | 10.00 |

(b) Other equity

| Particulars | Reserves and Surplus | | Total Equity |
|---|-------------------------------|----------------------|--------------|
| | Securities Premium Account | Retained earnings | |
| Balance as on 31 March 2016 | - | (452.47) | (452.47) |
| Profit for the year | - | 223.46 | 223.46 |
| Total comprehensive income for the year | - | 223.46 | 223.46 |
| Balance at 31 March 2017 | - | (229.01) | (229.01) |
| Profit for the year | - | (13.05) | (13.05) |
| Total comprehensive income for the year | - | (13.05) | (13.05) |
| Transactions with owners, recorded directly in equity | | | |
| Contribution by owners | | | |
| Premium on Equity Shares issued during the year | 2,958.00 | - | 2,958.00 |
| Balance at 31 March 2018 | 2,958.00 | (242.06) | 2,715.94 |

Significant accounting policies
Notes to the financial statements

2-3
4-31

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

As per our report of even date attached

For MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No.105047W



Amrish Anup Vaidya

Partner

Membership No.: 101739

Place: Navi Mumbai

Date: 18 May 2018

For and on behalf of Board of directors of

Cheese Land Agro (India) Private Limited

CIN: U15209PN2010PTC136135




Vivek S Nirmal

Director

DIN: 00820923

Place: Navi Mumbai

Date: 18 May 2018



Sarangdhar R. Nirmal

Director

DIN: 00035234



Cheese Land Agro (India) Private Limited

Statement of Cash Flow

for the year ended 31 March 2018

(Amount in INR Lakhs, unless otherwise stated)

| | For the Year ended 31-Mar-18 | For the Year ended 31-Mar-17 |
|---|---------------------------------|---------------------------------|
| Cash flow from operating activities | | |
| Loss before tax | (13.05) | (224.95) |
| Adjustments for | | |
| Interest income | (199.51) | (1,451.47) |
| Finance costs | 255.87 | 1,675.68 |
| | 43.31 | (0.74) |
| Working capital adjustments | | |
| (Increase) / Decrease in trade receivables | (127.53) | 0.01 |
| (Decrease) / increase in trade payables | 124.53 | (0.25) |
| (Decrease) / increase in other current liabilities | (18.28) | 0.63 |
| | 22.03 | (0.35) |
| Income tax refunded / (paid) | (20.16) | 0.39 |
| Net cash flows from / (used in) operating activities | 1.87 | 0.04 |
| Cash flow from investing activities | | |
| Loans recovered from subsidiary | 11,553.98 | - |
| Interest income Received | 199.51 | - |
| Net cash flows from investing activities | 11,753.49 | - |
| Cash flow from financing activities | | |
| Repayment of borrowings | (14,545.07) | - |
| Proceeds from issue of share capital | 290.00 | - |
| Premium on issue of share capital | 2,958.00 | - |
| Interest Paid | (457.93) | - |
| Net cash used in financing activities | (11,755.00) | - |
| Net increase in cash and cash equivalents | 0.36 | 0.04 |
| Cash and cash equivalents at the beginning of the year | 0.06 | 0.02 |
| Cash and cash equivalents at the end of the year | 0.42 | 0.06 |

Reconciliation of Cash and Cash equivalents with the Balance Sheet

Cash and cash equivalents comprise (see note 13)

Balance with banks :

In current account

Cash on hand

0.41

0.05

0.01

0.01

Cash and Cash equivalents as at the year end

0.42

0.06

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

Cash comprises cash on hand.

Significant accounting policies

2-3

Notes to the financial statements

4-31

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

As per our report of even date attached

For MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No.105047W



Amrish Anup Vaidya

Partner

Membership No.: 101739

Place: Navi Mumbai

Date: 18 May 2018



For and on behalf of Board of directors of

Cheese Land Agro (India) Private Limited

CIN: U15209PN2010PTC136135



Vivek S Nirmal

Director

DIN: 00820923

Place: Navi Mumbai

Date: 18 May 2018



Sarangdhar R. Nirmal

Director

DIN: 00035234



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018

(Amount- INR in Lakhs , unless otherwise stated)

1. Reporting Entity

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 70.71% of its paid up equity share capital.

The Company is primarily engaged in the business of trading of milk products.

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 Company's Board of Directors on 18 May 2018.

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

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (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.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement basis |
|--|-------------------|
| Certain financial assets and liabilities | Fair value |

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

(Amount- INR in Lakhs , unless otherwise stated)

2. Basis of preparation (continued)

2.5 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Board of Directors has the overall responsibility for all significant fair value measurements, including Level 3 fair values, supported by external experts, whenever required. Fair value measurements are reviewed by the Directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 23 – financial instruments.

2.6 Current-non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

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

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 *(continued)*

(Amount- INR in Lakhs , unless otherwise stated)

2. Basis of preparation *(continued)*

2.6 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.

3. Significant accounting policies

3.1 Revenue recognition

a) Product sales and Sale of service

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration receivable, is net of trade discounts, volume rebates, goods and service tax (GST). This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognized when significant risks and rewards of their ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

In view of the nature of services rendered, revenue from services is recognized in profit or loss in proportion of the transaction at the reporting date.

b) Interest income

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



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 *(continued)*

(Amount- INR in Lakhs , unless otherwise stated)

3. Significant accounting policies *(continued)*

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);
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI –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.



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

(Amount- INR in Lakhs , unless otherwise stated)

3. Significant accounting policies (continued)

3.2 Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non - recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement gains and losses

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 *(continued)*

(Amount- INR in Lakhs , unless otherwise stated)

3. Significant accounting policies *(continued)*

3.2 Financial instruments *(continued)*

Classification and subsequent measurement (continued)

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.



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 *(continued)*

(Amount- INR in Lakhs , unless otherwise stated)

3. Significant accounting policies *(continued)*

3.3 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
- The disappearance of an active market for a security because of financial difficulties.

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 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)

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.



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 *(continued)*

(Amount- INR in Lakhs , unless otherwise stated)

3. Significant accounting policies *(continued)*

3.3 Impairment *(continued)*

Impairment of financial instruments (continued)

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.

3.4 Inventories

Inventories which comprise stock-in-trade which are carried at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and other costs incurred in bringing the inventories to their present location and condition. In determining cost "First in First out" method is used.

Net realizable value is the estimated selling price in the ordinary course of business, less other costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

3.5 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. The undiscounted amount of short-term employee services is recognised as an expense as the related service is rendered by the employees.

3.6 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.



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 *(continued)*

(Amount- INR in Lakhs , unless otherwise stated)

3. Significant accounting policies *(continued)*

3.7 Income tax

Income tax comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to 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 not recognised in respect of carried forward tax losses and tax credits.

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.



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 *(continued)*

(Amount- INR in Lakhs , unless otherwise stated)

3. Significant accounting policies *(continued)*

3.7 Income tax *(continued)*

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.

3.8 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 not wholly within the control of the Company or a present obligation that arises from past 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.

3.9 Segment reporting

The Company is primarily engaged in the business of trading of milk products. Therefore, the Company is of the view that revenue from trading of milk products is a single component of the Company for assessing its performance. Hence, trading of milk products is the only reportable segment. The Company's operations are primarily in India, accordingly there is no reportable secondary geographical segment.



Cheese Land Agro (India) Private Limited

Notes to the financial statements for the year ended 31 March 2018 *(continued)*

(Amount- INR in Lakhs , unless otherwise stated)

3. Significant accounting policies *(continued)*

3.10 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.

3.11 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 to financial statements

for the year ended 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

| | For the Year ended 31-Mar-18 | For the Year ended 31-Mar-17 |
|--|---------------------------------|---------------------------------|
| 4. Revenue from operations | | |
| Sale of Products and Services | | |
| Sale of Traded goods | 488.89 | - |
| Sale of Services | 7.42 | 5.42 |
| | <u>496.31</u> | <u>5.42</u> |
| 5. Other Income | | |
| Interest Income | | |
| from loan to related party (refer note 28) | 199.51 | 1,451.47 |
| Miscellaneous Income | 0.30 | - |
| | <u>199.81</u> | <u>1,451.47</u> |
| 6. Purchase of Traded Goods | | |
| Purchase of Milk Products (refer note 26) | 444.93 | - |
| | <u>444.93</u> | <u>-</u> |
| 7. Employee benefits expense | | |
| Salaries, wages and allowances | 1.87 | 2.68 |
| | <u>1.87</u> | <u>2.68</u> |
| 8. Finance costs | | |
| Interest expenses | | |
| on loan from holding Company (refer note 27) | 255.87 | 1,675.68 |
| | <u>255.87</u> | <u>1,675.68</u> |
| 9. Other Expenses | | |
| Travelling and conveyance | 0.01 | 0.10 |
| Legal and professional expenses | 5.28 | 1.06 |
| Payment to auditors (refer note 25) | 1.00 | 2.30 |
| Bank charges | 0.04 | 0.02 |
| Other Expenses | 0.17 | - |
| | <u>6.50</u> | <u>3.48</u> |



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

10. Tax expense

10.1 Amounts recognised in Statement of Profit and Loss

(a) Income Tax expense

Current tax

Current tax on the profit for the year

Total current tax expense

(b) Deferred tax

Attributable to -

Origination and reversal of temporary differences

Total deferred tax expense

Income tax expense for the year (a+b)

10.2 Reconciliation of effective tax rate

Loss before tax

Tax using the Company's domestic tax rate of 30.90% (31 March 2017 : 30.90%)

Tax effect of:

Effect of non deductible expenses

10.3. Movement in deferred tax balances

Deferred tax asset/ (liabilities)

Borrowings

Total Deferred tax liability

Deferred tax asset/ (liabilities)

Borrowings

Total Deferred tax liability



| | For the Year ended 31-Mar-18 | For the Year ended 31-Mar-17 |
|--|---------------------------------|---------------------------------|
|--|---------------------------------|---------------------------------|

| | | |
|--|---|----------|
| | - | - |
| | - | - |
| | - | (448.41) |
| | - | (448.41) |
| | - | (448.41) |

| | 31-Mar-18 | | 31-Mar-17 | |
|--|-----------|---|-----------|----------|
| | (13.05) | | (224.95) | |
| | 30.90% | - | 30.90% | - |
| | - | | (448.41) | |
| | 30.90% | - | 30.90% | (448.41) |

| Net balance 1 April 2017 | Recognised in profit or loss | Net balance 31 March 2018 |
|-----------------------------|---------------------------------|------------------------------|
|-----------------------------|---------------------------------|------------------------------|

| | | |
|---|---|---|
| - | - | - |
| - | - | - |

| Net balance 1 April 2016 | Recognised in profit or loss | Net balance 31 March 2017 |
|-----------------------------|---------------------------------|------------------------------|
|-----------------------------|---------------------------------|------------------------------|

| | | |
|----------|--------|---|
| (448.41) | 448.41 | - |
| (448.41) | 448.41 | - |

Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

| | As at 31-Mar-18 | As at 31-Mar-17 |
|---|--------------------|--------------------|
| 11. Non-current Investments | | |
| Investment in equity instruments (fully paid up) | | |
| Unquoted : | | |
| Equity shares at cost (unquoted) | | |
| (i) Subsidiaries | | |
| Equity Shares of Sunfresh Agro Industries Private Limited [37,483,254 (31 March 2017: 37,483,254) equity shares of Rs. 10 each, fully paid up - which include 7,483,255 (31 March 2017: 7,483,255) equity shares received as bonus shares] | 3,000.00 | 3,000.00 |
| | <u>3,000.00</u> | <u>3,000.00</u> |
| Aggregate amount of unquoted investments | 3,000.00 | 3,000.00 |
| 12. Trade receivables | | |
| Unsecured, considered good | | |
| Receivable from related party | | |
| Prabhat Dairy Limited (refer note 26) | 127.53 | - |
| | <u>127.53</u> | <u>-</u> |
| All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. The Company's exposure to credit risk and loss allowances related to trade receivables are disclosed in note 23 | | |
| 13. Cash and cash equivalents | | |
| Cash and cash equivalents | | |
| Balance with banks : | | |
| In current account | 0.41 | 0.05 |
| Cash on hand | 0.01 | 0.01 |
| | <u>0.42</u> | <u>0.06</u> |
| 14. Current Loans | | |
| Unsecured, considered good | | |
| To related party | | |
| Sunfresh Agro Industries Private Limited (refer note 26 & 28) | - | 11,553.98 |
| | <u>-</u> | <u>11,553.98</u> |

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 23.



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

| | As at 31-Mar-18 | As at 31-Mar-17 |
|--|--------------------|--------------------|
| 15. Share Capital | | |
| Authorised : | | |
| 3,250,000 (31 March 2017: 250,000) Equity shares of Rs. 10 each with voting rights | 325.00 | 25.00 |
| | <u>325.00</u> | <u>25.00</u> |
| Issued, Subscribed and Paid up | | |
| 30,00,000 (31 March 2017: 100,000) Equity shares of Rs. 10 each with voting rights | 300.00 | 10.00 |
| | <u>300.00</u> | <u>10.00</u> |

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

| Particulars | 31-Mar-2018 | | 31-Mar-2017 | |
|--|---------------|--------|---------------|--------|
| | No. of shares | Amount | No. of shares | Amount |
| At the commencement and at the end of the year | | | | |
| Equity shares | 1,00,000 | 10.00 | 1,00,000 | 10.00 |
| Add: - Equity Shares of Rs. 10 each issued during the year | 29,00,000 | 290.00 | - | - |
| At the end of the year | | | | |
| Equity shares | 30,00,000 | 300.00 | 1,00,000 | 10.00 |

15.2 Rights, preferences and restrictions attached to the shares:

Ordinary equity shares of Rs. 10 each

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.

15.3 Shares held by holding / ultimate holding Company and particulars of shareholders holding more than 5% shares is set out below:

| Name of shareholder | 31-Mar-18 | | 31-Mar-17 | |
|--|---------------|---------|---------------|---------|
| | No. of Shares | % held | No. of Shares | % held |
| Prabhat Dairy Limited, the holding company | 29,99,999 | 99.999% | 99,999 | 99.999% |
| Mr. Vivek Sarangdhar Nirmal on behalf of and as a nominee of Prabhat Dairy Limited | 1 | 0.001% | 1 | 0.001% |

16 Other equity:

| | As at 31-Mar-18 | As at 31-Mar-17 |
|-----------------------------------|--------------------|--------------------|
| (i) Share Premium Account | | |
| Opening balance | - | - |
| Addition during the year | 2,958.00 | - |
| Closing balance | <u>2,958.00</u> | <u>-</u> |
| (ii) Retained earnings | | |
| Opening balance | (229.01) | (452.47) |
| Net profit/ (Loss) for the period | (13.05) | 223.46 |
| Closing balance | <u>(242.06)</u> | <u>(229.01)</u> |

17. 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.

| | | | |
|---|-----|---------------|---------------|
| Net profit for the year attributable to equity shareholders | A | (13.05) | 223.46 |
| Weighted average number of equity shares of face value of Rs. 10 each outstanding during the year | B | 8,94,521 | 1,00,000 |
| Basic and Diluted earnings per equity share of face value Rs. 10 each | A/B | <u>(1.46)</u> | <u>223.46</u> |



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

| | As at 31-Mar-18 | As at 31-Mar-17 |
|--|--------------------|--------------------|
| 18. Non-current borrowings | | |
| Unsecured | | |
| From related party | | |
| Prabaht Dairy Limited (refer note 26 & 27) | - | 11,551.56 |
| | <u>-</u> | <u>11,551.56</u> |
| The Company's exposure to interest rate and liquidity risk are disclosed in note 23. | | |
| 19. Current borrowings | | |
| Unsecured | | |
| From related party | | |
| Prabaht Dairy Limited (refer note 26 & 27) | - | 2,993.51 |
| | <u>-</u> | <u>2,993.51</u> |
| The Company's exposure to interest rate and liquidity risk are disclosed in note 23. | | |
| 20. Trade payables | | |
| Total Outstanding dues of Micro enterprises & small enterprises | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| To Related party (refer note 26) | 127.53 | - |
| To Others | 1.19 | 4.19 |
| | <u>128.72</u> | <u>4.19</u> |
| The Company's exposure to liquidity risk are disclosed in note 23. | | |
| 21. Other financial liabilities | | |
| Interest accrued on loans from related parties (refer note 27) | - | 202.06 |
| | <u>-</u> | <u>202.06</u> |
| The Company's exposure to liquidity risk are disclosed in note 23. | | |
| 22. Other current liabilities | | |
| Advances from customers | 1.23 | 0.87 |
| Statutory dues payables | 3.81 | 22.45 |
| | <u>5.04</u> | <u>23.32</u> |



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

23. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

31-Mar-18

| | Note | Carrying amount | | | Fair value | | |
|-------------------------------------|------|-----------------|--------|----------------|------------|---------|---------|
| | | FVTPL | FVTOCI | Amortised Cost | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 13 | - | - | 0.42 | - | - | - |
| Trade receivables | | - | - | 127.53 | - | - | - |
| | | - | - | 127.95 | - | - | - |
| Financial liabilities | | | | | | | |
| Trade payables | 20 | - | - | 128.72 | - | - | - |
| Other Current financial liabilities | 21 | - | - | 128.72 | - | - | - |
| | | - | - | 128.72 | - | - | - |

31-Mar-17

| | Note | Carrying amount | | | Fair value | | |
|-------------------------------------|------|-----------------|--------|----------------|------------|-----------|---------|
| | | FVTPL | FVTOCI | Amortised Cost | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 13 | - | - | 0.06 | - | - | - |
| Current loans | | - | - | 11,553.98 | - | - | - |
| | | - | - | 11,554.04 | - | - | - |
| Financial liabilities | | | | | | | |
| Long term borrowings | 18 | - | - | 11,551.56 | - | 11,551.56 | - |
| Short term borrowings | 19 | - | - | 2,993.51 | - | 2,993.51 | - |
| Trade payables | 20 | - | - | 4.19 | - | - | - |
| Other Current financial liabilities | 21 | - | - | 202.06 | - | - | - |
| | | - | - | 14,751.32 | - | 14,545.07 | - |



Cheese Land Agro (India) Private Limited

Notes to financial statements
as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

23. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|------------|---|---------------------------------|---|
| Borrowings | Discounted cash flow: The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate | Not applicable | Not applicable |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

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.

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 Board of Directors has the overall responsibility for all significant fair value measurements, including Level 3 fair values, supported by external experts, whenever required.



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

23. Financial instruments – Fair values and risk management (continued)

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 Company follows the Risk Management Framework adopted by its ultimate holding Company viz. Prabhat Dairy Limited.

The Company's risk management practices include identification and analysis of the risks faced by the Company, setting appropriate limits and controls and monitoring risks and adherence to limits with the aim to maintain a disciplined and constructive control environment.

ii. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 127.53 Lakhs and Rs. Nil lakhs as of 31 March 2018 and 31 March 2017, respectively. Trade receivables consist of receivables from related party. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company computes the expected credit loss allowance for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer, industry information and the Company's historical experience for customers.

The 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.

The following table gives details in respect of percentage of revenues generated from top customers :

| Particulars | For the year ended 31-Mar-18 | For the year ended 31-Mar-17 |
|-------------------------------|---------------------------------|---------------------------------|
| Revenue from top ten customer | 488.89 | - |

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Company generally deposit cash with banks with high credit ratings assigned by domestic credit rating agencies.



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

23. Financial instruments – Fair values and risk management (continued)

iii. Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is 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 2018, the Company had a working capital of Rs. (5.81) lakhs and as at 31 March 2017 of Rs. 8,330.97 lakhs. The working capital of the Company for this purpose has been derived as follows:

| | As at 31-Mar-18 | As at 31-Mar-17 |
|-------------------------------|--------------------|--------------------|
| Total current asset (A) | 127.95 | 11,554.04 |
| Total current liabilities (B) | 133.76 | 3,223.08 |
| Working capital (A-B) | (5.81) | 8,330.96 |

The working capital calculated as of 31 March 2018 includes cash and cash equivalents of Rs. 0.42 lakhs. Also, the working capital as at 31 March 2017 calculated above includes cash and cash equivalents of Rs. 0.06 lakhs.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31-Mar-18

| 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 | 128.72 | (128.72) | (128.72) | - | - | - |
| | 128.72 | (128.72) | (128.72) | - | - | - |

31-Mar-17

| Carrying amount | Contractual cash flows | | | | | |
|-----------------------------|------------------------|------------------|---------------|-----------|-----------|-------------------|
| | Total | 6 months or less | 6 - 12 months | 1-2 years | 2-5 years | More than 5 years |
| Loans from related parties | 14,545.07 | (14,545.07) | (2993.51)* | - | - | (11,551.56) |
| Trade payables | 4.19 | (4.19) | (4.19) | - | - | - |
| Other financial liabilities | 202.06 | (202.06) | (202.06) | - | - | - |
| | 14,751.32 | (14,751.32) | (3,199.76) | - | - | (11,551.56) |

* Repayable on demand



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

23. Financial Instruments – Fair values and risk management (continued)

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The Company does not have any transaction in foreign currency, further the Company's financial instruments mainly consist of loans obtained from holding company and loans given to its subsidiary company. Hence, the Company is not exposed to market risks.

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows:

| | As at 31-Mar-18 | As at 31-Mar-17 |
|-------------------------------|--------------------|--------------------|
| Fixed-rate instruments | | |
| Financial assets | - | 11,553.98 |
| Financial liabilities | - | 14,545.07 |

Fair value sensitivity analysis for fixed-rate instruments

A change of 100 basis points in interest rate would have increased profit before tax by Rs. Nil (31 March 2017: Rs. 29.91 lakhs). This analysis assumes that all other variables remain constant.



Cheese Land Agro (India) Private Limited

Notes to Financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

23. Financial instruments – Fair values and risk management (continued)

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to equity holders.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

| | INR | |
|--|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Total liabilities | - | 14,747.13 |
| Less : Cash and cash equivalent | 0.42 | 0.06 |
| Adjusted net debt | (0.42) | 14,747.07 |
| Total equity | 3,015.94 | (219.01) |
| Adjusted equity | 3,015.94 | (219.01) |
| Adjusted net debt to adjusted equity ratio | (0.00) | (67.33) |



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

24. Compliance with Micro, Small and Medium Enterprises Development Act, 2006

Based on the information available with the Company, during the year there are 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.

25. Payment to auditors

| | 31-Mar-18 | 31-Mar-17 |
|----------------------|-----------|-----------|
| Statutory audit fees | 1.00 | 2.30 |
| | 1.00 | 2.30 |

Current year figures are excluding Goods and Service Tax(GST) whereas pervious year ended figures are including service tax
Includes fee Rs.Nil (31 March 2017: Rs. 2.3 lakhs) including service tax, paid to a firm other than MSKA & Associates

26. Related party relationships, transactions and balances

a) Key Management Personnel (KMP)

Mr. Sarangdhar R. Nirmal

Mr. Vivek S. Nirmal

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

Holding Company
Prabhat Dairy Limited

Subsidiary Company
Sunfresh Agro Industries Private Limited

Relatives of key management personnel :

Mrs. Vijaya S. Nirmal

Mrs. Nidhi V. Nirmal

Mrs. Sneha Nirmal Astunkar

c) Disclosure of related party transactions:

| Particulars | Holding Company | Subsidiary Company | Total |
|--|-----------------|--------------------|------------|
| Borrowing repaid:- | | | |
| Prabhat Dairy Limited | 14,545.07 | - | 14,545.07 |
| Loans Recovered:- | | | |
| Sunfresh Agro Industries Private Limited | - | 11,553.98 | 11,553.98 |
| Purchase of goods:- | | | |
| Sunfresh Agro Industries Private Limited | - | 444.93 | 444.93 |
| Sale of goods:- | | | |
| Prabhat Dairy Limited | 488.89 | - | 488.89 |
| Finance cost :- | | | |
| Prabhat Dairy Limited | 255.86 | - | 255.86 |
| | (1,675.68) | - | (1,675.68) |
| Finance income :- | | | |
| Sunfresh Agro Industries Private Limited | - | 199.51 | 199.51 |
| | - | (1,451.47) | (1,451.47) |



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

26. Related party relationships, transactions and balances (continued)

| Particulars | Holding Company | Subsidiary Company | Total |
|--|-----------------|--------------------|-------------|
| Balances outstanding at the end of the year | | | - |
| Investment held by the Company:- | | | - |
| Sunfresh Agro Industries Private Limited | - | 3,000.00 | 3,000.00 |
| | - | (3,000.00) | (3,000.00) |
| Trade Payable | | | - |
| Sunfresh Agro Industries Private Limited | | 127.53 | 127.53 |
| | | - | - |
| Trade Receivable | | | - |
| Prabhat Dairy Limited | 127.53 | | 127.53 |
| | - | | - |
| Borrowing:- | | | - |
| Prabhat Dairy Limited * | | | - |
| | (14,545.07) | | (14,545.07) |
| Interest accrued:- | | | - |
| Prabhat Dairy Limited (net of TDS) | | | - |
| | (202.06) | | (202.06) |
| Loans given:- | | | - |
| Sunfresh Agro Industries Private Limited ** | | | - |
| | | (11,553.98) | (11,553.98) |

c) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Notes:

a) Figures in bracket relate to the previous year.

* Amortised cost as at 31 March 2018 Rs. Nil (31 March 2017 : Rs. 14,545.07)

** Amortised cost as at 31 March 2018 Rs. Nil (31 March 2017 : Rs. 11,553.98)

27 Loan from holding company

In the earlier years, the Company had obtained loans from Prabhat Dairy Limited (PDL) (holding company). The balance outstanding as at 31 March 2017 was 14,545.07 lakhs (11,551.56 lakhs – interest free, disclosed as non-current borrowings and 2,993.51 disclosed as current borrowings since the same was repayable on demand) and interest accrued on current borrowings Rs. 202.06 lakhs. The non-current borrowings was due for repayment on 31 March 2019 along with interest.

As per the revised terms, interest @ 7.5% p.a. was payable on all the borrowings.

During the current year, the Company has prepaid the entire loan amount outstanding along with interest accrued thereon by 14 August 2017. It has paid interest @ 7.5% for the period from 1 April 2017 to 30 June 2017. However, for the period from 1 July 2017 till 14 August 2017, the Company has obtained waiver letter from Prabhat Dairy Limited (PDL) (holding company) from payment of interest.

The Company has accounted for finance cost amounting to Rs. 255.87 (31 March 2017 : 1,675.68 lakhs being notional interest on interest free loans as per Ind AS 109).

28. Loan to subsidiary company

In the earlier years, the Company had given interest free loans to Sunfresh Agro Industries Private Limited (SAIPL) (subsidiary company). The balance outstanding as at 31 March 2017 was Rs. 11,553.98 lakhs repayable on 31 March 2017.

As per the revised terms, interest was chargeable @ 7.5% p.a. on such loans.

During the current year, the subsidiary company has repaid the entire loan amount outstanding of Rs. 11,553.98 lakhs along with interest accrued thereon by 12 July 2017. It has paid interest @ 7.5% for the period from 1 April 2017 to 30 June 2017. However, at the request of the subsidiary, the Company has waived off interest for the period from 1 July 2017 till 12 July 2017.

The Company has accounted interest income amounting to Rs. 199.51 (31 March 2017 : Rs. 1,451.47 lakhs being notional interest on interest free loans as per Ind AS 109).



Cheese Land Agro (India) Private Limited

Notes to financial statements

as at 31 March 2018 (continued)

(Amount in INR Lakhs, unless otherwise stated)

29. Details of specified Bank Notes held (SBN) and transacted during the period 08 November 2016 to 30 December 2016

| Particulars | Specified Bank Notes | Other denomination notes | Total |
|--|----------------------|--------------------------|-------|
| Closing cash in hand as on 08 November 2016 | - | 0.01 | 0.01 |
| Add : Permitted receipts (withdrawn from bank) | - | - | - |
| Less : Permitted payments | - | - | - |
| Less : Amount deposited in Banks | - | - | - |
| Closing cash in hand as on 30 December 2016 | - | 0.01 | 0.01 |

30. The previous year's financial statements were audited by a firm other than MSKA & Associates.

31. Prior year comparatives

Previous year figures have been regrouped/ reclassified wherever necessary to conform with the current year classification/ disclosure.

For MSKA & Associates (Formerly known as MZSK & Associates)

Chartered Accountants

ICAI Firm Registration No.105047W



Amrisha Anup Vaidya

Partner

Membership No.: 101739

Place: Navi Mumbai

Date: 18 May 2018



For and on behalf of Board of directors of

Cheese Land Agro (India) Private Limited

CIN: U15209PN2010PTC136135



Vivek S. Nirmal

Director

DIN: 00820923

Place: Navi Mumbai

Date: 18 May 2018



Sarangdhar R. Nirmal

Director

DIN: 00035234

