

Sunfresh Agro Industries Private Limited
Financial Statements together with the
Independent Auditors' Report for the
Year ended 31 March 2017

Sunfresh Agro Industries Private Limited

Financial Statements together with the Independent Auditors' Report for the Year ended 31
March 2017

<i>Content</i>	<i>Page</i>
Independent Auditors' Report	3 - 11
Balance Sheet	12
Statement of Profit and Loss	13
Statement of change in equity	14
Cash Flow Statement	15
Notes to financial statements	16 - 68

B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Sunfresh Agro Industries Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Sunfresh Agro Industries Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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.

Sunfresh Agro Industries Private Limited

Independent Auditors' Report *(continued)*

Auditors' Responsibility *(continued)*

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 auditors' 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 qualified audit opinion on the Ind AS financial statements.

Basis for Qualified Opinion

We draw attention to note 46 to the Ind AS financial statements, which explains that the Company has recognised Government Grant related to Income, which it is entitled to receive under the Package Scheme of Incentives 2007 ('the Scheme') of Government of Maharashtra, pertaining to prior periods during the current year ended 31 March 2017. These benefits are in the nature of Government Grants in accordance with Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. In our view, had the Company recognised such grant in the respective period when it should have, the Exceptional item (in relation to revenue from operations), Profit before tax, Tax expense, Net profit after tax and Earnings per share would have been lower for the year ended 31 March 2017 by Rs. 1,891.47 lakhs, Rs. 1,891.47 lakhs, Rs. 374.16 lakhs, Rs. 1,517.31 lakhs and Rs. 2.88 respectively. Further, Revenue from operations, Profit before tax, Tax expense, Net profit after tax and Earnings per share would have been higher for the year ended 31 March 2016 by Rs. 1,891.47 lakhs, Rs. 1,891.47 lakhs, Rs. 458.21 lakhs, Rs. 1,433.26 lakhs and Rs. 3.24 respectively. Deferred tax liability (net) and Other equity as on 31 March 2016 would have been higher by Rs. 458.21 lakhs and Rs. 1,433.26 lakhs respectively. Independent auditors' report for the previous year issued by the predecessor auditor was also qualified with respect to this matter.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter explained in the basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.



Sunfresh Agro Industries Private Limited

Independent Auditors' Report (*continued*)

Other Matter

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2015 dated 24 June 2015, expressed an unmodified opinion and for the year ended 31 March 2016 dated 18 May 2016, expressed a qualified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and except for the matters described in clause (g) (iv) below, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Except for the effects of the matter described in the Basis for Qualification Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) Except for the effects of the matter described in the basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - e) The matter described in the Basis for Qualification Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - h) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualification Opinion paragraph above.



Sunfresh Agro Industries Private Limited

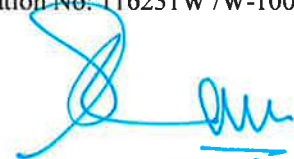
Independent Auditors' Report *(continued)*

Report on Other Legal and Regulatory Requirements *(continued)*

- i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 37 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 47.

For B S R & Associates LLP
Chartered Accountants

Firm Registration No: 116231W /W-100024



Shiraz Vastani
Partner

Membership No.: 103334

Place: Navi Mumbai

Date: 23 May 2017

Sunfresh Agro Industries Private Limited

Annexure A to the Independent Auditors' Report on the Ind AS Financial Statements – 31 March 2017

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of the immovable properties are held in the name of the Company.
- (ii) The inventory, except goods in transit and stock lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and there were no material discrepancies noted during such verification. In respect of stocks lying with third parties at the year end, written confirmations from major parties have been obtained.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3 (iii) of the order is not applicable.
- (iv) According to the information and explanations given to us, the Company has complied with the Sections 185 of the Act with respect to loans taken. The Company has not made any investments in body corporate or issued any guarantees or provided any security, accordingly provisions of section 186 of the Act are 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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of its products and the Company is in the process of updating the prescribed accounts and records for the year.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Sales Tax, Employees' State Insurance, and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.



Sunfresh Agro Industries Private Limited

Annexure to the Independent Auditors' Report on the Ind AS Financial Statements – 31 March 2017 (continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Sales Tax, Employees' State Insurance and any other statutory dues were in arrears as at 31 March 2017, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us there are no dues of Income Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Sales Tax which have not been deposited by the Company on account of disputes other than those stated below:

Name of the Statute	Nature of Dues	Period to which the amount relates *	Amount demanded Rs.	Amount paid Rs.	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	AY 2011-12	981,890	Nil	Assistant Commissioner of Income Tax, Ahmednagar
Income Tax Act, 1961	Income Tax	AY 2012-2013	828,030	Nil	Income Tax Office, Ahmednagar
Maharashtra Value Added Tax, 2002	Sales Tax	AY 2011-12	12,286,763	2,423,925	Joint Commissioner of Sales Tax, Nashik Division

*AY stands for Assessment Year.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks. The Company did not have any loan or borrowings from financial institutions, Government or any debentures outstanding during the year.
- (ix) The term loans taken by the Company have been applied for the purpose for which they were raised. The Company is a 'private limited company' and has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.




Sunfresh Agro Industries Private Limited

Annexure to the Independent Auditors' Report on the Ind AS Financial Statements – 31 March 2017 (*continued*)

- (xi) The Company is a 'private limited company'. Accordingly, the reporting under paragraph 3(xi) of the Order 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) The Company is a 'private limited company' and therefore the provisions of section 177 of the Act are not applicable to the Company. Further, as per Ministry of Corporate Affairs' Notification No. GSR 464(E) dated 05-06-2015, the provisions of section 188 of the Act shall not apply to a private limited company relating to transactions with the holding, subsidiary, associate company, subsidiary of the holding company to which it is also a subsidiary or transactions with the ultimate holding company or a subsidiary of the ultimate holding company. According to the information and explanations given to us, the transactions with related parties other than those exempt under the said notification are in compliance with section 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. Accordingly, the reporting under paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the reporting under paragraph 3(xv) of the Order is not applicable.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under paragraph 3(xvi) of the Order is not applicable.

For B S R & Associates LLP
Chartered Accountants

Firm Registration No: 116231W /W-100024



Shiraz Vastani
Partner

Membership No.: 103334

Place: Navi Mumbai
Date: 23 May 2017

Sunfresh Agro Industries Private Limited

Annexure B to the Independent Auditors' Report on the Ind AS Financial Statements – 31 March 2017

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Sunfresh Agro Industries Private Limited on the Ind AS financial statements for the year ended 31 March 2017.

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

We have audited the internal financial controls over financial reporting of Sunfresh Agro Industries Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

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

Auditors' Responsibility

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

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

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



Sunfresh Agro Industries Private Limited

Annexure B to the Independent Auditors' Report on the Ind AS Financial Statements – 31 March 2017 (*continued*)

Meaning of Internal Financial Control Over Financial Reporting

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. 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

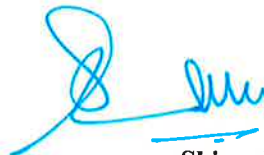
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B S R & Associates LLP
Chartered Accountants

Firm Registration No: 116231W /W-100024



Shiraz Vastani
Partner

Membership No.: 103334

Place: Navi Mumbai
Date: 23 May 2017

Sunfresh Agro Industries Private Limited

Balance Sheet

as at 31 March 2017

(Currency - INR in Lakhs, except share data)

	Notes	31-Mar-17	31-Mar-16	1-Apr-15
ASSETS				
Non-current assets				
Property, plant and equipment	14	28,539.85	27,426.37	13,950.17
Capital work-in-progress	15	2,137.37	2,295.18	15,780.09
Financial assets				
i) Investments	16	0.32	0.32	0.32
ii) Other financial assets	17	522.85	155.90	93.55
Income tax assets (net)		9.81	69.94	69.94
VAT refund receivable		107.02	116.36	92.20
Other non-current assets	18	99.18	1,301.32	909.88
Total non-current assets	(A)	31,416.40	31,365.39	30,896.15
Current Assets				
Inventories	19	8,714.93	5,939.07	4,022.86
Financial assets				
(i) Trade receivables	20	16,199.90	16,123.80	13,290.64
(ii) Cash and cash equivalents	21	3,252.55	636.54	43.76
(iii) Bank balances other than cash and cash equivalents	22	58.19	24.44	125.53
(iv) Loans	23	5.34	3.15	1.98
(v) Other financial assets	24	1,668.39	257.45	836.82
Advance to suppliers	25	8,452.74	93.94	2,387.51
Other current assets	26	20.63	14.70	21.08
Total current assets	(B)	38,372.67	23,093.09	20,730.18
TOTAL ASSETS	(A+B)	69,789.07	54,458.48	51,626.33
EQUITY AND LIABILITIES				
Equity				
Equity share capital	27	5,300.72	5,190.29	3,748.33
Other equity	28	28,477.31	24,707.15	9,440.67
Equity attributable to owner of the Company	(C)	33,778.03	29,897.44	13,189.00
Total equity	(C)	33,778.03	29,897.44	13,189.00
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	30	21.98	45.26	21,858.95
Provisions	31	35.29	40.71	15.11
Deferred tax liabilities (net)	13	1,322.70	469.31	549.99
Total non-current liabilities	(D)	1,379.97	555.28	22,424.05
Current liabilities				
Financial liabilities				
(i) Borrowings	32	19,190.78	6,427.75	11,054.05
(ii) Trade payables	33	1,705.78	6,611.46	1,250.17
(iii) Other financial liabilities	34	12,383.99	10,540.93	3,043.05
Other current liabilities	35	410.41	227.67	270.56
Provisions	36	3.81	3.71	1.28
Current tax liabilities (net)		936.30	194.24	394.17
Total Current liabilities	(E)	34,631.07	24,005.76	16,013.28
Total liabilities	(D+E)	36,011.04	24,561.04	38,437.33
TOTAL EQUITY AND LIABILITIES	(C+D+E)	69,789.07	54,458.48	51,626.33

Significant accounting policies 2-3
Notes to the financial statements 4-50

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

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Reg. No : 116231W/W - 100024

Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Sunfresh Agro Industries Private Limited
DIN : U01122AN2007PTC129505

Sarangdhar R Nirmal
Director
DIN: 00035234

Raviraj Vahadane
Chief Financial Officer

Place: Navi Mumbai
Date: 23 May 2017

Vivek S Nirmal
Managing Director
DIN: 00820923

Anurag Pandya
Company Secretary



Sunfresh Agro Industries Private Limited

Statement of Profit and Loss

for the year ended 31 March 2017

(Currency - INR in Lakhs, except share data)

	Notes	31-Mar-17	31-Mar-16
Revenue from operations	4	89,338.28	68,743.72
Other income	5	90.55	97.54
Total Income		89,428.83	68,841.26
Expenses			
Cost of materials consumed	6	77,468.13	58,863.69
Purchases of stock in trade	7	715.92	-
Changes in inventories of finished goods and work-in-progress	8	(2,246.22)	(2,267.05)
Employee benefits expense	9	870.23	677.77
Finance costs	10	2,927.80	3,616.07
Depreciation and amortisation expense	14	2,715.38	2,433.52
Other expenses	11	4,271.83	4,419.48
Total Expenses		86,723.07	67,743.48
Profit before exceptional items and tax		2,705.76	1,097.78
Exceptional items	46	1,891.47	-
Net profit before tax		4,597.23	1,097.78
Tax expense:			
Current Tax		1,121.19	606.61
Deferred Tax (net of MAT credit of Rs. 714.04 lakhs (31 March 2016 : Rs. 414.76))		846.09	(76.04)
Total tax expense	13	1,967.28	530.57
Profit for the year		2,629.95	567.21
Other comprehensive income	12		
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of employee benefit obligations		21.10	(13.38)
		(7.30)	4.63
Income tax related to items that will not be reclassified to profit or loss			
Other comprehensive income/(loss) for the year, net of tax		13.80	(8.75)
Total comprehensive income for the year		2,643.75	558.46
Earnings per equity share			
Basic earning per equity share of face value of Rs. 10 each (31 March 2016: Rs. 10)	29	5.02	1.26
Diluted earning per equity share of face value of Rs. 10 each (31 March 2016: Rs. 10)	29	5.02	1.26
Significant accounting policies	2-3		
Notes to the financial statements	4-50		

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

As per our report of even date attached

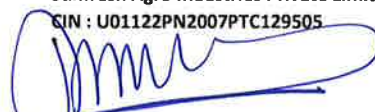
For B S R & Associates LLP
Chartered Accountants
Firm Reg. No : 116231W/ W - 100024



Shiraz Vastani
Partner
Membership No. 103334

Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Sunfresh Agro Industries Private Limited
CIN : U01122PN2007PTC129505



Sarangdhar R Nirmal
Director
DIN: 00035234



Vivek S Nirmal
Managing Director
DIN: 00820923




Raviraj Vahadane
Chief Financial Officer



Anurag Pandya
Company Secretary

Place: Navi Mumbai
Date: 23 May 2017

Sunfresh Agro Industries Private Limited

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2017

(Currency - INR in Lakhs, except share data)

(a) Equity share capital

	Amount
Balance as at 1 April 2015	3,748.33
Changes in equity share capital during the 2015-16 (refer note 27)	1,441.96
Balance at 31 March 2016	5,190.29
Changes in equity share capital during the 2016-17 (refer note 27)	110.43
Balance at 31 March 2017	5,300.72

(b) Other equity

Particulars	Reserves & Surplus			Items of OCI	Total Equity
	Capital Reserve	Securities Premium Account [Note a]	Retained earnings	Remeasurements of the net defined benefit Plans	
Balance at 01 April 2015	4,189.87	-	5,249.37	1.43	9,440.67
Total comprehensive income for the year ended 31 March 2016					
Profit for the year	-	-	567.21	-	567.21
Other comprehensive income for the year (net of tax)	-	-	-	(8.75)	(8.75)
Total comprehensive income for the year	-	-	567.21	(8.75)	558.46
Transactions with owners, recorded directly in equity					
Contribution by owners					
Issue of share capital (note a)	-	14,708.02	-	-	14,708.02
Total transactions with owners	-	14,708.02	-	-	14,708.02
Balance as on 31 March 2016	4,189.87	14,708.02	5,816.58	(7.32)	24,707.15
Profit for the year	-	-	2,629.95	-	2,629.95
Other comprehensive income for the year (net of tax)	-	-	-	13.80	13.80
Total comprehensive income for the year	-	-	2,629.95	13.80	2,643.75
Transactions with owners, recorded directly in equity					
Contribution by and distribution to owners					
Issue of share capital (note a)	-	1,126.41	-	-	1,126.41
Total transactions with owners	-	1,126.41	-	-	1,126.41
Balance at 31 March 2017	4,189.87	15,834.43	8,446.53	6.48	28,477.31

Note a - During the current year, the Company has allotted 1,104,289 (31 March 2016 : 14,419,640) equity shares of Rs 10 each (31 March 2016 : Rs 10 each) at a premium of Rs 102 (31 March 2016 : Rs 102) per share to Prabhat Dairy Limited, 'the ultimate holding Company'.

Significant accounting policies 2-3
Notes to the financial statements 4-50

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

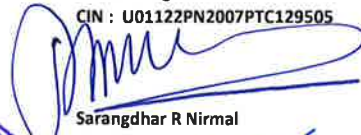
As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Reg. No : 116231W/ W - 100024



Shiraz Vastani
Partner
Membership No. 103334
Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Sunfresh Agro Industries Private Limited
CIN : U01122PN2007PTC129505



Sarangdhar R Nirmal
Director
DIN: 00035234



Vivek S Nirmal
Managing Director
DIN: 00820927




Raviraj Vahadane
Chief Financial Officer
Place: Navi Mumbai
Date: 23 May 2017



Anurag Pandya
Company Secretary

Sunfresh Agro Industries Private Limited

Statement of Cash Flow

for the year ended 31 March 2017

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16
Cash flow from operating activities		
Profit before tax	4,597.23	1,097.78
Adjustments for		
Depreciation and amortisation expense	2,715.38	2,433.52
Loss on sale of property, plant and equipment	12.47	0.36
Interest income	(11.22)	(72.27)
Finance costs	2,927.80	3,616.07
	10,241.66	7,075.46
Working capital adjustments		
Increase in inventories	(2,775.86)	(1,916.21)
Increase in trade receivables	(76.10)	(2,833.16)
(Increase)/ decrease in current financial assets	(1,409.23)	15.57
(Increase)/ decrease in other current assets	(5.93)	6.38
Increase in non current financial assets	(305.73)	(7.26)
(Increase)/ decrease in advance to suppliers	(8,358.80)	2,293.57
Decrease/ (increase) in VAT receivables	9.34	(24.16)
Increase / (decrease) in other current financial liabilities	14.91	(9.17)
Increase/ (decrease) in other current liabilities	182.74	(42.89)
(Decrease)/ increase in trade payables	(4,905.68)	5,361.29
Increase in provisions	15.78	14.65
	(7,372.90)	9,934.07
Income tax paid	(318.95)	(806.57)
Net cash flows (used in)/ from operating activities (A)	(7,691.85)	9,127.50
Cash flow from investing activities		
Payment for purchase and construction of property, plant and equipment	(2,745.63)	(2,849.60)
Proceeds from maturity of fixed deposits	-	389.97
Proceeds from sale of property, plant and equipment	641.72	0.27
Interest received	7.32	67.75
Fixed deposits with banks	(94.97)	-
Capital subsidy	-	223.18
Net cash used in investing activities (B)	(2,191.56)	(2,168.43)
Cash flow from financing activities		
Proceeds from issue of share capital	1,236.84	16,149.99
Proceeds from loans and borrowings (net)	12,738.91	-
Repayment of borrowings (net)	-	(20,263.84)
Interest paid	(1,476.33)	(2,252.44)
Net cash flows from/ (used in) financing activities (C)	12,499.42	(6,366.29)
Net increase in cash and cash equivalents (A + B + C)	2,616.01	592.78
Cash and cash equivalents at the beginning of the year	636.54	43.76
Cash and cash equivalents at the end of the year	3,252.55	636.54

Reconciliation of Cash and Cash equivalents with the Balance Sheet

Cash and cash equivalents as per Balance Sheet (refer note 21)	3,252.55	636.54
Cash and cash equivalents as per Balance Sheet	3,252.55	636.54

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, Current Accounts and deposits with banks.

Significant accounting policies 2-3
Notes to the financial statements 4-50

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

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Reg. No: 116231W/ W - 100024

Shiraz Vastani
Partner
Membership No. 103334
Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Sunfresh Agro Industries Private Limited
CIN: U01122PN2007PTC129505

Sarangdhar R Nirmal
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Raviraj Vahadani
Chief Financial Officer
Place: Navi Mumbai
Date: 23 May 2017

Vivek S Nirmal
Managing Director
DIN: 00820923

Anurag Pandya
Company Secretary



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency – INR in Lakhs, except share data)

1.

Reporting Entity

Sunfresh Agro Industries Private Limited ("Sunfresh" or "the Company") is a Private Limited Company domiciled and headquartered in India and was incorporated on 22 January 2007. Prabhat Dairy Limited holds 100% equity share capital of Sunfresh directly and through its subsidiary Cheese Land Agro (India) Private Limited. Prabhat Dairy Limited is the Company's ultimate holding Company and is listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited on 21 September 2015.

The Company is engaged in the business of processing of milk, manufacturing and sale of various milk and products including skimmed milk powder, whole milk powder, cheese, paneer and sweetened condensed milk, catering to the needs of retail as well as the industrial trade sector.

2. Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 44.

The financial statements were authorized for issue by the Company's Board of Directors on 23 May 2017.

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

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (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
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

2. Basis of preparation (continued)

2.4 Use of estimates and judgments

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the following notes:

- Note 13 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 14 – Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.
- Notes 37 – the Company has received some orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and makes provisions for probable losses. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate; and;
- Note 42 – measurement of defined benefit obligations: key actuarial assumptions;

2.5 Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. The finance team has the overall responsibility for all significant fair value measurements, including Level 3 fair values, supported by external experts, whenever required. Fair value measurement are reviewed by the Chief Financial Officer (CFO).



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 *(continued)*

(Currency – INR in Lakhs, except share data)

2. Basis of preparation *(continued)*

2.5 Measurement of fair values *(continued)*

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 recognizes 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 43 – financial instruments; and

2.6 Current-non-current classification

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

Assets

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

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

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



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The operating cycle of the Company is less than 12 months.

3. Significant accounting policies

3.1 Revenue recognition

a) Product sales and Sale of service

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

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

b) Export incentives

Export incentives are recognised when the right to receive credit as per the terms of incentives is established in respect of the exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

c) Package scheme of incentive

Package scheme of incentive is recognized when right to receive credit as per the terms of incentive is established and when there is no significant uncertainty regarding ultimate collection of such subsidy.

d) Interest income

Interest income is recognised on a time proportionate basis taking into account the amount invested and the rate applicable.



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies (continued)

3.2 Government grants

The Company is entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The Company accounts for its entitlement on accrual basis on approval of the initial claim by the relevant authorities.

Subsidy received under the Memorandum of Understanding (“MOU”) signed with the Government of Maharashtra (“GOM”) in respect of manufacturing units located in developing regions, is recognized when there is reasonable assurance regarding compliance with the specified conditions and consequent receipt of the grant.

Grants that compensate the Company for expenses incurred are recognised in statement of profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

3.3 Financial instruments

Recognition and initial measurement

Trade receivables and loans given are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the 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) – equity investment; or
- Fair value through profit or loss (FVTPL)

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

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

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



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 *(continued)*

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies *(continued)*

3.3 Financial instruments *(continued)*

Classification and subsequent measurement (continued)

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

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

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

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



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets: Subsequent measurement gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

Derecognition (continued)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Transition to Ind AS

On transition to Ind AS, the Company has elected to carry all of its property, plant and equipment at fair value as at 1 April 2015. (refer Note 44).



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and appropriate disclosure is made in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Accordingly, depreciation on tangible fixed assets is provided on straight line method at estimated useful lives, which in certain categories of assets is different than the estimated useful life as specified in Schedule II of the Companies Act, 2013 ('Schedule II') and are as under:

Category of asset	Useful life followed (in years)	Useful life as per Schedule II (in years)
Factory Building	15 - 40	30
Electrical installations	10	10
Plant and equipment (except Cheese and Paneer)	10	15*
Office equipment	3	5
Furniture & Fixtures	16	10
Vehicle	11	10
Computers	3	3
Cheese plant and equipment	20	15*
Paneer plant and equipment	22	15*
Co-generation plant	40	40

*For General laboratory equipment, the useful life as per Schedule II is 10 years.

Freehold land is not depreciated. Acquired assets consisting of leasehold land are recorded at acquisition cost and amortized on straight-line basis based over the lease term.

Additions to tangible fixed assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies (continued)

3.5 Impairment

Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses:

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset increases significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 *(continued)*

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies *(continued)*

3.5 Impairment *(continued)*

Impairment of financial instruments (continued)

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

In accordance with IndAS 36 – Impairment of Assets, the Company assesses, at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indications exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of asset or recoverable amount of cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount is subject to a maximum of depreciable historical cost.

3.6 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade and stores and spares are carried at the lower of cost and net realisable value. Cost of inventories comprise cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining cost "First in First out" method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies (continued)

3.6 Inventories (continued)

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and other costs necessary to make the sale.

Obsolete, defective and unserviceable inventories including slow moving stocks are provided based on technical evaluation. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses.

Raw material and other supplies held for use in production of inventories are not written down below cost, except in cases where material price have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

3.7 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service. These benefits include salaries and wages and bonus. The undiscounted amount of short-term employee services is recognised as an expense as the related service is rendered by the employees.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods in which the contribution is due.

Defined benefit plans

The employee's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plan is calculated by discounting the estimated amount of future benefit that employees have earned in the current and prior periods. The liability for gratuity is unfunded, wherein contributions are made and charged to revenue on annual basis.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (*continued*)

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies (*continued*)

3.8 Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in Statement of Profit and Loss.

3.9 Income tax

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

Current tax

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

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 *(continued)*

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies *(continued)*

3.9 Income tax *(continued)*

Deferred tax (continued)

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act, in respect of MAT paid is recognised as asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

3.10 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations assessment, fines, penalties etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.



Sunfresh Agro Industries Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

(Currency – INR in Lakhs, except share data)

3. Significant accounting policies (continued)

3.11 Leases

Assets held under leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.12 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.13 Segment reporting

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

3.14 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

The diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity and equivalent potential dilutive equity shares outstanding during the year, except where the result would be anti-dilutive.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



Sunfresh Agro Industries Private Limited

Notes to financial statements

for the year ended 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16
4. Revenue from operations		
Sales of products and services		
Sale of products (including excise duty)	87,080.18	68,723.26
Sale of traded goods	749.01	-
Sale of services	-	5.00
	<u>87,829.19</u>	<u>68,728.26</u>
Other operating revenue		
Export incentives	40.88	-
Package scheme of incentives subsidy	1,450.26	-
Sale of scrap	17.95	15.46
	<u>1,509.09</u>	<u>15.46</u>
	<u>89,338.28</u>	<u>68,743.72</u>
5. Other Income		
Interest income		
from banks	7.97	21.58
from others	3.25	50.69
Gain on foreign currency transactions (net)	14.53	-
Liabilities written back to the extent of no longer required	0.27	6.13
Miscellaneous income	64.53	19.14
	<u>90.55</u>	<u>97.54</u>
6. Cost of materials consumed		
Inventory of materials at the beginning of the year	538.14	888.99
Add: Purchases	77,997.77	58,512.84
Inventory of materials at the end of the year	1,067.78	538.14
	<u>77,468.13</u>	<u>58,863.69</u>
7. Purchase of stock-in-trade	<u>715.92</u>	<u>-</u>



Sunfresh Agro Industries Private Limited

Notes to financial statements

for the year ended 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16
8. Changes in inventories of finished goods and work in progress		
Inventories at the beginning of the year :		
Finished goods	4,932.09	3,024.96
Work-in-process	468.84	108.92
(A)	5,400.93	3,133.88
Inventories at the end of the year:		
Finished goods	6,953.56	4,932.09
Work-in-process	693.59	468.84
(B)	7,647.15	5,400.93
Changes In Inventories:		
Finished goods	(2,021.47)	(1,907.13)
Work-in-process	(224.75)	(359.92)
Increase In Inventories:	C = A - B	(2,267.05)
9. Employee benefit expense		
Salaries, wages and allowances	816.13	628.91
Contribution to provident and other funds (refer note 42)	26.92	20.99
Gratuity expense (refer note 42)	15.78	15.13
Staff welfare expenses	11.40	12.74
	870.23	677.77
10. Finance costs		
Interest expense		
on borrowings	1,333.98	1,724.53
on loan from holding company (refer note 48)	1,451.47	1,364.02
Other borrowing costs *	87.35	504.52
Delayed payment of tax	55.00	23.00
	2,927.80	3,616.07

* Includes prepayment charges paid to Indostart Capital Finance Private Limited (NBFC) amounting to Rs. Nil (31 March 2016 : 299.35 lakhs)



Sunfresh Agro Industries Private Limited

Notes to financial statements

for the year ended 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16
11. Other expenses		
Co-packing and conversion charges	287.64	1,303.67
Consumption of stores and spare parts	542.31	370.04
Repairs and maintenance		
- Machinery	160.00	98.30
- Others	80.81	57.44
Rent including lease rentals (refer note 38)	50.69	26.62
Rates and taxes	102.07	23.69
Insurance	34.91	17.14
Power and fuel	1,885.95	1,775.19
Labour charges	467.14	251.82
Increase of excise duty on inventory	7.75	0.26
Advertisement expenses	5.25	6.36
Transport and forwarding expenses	257.99	98.76
Travelling and conveyance	32.62	23.99
Legal and professional expenses	152.67	132.97
Payment to auditors (refer note 40)	9.61	9.62
Loss on sale of fixed assets (net)	12.47	0.36
Corporate Social Responsibility (CSR) (refer note 41)	51.98	38.02
Capital advances and security deposits written off	64.86	-
Provision for doubtful trade receivables (net)	-	54.10
Loss on foreign currency transaction (net)	-	7.55
Miscellaneous expenses	65.11	123.58
	4,271.83	4,419.48

12. Statement of other comprehensive income

(i) Items that will not be reclassified to profit or loss

Remeasurements of the defined benefit plans

21.10 (13.38)

21.10 (13.38)

(ii) Income tax relating to items that will not

be reclassified to profit or loss

(7.30) 4.63

13.80 (8.75)



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

13. Tax expense

13.1 Amounts recognised in Statement of Profit and Loss

	31-Mar-17	31-Mar-16
(a) Income Tax expense		
<i>Current tax</i>		
Current tax on the profit for the year	1,061.19	541.71
Adjustment of current tax for prior periods (refer note 37(c))	60.00	64.90
Total current tax expense	1,121.19	606.61
(b) Deferred tax		
Attributable to -		
Origination and reversal of temporary differences	1,560.13	338.72
MAT credit entitlement	(1,061.19)	(541.71)
Excess MAT credit relating to prior years written off (refer note 37(c))	347.15	126.95
Total deferred tax expense	846.09	(76.04)
Income tax expense for the year (a+b)	1,967.28	530.57

13.2 Amounts recognised in other comprehensive income

	For the year ended 31 March 2017			For the year ended 31 March 2016		
	Before tax	Tax (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	21.10	(7.30)	13.80	(13.38)	4.63	(8.75)
	21.10	(7.30)	13.80	(13.38)	4.63	(8.75)

13.3 Reconciliation of effective tax rate

	31-Mar-17		31-Mar-16	
Profit before tax		4,597.23		1,097.78
Tax using the Company's tax rate of 34.61% (2016 : 34.61%)	34.61%	1,591.01	34.61%	379.92
Tax effect of:				
Effect of non deductible expenses	0.92%	42.25	2.02%	22.15
Effect of tax exempt income (exemption under section 80IB)	-2.61%	(120.21)	14.39%	157.98
Effect of additional allowances for tax purpose (deduction under section 32AC)	-4.59%	(210.87)	-21.03%	(230.82)
Effect of proposed application to ITSC (refer note 37(c))	14.49%	666.12	-	-
Effect of previous year adjustments	0.00%	-	17.48%	191.85
Others	-0.02%	(1.00)	0.86%	9.49
	42.79%	1,967.30	48.33%	530.57

13.4 Recognised deferred tax asset and liability

Deferred tax assets and liabilities are attributable to the following:

Particulars	Deferred tax asset		Deferred tax liabilities		Deferred tax asset/ (liabilities)	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Property, plant and equipment	-	-	(3,506.94)	(1,897.35)	(3,506.94)	(1,897.35)
Loans and borrowings	-	-	-	(502.32)	-	(502.32)
Employee benefits	13.53	15.37	-	-	13.53	15.37
Unabsorbed tax losses	-	458.32	-	-	-	458.32
Provisions	22.39	22.39	-	-	22.39	22.39
MAT credit entitlement (net)	-	-	2,148.32	1,434.28	2,148.32	1,434.28
Deferred tax assets/ (liabilities)	35.92	496.08	(1,358.62)	(965.39)	(1,322.70)	(469.31)



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

13.5 Movement in deferred tax balances

	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	31 March 2017 Net
Deferred tax asset/(liabilities)				
Property, plant and equipment	(1,897.35)	(1,609.59)	-	(3,506.94)
Loans and borrowings	(502.32)	502.32	-	-
Employee benefits	15.37	5.46	(7.30)	13.53
Unabsorbed tax losses	458.32	(458.32)	-	-
Provisions	22.39	-	-	22.39
Deferred Tax assets / (liabilities)	(1,903.58)	(1,560.13)	(7.30)	(3,471.02)
MAT credit entitlement (net)	1,434.27	714.04	-	2,148.32
Net deferred tax assets / (liabilities)	(469.31)	(846.09)	(7.30)	(1,322.70)

	Net balance 1 April 2015	Recognised in profit or loss	Recognised in OCI	31 March 2016 Net
Deferred tax asset/ (liabilities)				
Property, plant and equipment	(592.07)	(1,305.28)	-	(1,897.35)
Loans and borrowings	(986.78)	484.46	-	(502.32)
Employee benefits	5.67	5.07	4.63	15.37
Unabsorbed tax losses	-	458.32	-	458.32
Provisions	3.68	18.71	-	22.39
Deferred Tax assets / (liabilities)	(1,569.50)	(338.72)	4.63	(1,903.58)
MAT credit entitlement (net)	1,019.51	414.76	-	1,434.27
Net deferred tax assets / (liabilities)	(549.99)	76.04	4.63	(469.31)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company has tax losses which of Rs. Nil (31 March 2016 : Rs. 1,324.31 lakhs) that are available for offsetting against future taxable profits of the Company.

The Company has unused tax credit in the form of MAT credit amounting to Rs. 2,148.32 lakhs (31 March 2016 : Rs. 1,434.27 lakhs) that are available for offsetting for 15 years against future tax payable by the Company. These will expire from FY 2025-26 to FY 2031-32.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

Tax losses carried forward

	31-Mar-17	Expiry date	31-Mar-16	Expiry date
Never Expire	-	-	1,324.31	-



Sunfresh Agro Industries Private Limited

Notes to financial statements
as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

14. Property, plant and equipment

Reconciliation of carrying amount

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Cost or deemed cost (gross carrying amount)									
Balance as at 01 April 2015	70.00	642.96	2,821.84	10,261.63	52.19	97.77	2.18	1.60	13,950.17
Additions	-	-	4,423.16	11,476.10	6.14	-	4.46	0.49	15,910.35
Disposals	-	-	-	(0.73)	-	-	-	-	(0.73)
Balance as at 31 March 2016	70.00	642.96	7,245.00	21,737.00	58.33	97.77	6.64	2.09	29,859.79
Balance as at 01 April 2016	70.00	642.96	7,245.00	21,737.00	58.33	97.77	6.64	2.09	29,859.79
Additions	-	-	414.12	4,061.11	1.15	-	5.48	1.19	4,483.05
Disposals	-	(642.96)	-	(32.83)	-	-	-	-	(675.79)
Balance as at 31 March 2017	70.00	-	7,659.12	25,765.28	59.48	97.77	12.12	3.28	33,667.05
Accumulated depreciation									
Depreciation for the year	-	6.70	378.70	2,030.64	3.96	10.11	2.13	1.28	2,433.52
Disposals	-	-	-	(0.10)	-	-	-	-	(0.10)
Balance as at 31 March 2016	-	6.70	378.70	2,030.54	3.96	10.11	2.13	1.28	2,433.42
Balance as at 01 April 2016	-	6.70	378.70	2,030.54	3.96	10.11	2.13	1.28	2,433.42
Depreciation for the year	-	6.41	423.67	2,265.55	4.81	10.10	4.04	0.80	2,715.38
Disposals	-	(13.11)	-	(8.49)	-	-	-	-	(21.60)
Balance as at 31 March 2017	-	-	802.37	4,287.60	8.77	20.21	6.17	2.08	5,127.20
Carrying amounts (net)									
As at 01 April 2015	70.00	642.96	2,821.84	10,261.63	52.19	97.77	2.18	1.60	13,950.17
As at 31 March 2016	70.00	636.26	6,866.30	19,706.46	54.37	87.66	4.51	0.81	27,426.37
As at 31 March 2017	70.00	-	6,856.75	21,477.68	50.71	77.56	5.95	1.20	28,539.85



Sunfresh Agro Industries Private Limited

Notes to financial statements
as at 31 March 2017 (continued)

15. Capital work in progress

Reconciliation of carrying amount

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Total
Cost (gross carrying amount)					
Balance as at 01 April 2015	3,383.85	12,387.17	7.34	1.73	15,780.09
Additions	448.23	1,941.22	-	-	2,389.45
Reclassification/ Adjustment*	828.87	(828.42)	(1.20)	0.75	0.00
Capitalised during the year	(4,423.16)	(11,442.58)	(6.14)	(2.48)	(15,874.36)
Balance as at 31 March 2016	237.79	2,057.39	-	-	2,295.18
Balance as at 01 April 2016	237.79	2,057.39	-	-	2,295.18
Additions	716.39	3,552.71	48.32	-	4,317.42
Capitalised during the year	(414.12)	(4,061.11)	-	-	(4,475.23)
Balance as at 31 March 2017	540.06	1,548.99	48.32	-	2,137.37

Notes:

- 1) Borrowing cost added on assets under capital work in progress amounts to Rs. Nil (31 March 2016 : Rs. 408.84 lakhs)
- 2) Amount of fixed assets capitalised during the year includes Rs. Nil (31 March 2016 : Rs. 388.13 lakhs) related to borrowing cost of capital nature

* Reclassification of Rs. 828.87 lakhs represents borrowing cost incurred for building under construction wrongly classified under plant and equipment in previous years. However, as the borrowing cost was not capitalised, it did not have any impact on depreciation during the prior years.

Capital work-in-progress (CWIP) as at 31 March 2017 majorly comprises building construction in progress and plant and machinery under installation for milk powder plant. As at 31 March 2016 CWIP majorly comprises building construction in progress for Captive Generation plant (Cogen) and plant and machinery for Whey separator, CIP, Cogen and milk powder plant. As at 1 April 2015 CWIP majorly consist of building construction in progress and plant and machinery under installation for Cheese, Paneer and Shrikhand Plant.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16	1-Apr-15
16. Non-current Investments			
Investment in equity instruments (fully paid up)			
Unquoted :			
<i>Equity shares at FVTPL</i>			
640 Shares (31 March 2016 : 640 shares; 1 April 2015 : 640 shares) of Rs. 50 each of The Mula Pravara Electric Co-operative Society Limited	0.32	0.32	0.32
Total (equity instruments)	0.32	0.32	0.32
Aggregate amount of unquoted investments	0.32	0.32	0.32

17. Other non-current financial assets

Security deposits	84.60	100.81	93.55
Deposits with banks	116.31	55.09	-
Subsidy income receivable	321.94	-	-
	522.85	155.90	93.55

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 43.

18. Other non-current assets

Capital advances	99.18	1,301.32	909.88
	99.18	1,301.32	909.88

19. Inventories

(Valued at the lower of cost or net realisable value)

Raw and packing material [(including goods-in-transit of Rs. 69.37 lakhs (31 March 2016 : Rs. 17.31 lakhs; 1 April 2015 : Nil)]	1,067.78	538.14	888.99
Work-in-progress	693.59	468.84	108.91
Finished goods [including goods-in-transit of Rs. 319.09 lakhs (31 March 2016 : Rs. 1,216.98 lakhs; 1 April 2015 : Rs. 195.91 lakhs)]	6,953.56	4,932.09	3,024.96
	8,714.93	5,939.07	4,022.86

The write down of inventories to net realisable value as on 31 March 2017 is Rs. 164.99 lakhs (31 March 2016: Rs. Nil; 1 April 2015: Rs. 99.05 lakhs). The write down are included in changes in inventories of finished goods and work in progress.

20. Trade receivables

- Unsecured, considered good	16,199.90	16,123.80	13,290.64
- Doubtful	64.73	64.73	10.63
	16,264.63	16,188.53	13,301.27

Less: Loss allowance

- Unsecured, considered good	-	-	-
- Doubtful	(64.73)	(64.73)	(10.63)
	16,199.90	16,123.80	13,290.64

The Company's exposure to credit risk and loss allowances related to trade receivables are disclosed in note 43



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16	1-Apr-15
21. Cash and cash equivalents			
Balance with banks :			
In current account	3,247.84	633.99	42.15
Cash on hand	4.71	2.55	1.61
	3,252.55	636.54	43.76
22. Bank balances other than cash and cash equivalents			
Balance held as security against borrowing and other commitments (initial maturity of more than three months and remaining maturity of less than twelve months)	58.19	24.44	125.53
	58.19	24.44	125.53
23. Current loans			
Unsecured, considered good			
Loans to employees	5.34	3.15	1.98
	5.34	3.15	1.98
24. Other current financial assets			
Subsidy income receivable	1,650.43	249.27	472.45
Security deposits	5.88	-	16.74
Deposits with NBFC	-	-	343.97
Interest accrued on fixed deposits	12.08	8.18	3.66
	1,668.39	257.45	836.82
25. Advance to suppliers			
To related parties			
Advance for supply of goods (Prabhat Dairy Limited)	5,919.58	-	2,351.46
To other than related parties			
Advance to suppliers	2,533.16	93.94	36.05
	8,452.74	93.94	2,387.51
26. Other current assets			
To other than related parties			
Prepaid expenses	20.63	14.70	21.08
	20.63	14.70	21.08



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16	1-Apr-15
27. Share Capital			
Authorised :			
56,348,300 (31 March 2016 : 56,348,300; 1 April 2015 : 56,348,300) equity shares of Rs. 10 each	5,634.83	5,634.83	5,634.83
151,700 (31 March 2016 : 151,700; 1 April 2015 : 151,700) 0.01% Non - cumulative redeemable preference shares of Rs. 10 each	15.17	15.17	15.17
	5,650.00	5,650.00	5,650.00
Issued and Subscribed and Paid up:			
53,007,184 (31 March 2016 : 51,902,895; 1 April 2015 : 37,483,255) Equity shares of Rs. 10 each	5,300.72	5,190.29	3,748.33
	5,300.72	5,190.29	3,748.33

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

Particulars	31-Mar-2017		31-Mar-2016	
	No. of shares	Amount	No. of shares	Amount
At the commencement of the year				
Equity shares of Rs. 10 each	51,902,895	5,190.29	37,483,255	3,748.33
Add: Shares issued during the year	1,104,289	110.43	14,419,640	1,441.96
At the end of the year				
Equity shares of Rs. 10 each	53,007,184	5,300.72	51,902,895	5,190.29

27.2 Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares having a par value of Rs 10 per share. Accordingly all equity shares rank equally with regard to dividend and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of equity shareholders are in proportion to their share of paid up equity capital of the Company.

27.3 Aggregate number of bonus shares issued and shares issued for consideration other than cash during the five years immediately preceding the reporting date

a) During the year ended 31 March 2012, the Company had issued 7,483,255 bonus shares of Rs. 10 each as fully-paid bonus shares to Cheese land Agro (India) Private Limited, by capitalisation of Rs. 748.32 lakhs from surplus in Statement of Profit and Loss.

b) During the year ended 31 March 2012, the Company had issued 151,700, 0.01% Redeemable Non-cumulative Preference shares of Rs. 10 each fully-paid to the shareholders of six companies merged with the Company, i.e. Feelfresh Agro Private Limited, Food Land Agro (India) Private Limited, Prabhat Milk and Agro Industries Private Limited, Corntila Food and Packaging Private Limited, Annapurna Health Foods and Agro Products Private Limited and Sunfresh Soya Oils Refineries Limited as consideration for transfer of business undertaking from above mentioned companies under the merger scheme of arrangement sanctioned by the Hon'ble High Court of Bombay on 09 March 2012. The Company had redeemed these shares at par on 29 March 2014.

27.4 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-17		31-Mar-16	
	No. of Shares	% held	No. of Shares	% held
Cheese land Agro (India) Private Limited, the holding Company	37,483,255	70.71%	37,483,255	72.22%
Prabhat Dairy Limited, the ultimate holding Company	15,523,929	29.29%	14,419,640	27.78%



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

28 Other equity:	31-Mar-17	31-Mar-16	1-Apr-15
Capital reserve	4,189.87	4,189.87	4,189.87
At the commencement and at the end of the year			
Securities premium reserve			
Opening balance	14,708.02	-	-
Add : Additions during the year	1,126.41	14,708.02	-
At the end of the year	15,834.43	14,708.02	-
Retained earnings (See Note (i) below)	8,446.53	5,816.58	5,249.37
Other items of OCI (See Note (ii) below)	6.48	(7.32)	1.43
	28,477.31	24,707.15	9,440.67

(i) Retained earnings	31-Mar-17	31-Mar-16
Opening balance	5,816.58	5,249.37
Net profit for the period	2,629.95	567.21
Closing balance	8,446.53	5,816.58

(ii) Other items of OCI	31-Mar-17	31-Mar-16
Opening balance	(7.32)	1.43
Remeasurement of post-employment benefit obligation	21.10	(13.38)
Deferred tax on above	(7.30)	4.63
Closing balance	6.48	(7.32)

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Remeasurement of defined benefit liability (asset)

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

29. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

	31-Mar-17	31-Mar-16
Net profit for the year attributable to equity shareholders	A 2,643.75	558.46
Weighted average number of equity shares of face value of Rs. 10 each outstanding during the year	B 52,710,690	44,284,093
Basic and Diluted earnings per equity share of face value Rs. 10 each	A/B 5.02	1.26



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16	1-Apr-15
30. Non - current borrowings			
Secured (refer details below for assets pledged as security)			
Term Loans			
From Non Banking Financial Company ('NBFC') (refer note a)	-	-	12,955.14
Others			
From bank (refer note b)	21.98	45.26	70.43
Unsecured			
From Cheese Land Agro (India) Private Limited (refer note c) (refer note 48)	-	-	8,833.38
	21.98	45.26	21,858.95

Notes:

a) Details of repayment, interest rate pre-payment and security provided for term loan from NBFC:

During the year ended 31 March 2015, the Company had availed term loan amounting to Rs 15,000 lakhs from Indostar Capital Finance Private Limited carrying interest rate of 13.50% p.a. (2015 : 13.50%) payable monthly on floating basis linked to Kotak Mahindra Bank Base Rate, and was repayable in 63 monthly installments (considering the amount of loan sanctioned) starting from April 2015, the installments ranging between Rs. 160 lakhs to Rs. 340 lakhs. In case of prepayment, a prepayment penalty of 2% p.a. was payable. In the event of default, the lender could cancel the outstanding commitments under the facility, recall / accelerate all amounts outstanding under the facility, levy additional interest and enforce security. During the year ended 31 March 2016 the Company had fully repaid the said loan from proceeds of issue of share capital to Prabhat Dairy Limited. The loan was secured by way of creation of the following security in favour of IL and FS Trust Company Limited (being the Security Trustee):

1. First ranking charge over the Company's moveable fixed assets / properties by way of hypothecation.
2. First ranking charge over the Designated Account & all rights, title, interest, benefits, claims & demands whatsoever of Company in, to, under and in respect of the said account by way of hypothecation.
3. Second ranking charge over the Company's Current assets (present & future) by way of hypothecation.
4. First ranking charge by way of registered mortgage on the following lands and all the present & future structures thereon:
 - i) Survey No. 787 adm. 0.21 Hectares owned by the Company.
 - ii) Survey No. 121/6 adm. 0.21 Hectares owned by Mr. Vivek S. Nirmal.
 - iii) Survey No. 121/7 adm. 0.20 Hectares owned by Mr. Vivek S. Nirmal.
 - iv) Survey No. 121/10 adm. 0.56 Hectares owned by Mr. Vivek S. Nirmal.
 - v) Survey No. 121/5 adm. 0.50 Hectares owned by Mr. Arvind J. Nirmal.
5. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

b) Details of repayment, interest rate and security provided for vehicle loans

The vehicle loans from other banks are secured against such vehicles and carry interest rate ranging from 10.50% to 12.50% p.a. (31 March 2016 : 10.50% to 12.50%; 1 April 2015 : 10.09% to 12.50% p.a.)

c) Details of terms of repayment of unsecured long-term borrowings from related parties

Borrowing from holding company	31-Mar-17	31-Mar-16	1-Apr-15
- Repayable on 31 March 2016	-	-	755.31
- Repayable on 31 March 2017	11,553.98	11,553.98	11,553.98

The Company's exposure to interest rate and liquidity risk are disclosed in note 43.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16	1-Apr-15
31. Provisions			
Provision for employee benefits			
Gratuity (refer note 42)	35.29	40.71	15.11
	35.29	40.71	15.11
32. Current Borrowings			
From banks			
Secured (refer details below for assets pledged as security)			
Cash credit facility for working capital	19,190.78	6,427.75	9,475.65
Unsecured (Packing credit)	-	-	1,578.40
	19,190.78	6,427.75	11,054.05

Note:

a) Details of loans from bank repayable on demand:

These loans are from various banks under multiple banking arrangements and in the nature of cash credit facilities repayable on demand and carry interest rate ranging from 8.50% p.a. to 10.65% p.a. (31 March 2016 : 9.50% to 12.00%; 1 April 2015 : 10.75% p.a. to 14.5% p.a.). These short term loans have been secured by way of creation of the following security in favour of IL & FS Trust Company Limited (being the Security Trustee):

1. First ranking pari passu charge over the Company's Current assets (present & future) by way of hypothecation.
2. Second ranking pari passu charge over the Company's Fixed movable assets (present & future) by way of hypothecation.
3. Second ranking pari passu charge by way of registered mortgage on the following lands and all the present & future structures thereon:
 - i) Survey No. 787 adm. 0.21 Hectares owned by the Company.
 - ii) Survey No. 121/6 adm. 0.21 Hectares owned by Mr. Vivek S. Nirmal.
 - iii) Survey No. 121/7 adm. 0.20 Hectares owned by Mr. Vivek S. Nirmal.
 - iv) Survey No. 121/10 adm. 0.56 Hectares owned by Mr. Vivek S. Nirmal.
- 4) Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

The Company's exposure to interest rate and liquidity risk are disclosed in note 43.

33. Trade payables

Total outstanding dues of micro enterprises and small enterprises (refer note 39)	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,705.78	6,611.46	1,250.17
	1,705.78	6,611.46	1,250.17

The Company's exposure to liquidity risk are disclosed in note 43.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

	31-Mar-17	31-Mar-16	1-Apr-15
34. Other financial liabilities			
Current maturities of non-current borrowings			
Secured (refer details below for assets pledged as security)			
Term loans			
From NBFC (refer note 30(a))	-	-	1,901.67
Others			
From banks (refer note 30(b))	14.91	15.71	15.95
Unsecured			
From Cheese Land Agro (India) Private Limited (refer note 48)	11,553.98	10,102.51	660.43
Interest accrued but not due on borrowings	-	-	0.39
Payable for purchase of fixed assets	732.88	355.40	388.12
Security deposits	3.89	3.89	30.56
Employee benefits payable (refer sub-note a)	78.33	63.42	45.93
	12,383.99	10,540.93	3,043.05

Note:

a) Includes payable to directors Rs. 2.09 lakhs (31 March 2016 : 2.10 lakhs; 1 April 2015 : 10.03 lakhs)

35. Other current liabilities

Advances from customers	217.34	61.60	53.36
Statutory dues payables	193.07	166.07	217.20
	410.41	227.67	270.56

36. Provisions

Provision for employee benefits

Gratuity (refer note 42)	3.81	3.71	1.28
	3.81	3.71	1.28



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

37. Contingent liabilities and commitments (to the extent not provided for):

Contingent liabilities	31-Mar-17	31-Mar-16
a) Income Tax Matters [refer sub-note (a)]		
Financial year 2010-11	9.82	9.82
Financial year 2011-12	8.28	8.28
b) Sales Tax Matters [refer sub-note (i)]		
Financial year 2010-11	122.87	122.87

Notes:

i) The Company is contesting the demands related to Income Tax and Sales Tax matters and the management believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceedings will not have a material adverse effect on the Company's financial position and results of operations.

c) On October 09, 2015, a search was conducted by the Income Tax Department pursuant to the provisions of section 132(1) and section 133A of the Income Tax Act, 1961 ("the IT Act") at the offices of the Company at Shrirampur and Pune and also at the offices of the holding company and the residence of Executive Directors residing at Shrirampur. The Company has not received any demand notice with respect to the search.

Consequent to the survey carried out by the Income Tax department under section 133A of the IT Act on the Company, the Income Tax department has requisitioned books of accounts and other documents under section 132A of the IT Act. Accordingly, the Company had submitted the copies of the documents required by the tax authority.

During the current year, the Company has decided to file an application with the Hon'ble Income Tax Settlement Commission (ITSC) with respect to the expected litigations which may arise pursuant to the survey carried out by the Income Tax authorities for AY 2010-11 to AY 2016-17. As on 31 March 2017, the Company is in process of filing the said application with ITSC.

Based on best estimate, management has carried an evaluation of possible tax obligation that may arise out of the said litigation. As per the management evaluation, the Company will have to pay additional tax amounting to Rs. 60 lakhs (including interest thereon), reversed excess MAT credit entitlement of Rs. 347.15 lakhs for assessment years 2010-11 to 2016-17 and provide for additional deferred tax liability charge due to write off of certain fixed assets in tax block for which depreciation claim would not be allowed by the tax authorities amounting to Rs. 258.97 lakhs. Accordingly, total provision made pursuant to above matter amounts to Rs. 666.12 lakhs.

The Company believes that they will not have any additional tax liability or penalty (if any) other than already accounted into books of accounts based on management best estimate.

Since the ultimate outcome of the assessment proceeding of a settlement application cannot presently be determined, no additional provision for tax including penalty, if any, as a result of such outcome, is made in the financial statements.

Commitments	31-Mar-17	31-Mar-16
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	575.20	3,030.43
Other commitments (refer sub-note a)	2.36	2.49
	577.56	3,032.92

Notes:

a) The Company has taken land on lease from Directors and relatives of directors for a period ranging from 15 years to 29 years starting from December, 2006. In terms of the said lease agreement, the Company is required to pay an annual rent of Rs. 12,862 p.a. However, the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till March 2017 has been waived and that the Company is not required to pay any lease rent for the above referred period.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

38. Operating leases

The Company is obligated under non cancellable leases for office premises that are non cancellable for periods of lease term of three years. Total rent expenses debited to Statement of Profit and Loss is as follows:

i. Future minimum lease payments

The future minimum lease payments payable under non-cancellable operating leases for rented premises are as follows:

	31-Mar-17	31-Mar-16
Not later than one year	-	7.00
Less than one year	-	-
Later than one year and not later than five years.	-	-
Later than five years	-	-
	<u>-</u>	<u>7.00</u>

ii. Amounts recognised in profit or loss

- cancellable leases	42.64	12.96
- non cancellable leases	8.05	13.66
	<u>50.69</u>	<u>26.62</u>

39. 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.

40. Payment to auditors (including service tax)

	31-Mar-17	31-Mar-16
Statutory audit fees*	9.20	9.16
Out of pocket expenses reimbursed*	0.41	0.46
	<u>9.61</u>	<u>9.62</u>

* Includes fee Rs. Nil (31 March 2016: Rs. 9.16 lakhs) and out of pocket expenses of Rs. Nil (31 March 2016: Rs. 0.46 lakhs) including service tax, paid to erstwhile auditors, some of the partners where of are also partners in the audit firm.

41. Corporate Social Responsibility (CSR)

As per provisions of section 135 of Companies Act 2013, the Company was required to spend Rs. 45.12 lakhs (31 March 2016 : Rs. 38.02 lakhs) being 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy on the activities specified in Schedule VII of the Act. The Company has spent Rs. 51.98 lakhs (31 March 2016 : Rs. 38.02 lakhs) towards Corporate Social Responsibility activities.

The breakup of expenditure incurred on CSR activities during the year (April 2016 - March 2017):

Particulars of CSR activity	Amount paid	Amount yet to be paid	Total Amount
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above (Majorly towards for Livelihood enhancement and rural development).	51.98	-	51.98



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

42. Liabilities relating to employee benefits

The Company contributes to the following post-employment defined benefit plans.

(i) Defined Contribution Plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contributions plans. The Company has no obligation other than to make specified contributions. The contribution are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund is Rs. 26.92 lakhs (31 March 2016: Rs. 20.99 lakhs). The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

(ii) Defined Benefit Plan:

Actuarial gains and losses in respect of defined benefit plans are recognised in Other Comprehensive Income. The Defined Benefit Plan comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

	31-Mar-17	31-Mar-16
Defined benefit obligation as at the end of the year	<u>39.10</u>	44.42
Liability for Gratuity Net liability recognised in the Balance Sheet as at the end of the year	<u>39.10</u>	44.42
Non-current	35.29	40.71
Current	3.81	3.71

A. Reconciliation of the net defined benefit liabilities

i. Reconciliation of present value of defined benefit obligation

Present value of defined benefit obligation as at beginning of the year	44.42	16.39
Current service cost	12.23	5.87
Interest cost	3.55	1.61
Acquisition adjustment	-	7.65
Benefits paid	-	(0.48)
Actuarial (gains) / losses recognised in other comprehensive income		
- experience adjustment	(21.10)	13.38
	<u>39.10</u>	44.42

ii. Amounts to be recognised in the Balance Sheet

Present value of defined benefit obligation	39.10	44.42
Net liability recognized in Balance Sheet	<u>39.10</u>	44.42

iii. Expenses recognised in the Statement of Profit and Loss

Current service cost	12.23	5.87
Interest cost	3.55	1.61
Acquisition (Gain) / Loss	-	7.65
	<u>15.78</u>	15.13



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

42. Liabilities relating to employee benefits (continued)

iv. Remeasurement recognised in other comprehensive income

Actuarial (gain)/ losses on defined benefit obligation	(21.10)	13.38
	(21.10)	13.38

B. Defined benefit obligations

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate	8.00%	8.10%	7.80%
Salary escalation rate	8.00%	8.00%	8.00%
Attrition rate	5.00%	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)		

The discount rate is based on the prevailing market yield of Indian government securities as at Balance sheet date for the estimated terms of obligation.

Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	31-Mar-17		31-Mar-16	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3.68)	4.38	(3.97)	4.72
Future salary growth (1% movement)	2.91	(2.45)	3.26	(2.81)
Attrition rate (1% movement)	0.57	(0.61)	0.75	(0.83)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



Sunfresh Agro Industries Private Limited

Notes to financial statements as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

43. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

31-Mar-17

	Note	Carrying amount			Fair value				
		FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Investments	16	0.32	-	-	0.32	-	-	0.32	0.32
Trade receivables	20	-	-	16,199.90	16,199.90	-	-	-	-
Cash and cash equivalents	21	-	-	3,252.55	3,252.55	-	-	-	-
Bank balances other than cash and cash equivalents	22	-	-	58.19	58.19	-	-	-	-
Loans	23	-	-	5.34	5.34	-	-	-	-
Other non-current financial asset	17	-	-	522.85	522.85	-	-	-	-
Other current financial asset	24	-	-	1,668.39	1,668.39	-	-	-	-
		0.32	-	21,707.22	21,707.54	-	-	0.32	0.32
Financial liabilities									
Long term borrowings	30	-	-	21.98	21.98	-	17.92	-	17.92
Short term borrowings	32	-	-	19,190.78	19,190.78	-	19,190.78	-	19,190.78
Trade payables	33	-	-	1,705.78	1,705.78	-	-	-	-
Current maturity of long term debts	34	-	-	11,568.89	11,568.89	-	11,568.89	-	11,568.89
Other current financial liabilities	34	-	-	815.10	815.10	-	-	-	-
		-	-	33,302.53	33,302.53	-	30,777.59	-	30,777.59



Sunfresh Agro Industries Private Limited

Notes to financial statements as at 31 March 2017 (continued)

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

A. Accounting classification and fair values (continued)

31-Mar-16

	Note	FVTPL	FVTOCI	Carrying amount		Fair value			
				Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Investments	16	0.32	-	-	0.32	-	-	0.32	0.32
Trade receivables	20	-	-	16,123.80	16,123.80	-	-	-	-
Cash and cash equivalents	21	-	-	636.54	636.54	-	-	-	-
Bank balances other than cash and cash equivalents	22	-	-	24.44	24.44	-	-	-	-
Loans	23	-	-	3.15	3.15	-	-	-	-
Other non-current financial asset	17	-	-	155.90	155.90	-	-	-	-
Other current financial asset	24	-	-	257.45	257.45	-	-	-	-
		0.32	-	17,201.28	17,201.60	-	-	0.32	0.32
Financial liabilities									
Long term borrowings	30	-	-	45.26	45.26	-	33.26	-	33.26
Short term borrowings	32	-	-	6,427.75	6,427.75	-	6,427.75	-	6,427.75
Trade payables	33	-	-	6,611.46	6,611.46	-	-	-	-
Current maturity of long term debts	34	-	-	10,118.22	10,118.22	-	10,118.22	-	10,118.22
Other current financial liabilities	34	-	-	422.71	422.71	-	-	-	-
		-	-	23,625.40	23,625.40	-	16,579.23	-	16,579.23



Sunfresh Agro Industries Private Limited

Notes to financial statements as at 31 March 2017 (continued)

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

A. Accounting classification and fair values (continued)

1-Apr-15

	Note	FVTPL	FVTOCI	Carrying amount		Fair value			
				Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Investments	16	0.32	-	-	0.32	-	-	0.32	0.32
Trade receivables	20	-	-	13,290.64	13,290.64	-	-	-	-
Cash and cash equivalents	21	-	-	43.76	43.76	-	-	-	-
Bank balances other than cash and cash equivalents	22	-	-	125.53	125.53	-	-	-	-
Loans	23	-	-	1.98	1.98	-	-	-	-
Other non-current financial asset	17	-	-	93.55	93.55	-	-	-	-
Other current financial asset	24	-	-	836.82	836.82	-	-	-	-
		0.32	-	14,392.28	14,392.60	-	-	0.32	0.32
Financial liabilities									
Long term borrowings	30	-	-	21,858.95	21,858.95	-	17,009.57	-	17,009.57
Short term borrowings	32	-	-	11,054.05	11,054.05	-	11,054.05	-	11,054.05
Trade payables	33	-	-	1,250.17	1,250.17	-	-	-	-
Current maturity of long term debts	34	-	-	2,578.05	2,578.05	-	2,578.05	-	2,578.05
Other current financial liabilities	34	-	-	465.00	465.00	-	-	-	-
		-	-	37,206.22	37,206.22	-	30,641.67	-	30,641.67



Sunfresh Agro Industries Private Limited

Notes to financial statements as at 31 March 2017 (continued)

43. 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	<i>Discounted cash flow:</i> The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate	Not applicable	Not applicable



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

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

B. Measurement of fair values (continued)

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

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Accordingly, unquoted equity shares have been considered as Level 3 financial instrument. The carrying amount of unquoted equity shares is not considered material and hence it has not been fair valued and carrying amount for the same has been considered as the fair value.

(ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value the financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Valuation processes

The finance team performs the valuation of financial assets and liabilities required for financial reporting purposes. The fair valuation results are reviewed by CFO.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

43. 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 board of directors has established a Risk Management Framework which is reviewed and monitored by the Risk Management Committee. The Committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to limits. The Company, through its training and established procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk to which the Company is exposed to and how the entity manages the risk.

ii. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs. 16,199.90 lakhs and Rs. 16,123.80 lakhs as of 31 March 2017 and 31 March 2016, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Further, for receivables from major customers (including customers in unorganised sector) the Company enters into factoring arrangements.

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

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

Particulars	31-Mar-17	31-Mar-16
Revenue from top ten customer	74,472.97	56,243.58

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Amount in INR for the year ended	
	31-Mar-17	31-Mar-16
Balance at the beginning	64.73	10.63
Impairment loss recognised	-	54.10
Balance at the end	64.73	64.73

The Company believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour.

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies. Investments primarily include certificates of deposit which are funds deposited at a bank for a specified time period.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR In Lakhs, except share data)

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

iii. Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents, working capital facility with banks and the cash flows that are generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of 31 March 2017, the Company had a working capital of Rs. 3,741.60 lakhs and negative working capital of Rs. 912.67 lakhs. The working capital of the Company for this purpose has been derived as follows:

	31-Mar-17	31-Mar-16
Total current asset (A)	38,372.67	23,093.09
Total current liabilities (B)	34,631.07	24,005.76
Working capital (A-B)	3,741.60	(912.67)

The working capital as at 31 March 2017 calculated above includes cash and cash equivalents of Rs. 3,252.55 lakhs and deposits with banks of Rs. 58.19 lakhs. Also, the working capital as at 31 March 2016 calculated above includes cash and cash equivalents of Rs. 636.54 lakhs and deposits with banks of Rs. 24.44 lakhs.

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

31-Mar-17

Carrying amount	Contractual cash flows					
	Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks	36.89	(36.89)	(7.25)	(7.66)	(21.98)	-
Loans from related parties	11,553.98	(11,553.98)	(11,553.98)	-	-	-
Working capital loans from banks	19,190.78	(19,190.78)	(19,190.78)	-	-	-
Trade payables	1,705.78	(1,705.78)	(1,705.78)	-	-	-
Payable for purchase of fixed assets	732.88	(732.88)	(732.88)	-	-	-
Security deposits	3.89	(3.89)	(3.89)	-	-	-
Employee benefits payable	78.33	(78.33)	(78.33)	-	-	-
	33,302.53	(33,302.53)	(33,272.89)	(7.66)	(21.98)	-

31-Mar-16

Carrying amount	Contractual cash flows					
	Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks	60.97	(60.97)	(7.53)	(8.18)	(45.26)	-
Loans from related parties	10,102.51	(11,553.98)	-	(11,553.98)	-	-
Working capital loans from banks	6,427.75	(6,427.75)	(6,427.75)	-	-	-
Trade payables	6,611.46	(6,611.46)	(6,611.46)	-	-	-
Payable for purchase of fixed assets	355.40	(355.40)	(355.40)	-	-	-
Security deposits	3.89	(3.89)	-	(3.89)	-	-
Employee benefits payable	63.42	(63.42)	(63.42)	-	-	-
	23,625.40	(25,076.87)	(13,465.56)	(11,566.05)	(45.26)	-

1-Apr-15

Carrying amount	Contractual cash flows					
	Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Secured loans from banks/ NBFC	14,943.19	(15,085.43)	(967.79)	(968.23)	(2,469.15)	(9,660.26)
Loans from related parties	9,493.81	(12,309.29)	-	(755.31)	(11,553.98)	-
Working capital loans from banks	11,054.05	(11,054.05)	(11,054.05)	-	-	-
Trade payables	1,250.17	(1,250.17)	(1,250.17)	-	-	-
Payable for purchase of fixed assets	388.12	(388.12)	(388.12)	-	-	-
Security deposits	30.56	(30.56)	(14.50)	(12.33)	(3.73)	-
Employee benefits payable	45.93	(45.93)	(45.93)	-	-	-
Interest accrued but not due	0.39	(0.39)	(0.39)	-	-	-
	37,206.22	(40,163.94)	(13,720.95)	(1,735.87)	(14,026.86)	(9,660.26)



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

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

iv. Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows

	31-Mar-17		31-Mar-16		1-Apr-15	
	INR	Foreign currency	INR	Foreign currency	INR	Foreign currency
Financial liabilities						
Trade payables						
USD	349.35	5.39	-	-	-	-
Net exposure on respect of recognised liabilities	349.35	5.39	-	-	-	-
Other current financial liabilities						
EURO	225.70	3.26	-	-	-	-
Net exposure on respect of recognised liabilities	225.70	3.26	-	-	-	-

The following significant exchange rates have been applied during the year.

INR	Average rate		Year-end spot rate		
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	1-Apr-15
USD 1	67.45	66.45	64.84	66.14	62.42
EUR1	74.45	73.10	69.25	74.82	67.24

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars/Euro at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast purchases.

Effect in INR March 31, 2017 10% movement - Profit / (loss)	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
USD	34.93	(34.93)	19.98	(19.98)
EUR1	22.56	(22.56)	12.91	(12.91)
	57.49	(57.49)	32.89	(32.89)

Effect in INR March 31, 2016 10% movement	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
USD	-	-	-	-
EUR1	-	-	-	-
	-	-	-	-



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

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

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 financial instruments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing financial instruments 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:

	31-Mar-17	31-Mar-16	1-Apr-15
Fixed-rate instruments			
Financial assets	174.50	79.53	469.50
Financial liabilities	11,590.87	10,163.48	11,158.59
Variable-rate instruments			
Financial liabilities	19,190.78	6,427.75	24,332.46

Fair value sensitivity analysis for fixed-rate instruments

A change of 100 basis points in interest rate would have increased or decreased profit or loss by Rs. 114.16 lakhs (31 March 2016: Rs. 100.84 lakhs; 1 April 2015 : Rs. 106.89 lakhs). This analysis assumes that all other variables remain constant.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity, net of tax	
	100 bp increase (loss)	100 bp decrease (profit)	100 bp increase (loss)	100 bp decrease (profit)
March 31, 2017				
Variable-rate instruments	191.91	(191.91)	109.79	(109.79)
Cash flow sensitivity	191.91	(191.91)	109.79	(109.79)
March 31, 2016				
Variable-rate instruments	64.28	(64.28)	33.21	(33.21)
Cash flow sensitivity	64.28	(64.28)	33.21	(33.21)



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

43. 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.

	31-Mar-17	31-Mar-16	1-Apr-15
Total debts	30,781.65	16,591.23	35,491.05
Less : Cash and cash equivalent and bank balances	3,310.74	660.98	169.29
Adjusted net debt	27,470.91	15,930.25	35,321.76
Total equity	33,778.03	29,897.44	13,189.00
Total equity	33,778.03	29,897.44	13,189.00
Adjusted net debt to adjusted equity ratio	0.81	0.53	2.68



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

44 Explanation of Transition to Ind AS:

As stated in Note 2, these are the first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act. ('previous GAAP')

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in its financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions available and mandatory exemptions

In preparing these financial statements the Company has applied the below mentioned optional exemptions and mandatory exemptions.

A. Optional exemptions available

1 Property, plant and equipment and intangible assets:

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, *Intangible Assets*, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- (iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to carry all items of property, plant and equipment and intangibles at fair value.

2 Business combinations

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, consolidated Financial Statements, from that same date.

The Company has opted not to restate any business combination on or before 1 April 2015.

B. Mandatory exemptions

1 Estimates:

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortised cost.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

44 Explanation of Transition to Ind AS: (continued)

2 Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, *Financial Instrument*, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

3 Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.



Sunfresh Agro Industries Private Limited
Notes to financial statements
as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

44 Explanation of Transition to Ind AS (continued)

Reconciliation of equity

	Note	As at the date of transition 31 March 2016		As at the date of transition 01 April 2015			
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	a	31,342.78	(3,916.41)	27,426.37	17,910.36	(3,960.19)	13,950.17
Capital work-in-progress		2,295.18	-	2,295.18	15,780.09	-	15,780.09
Financial assets							
Investments		0.32	-	0.32	0.32	-	0.32
Other financial assets		155.90	-	155.90	93.55	-	93.55
Income tax assets (net)		69.94	-	69.94	69.94	-	69.94
VAT receivable		116.36	-	116.36	92.20	-	92.20
Other non-current assets	b	1,301.32	-	1,301.32	988.74	(78.86)	909.88
Total non current assets		35,281.80	(3,916.41)	31,365.39	34,935.20	(4,039.05)	30,896.15
Current Assets							
Inventories		5,939.07	-	5,939.07	4,022.86	-	4,022.86
Financial assets							
Trade receivables	d	16,144.51	(20.71)	16,123.80	13,290.64	-	13,290.64
Cash and cash equivalents		636.54	-	636.54	43.76	-	43.76
Bank balances other than cash and cash equivalents		24.44	-	24.44	125.53	-	125.53
Loans		3.15	-	3.15	1.98	-	1.98
Other financial assets		1,691.73	(1,434.28)	257.45	1,856.34	(1,019.52)	836.82
Advance to suppliers		93.94	-	93.94	2,387.51	-	2,387.51
Other current assets	b	14.70	-	14.70	49.59	(28.51)	21.08
Total current assets		24,548.08	(1,454.99)	23,093.09	21,778.21	(1,048.03)	20,730.18
TOTAL ASSETS							
		59,829.88	(5,371.40)	54,458.48	56,713.41	(5,087.08)	51,626.33

The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



Sunfresh Agro Industries Private Limited

Notes to financial statements as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

44 Explanation of Transition to Ind AS (continued)

	Note	As at the date of transition 31 March 2016		As at the date of transition 01 April 2015	
		Previous GAAP*	Adjustment on transition to Ind AS	Previous GAAP*	Adjustment on transition to Ind AS
<u>EQUITY AND LIABILITIES</u>					
<u>Equity</u>					
(a) Equity share capital		5,190.29	-	5,190.29	3,748.33
(b) Other equity	g	27,288.51	(2,581.36)	24,707.15	(1,530.67)
Total equity		32,478.80	(2,581.36)	29,897.44	(1,530.67)
<u>Non current liabilities</u>					
<u>Financial liabilities</u>					
Borrowings	b	45.26	-	45.26	(2,845.46)
Provisions		40.71	-	40.71	15.11
Deferred tax liabilities (net)	f	1,807.88	(1,338.57)	469.31	(597.74)
Total non current liabilities		1,893.85	(1,338.57)	555.28	(3,443.20)
<u>Current liabilities</u>					
<u>Financial liabilities</u>					
Borrowings		6,427.75	-	6,427.75	-
Trade payables		6,611.46	-	6,611.46	-
Other financial liabilities	b	11,992.40	(1,451.47)	10,540.93	(113.21)
Other current liabilities		227.67	-	227.67	-
Provisions		3.71	-	3.71	1.28
Liabilities for current tax (net)		194.24	-	194.24	-
Total current liabilities		25,457.23	(1,451.47)	24,005.76	(113.21)
Total liabilities		27,351.08	(2,790.04)	24,561.04	(3,556.41)
Total Equity and Liabilities		59,829.88	(5,371.40)	54,458.48	(5,087.08)

The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

44 Explanation of Transition to Ind AS (continued)

Reconciliation of profit or loss for the year ended 31 March 2016

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue				
Revenue from operations	c, d	69,061.99	(318.27)	68,743.72
Other income		97.54	-	97.54
Total Income		69,159.53	(318.27)	68,841.26
Expenses				
Cost of materials consumed	c	58,860.60	3.09	58,863.69
Changes in inventories of finished goods and work-in-progress		(2,267.05)	-	(2,267.05)
Employee benefits expenses	e	691.15	(13.38)	677.77
Finance costs	b, d	2,516.88	1,099.19	3,616.07
Depreciation expenses	a	2,477.32	(43.80)	2,433.52
Other Expenses		4,419.48	-	4,419.48
Total Expenses		66,698.38	1,045.10	67,743.48
Profit before tax		2,461.15	(1,363.37)	1,097.78
Tax expense:				
Current Tax		606.61	-	606.61
Deferred Tax		245.40	(321.44)	(76.04)
Total tax expense		852.01	(321.44)	530.57
Profit for the year		1,609.14	(1,041.93)	567.21
Other comprehensive income				
items that will not be reclassified to profit or loss	e	-	(13.38)	(13.38)
Income tax related to items that will not be reclassified to profit or loss		-	4.63	4.63
		-	(8.75)	(8.75)
Total comprehensive income for the year		1,609.14	(1,050.68)	558.46

*The previous GAAP figures have been reclassified to conform to current year presentation.



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

44 Explanation of Transition to Ind AS: (continued)

Notes to the reconciliation:

a Property, plant and equipment:

As permitted by Ind AS 101, the Company has elected to carry all items of property, plant and equipment and intangibles at fair value as on the date of transition.

The impact arising from the change is summarised as follows:

Statement of profit and loss	31-Mar-16	
Decrease in Other expenses - Depreciation		43.80
Increase in profit before tax		<u>43.80</u>
Balance sheet	31-Mar-16	1-Apr-15
Decrease in value of property, plant and equipment	(3,916.41)	(3,960.19)
Decrease in deferred tax liability	(9.34)	(8.89)
Decrease in retained earnings	<u>(3,925.75)</u>	<u>(3,969.08)</u>

b Borrowings at amortised cost:

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

The impact arising from the change is summarised as follows:

Statement of profit and loss	31-Mar-16	
Increase in finance cost		(1,399.84)
Decrease in profit before tax		<u>(1,399.84)</u>
Balance sheet	31-Mar-16	1-Apr-15
Decrease in other non current assets	-	(78.86)
Decrease in other current assets	-	(28.51)
Decrease in borrowing	-	2,845.46
Decrease in other financial liabilities	1,451.47	113.21
Increase in deferred tax liability	(502.33)	(986.78)
Increase in retained earnings	<u>949.14</u>	<u>1,864.52</u>

c Excise duty:

Under previous GAAP, revenue from sales of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and cost of material for the year ended 31 March 2016.

The impact arising from the change is summarised as follows:

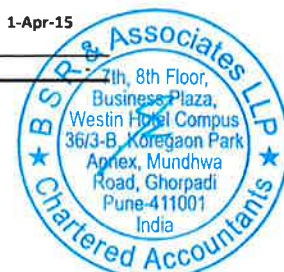
Statement of profit and loss	31-Mar-16	
Revenue from operations		3.09
Cost of goods sold		<u>3.09</u>
Change in profit before tax		<u>-</u>

d Bill discounting charges:

Under previous GAAP, bill discounting charges incurred for extend credit period were disclosed as finance cost. Under Ind AS 18 - Discounting for extend credit period is reduced from revenue from operations. This has resulted in an decrease in the revenue from operations and finance cost for the year ended 31 March 2016.

The impact arising from the change is summarised as follows:

Statement of profit and loss	31-Mar-16	
Decrease in revenue from operations		(300.65)
Decrease in Finance cost		300.65
Decrease in revenue from operations - prior period errors		<u>20.71</u>
Decrease in profit before tax		<u>20.71</u>
Balance sheet	31-Mar-16	1-Apr-15
Decrease in trade receivables - prior period errors	(20.71)	
Decrease in retained earning	<u>(20.71)</u>	



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

44 Explanation of Transition to Ind AS: (continued)

e Actuarial gain and loss:

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit and loss. Accordingly, actuarial loss recognised in the Statement of profit and loss has been recognised under other comprehensive income under Ind AS for the year ended 31 March 2016. However, this has no impact on total comprehensive income and total equity as on 31 March 2016.

The impact arising from the change is summarised as follows:

Statement of profit and loss	31-Mar-16
Decrease in employee benefits expenses	(13.38)
Decrease in other comprehensive income	13.38
Change in total comprehensive income	-

f Deferred tax assets (net) :

The above changes (decrease)/ increased the deferred tax liability as follows based on a tax rate of 34.61%:

	Note	31-Mar-16	1-Apr-15
Property, plant and equipment	a	9.34	8.89
Borrowings at amortised cost	b	502.33	986.78
Others - prior period errors		(415.96)	(573.89)
MAT credit entitlement		(1,434.28)	(1,019.52)
		<u>(1,338.57)</u>	<u>(597.74)</u>

g Retained earnings :

The above changes decreased/ (increased) retained earnings as follows:

	Note	31-Mar-16	1-Apr-15
Property, plant and equipment	a	3,925.75	3,969.08
Borrowings at amortised cost	b	(949.14)	(1,864.52)
Deferred tax	f	(415.96)	(573.89)
Others - prior period errors	d	20.71	-
		<u>2,581.36</u>	<u>1,530.67</u>



Sunfresh Agro Industries Private Limited

Notes to financial statements as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

45. Related party disclosure

(a) Key Management Personnel (KMP)

Mr. Sarangdhar R. Nirmal, Director
Mr. Vivek S. Nirmal, Managing Director
Mr. Raviraj Vadhane, Chief Financial Officer (from 27 April 2016)
Mr. Amit Gala, Chief Financial Officer (from 12 December 2015 upto 26 April 2016)
Mr. Keyur Shah, Chief Financial Officer (upto 11 December 2015)
Ms. Anurag Pandya, Company Secretary
Mr. Anil Goel (upto 15 March 2017)
Mr. Kishor Nirmal
Mr. Arvind Nirmal (upto 28 November 2015)

(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 (refer note a)

Holding Company

Cheese Land Agro (India) Private Limited

Ultimate Holding Company and significant shareholder

Prabhat Dairy Limited

Relatives of KMPs :

Mrs. Vijaya S. Nirmal
Mrs. Nidhi V. Nirmal
Mrs. Sneha Nirmal Astunkar
Mrs. Nisha Nirmal
Mrs. Mamta Goel

Enterprises / proprietary concerns in which KMPs or their relatives exercise significant influence :

Prabhat Agro. Multi State Co-Operative Society Limited

c) Disclosure of related party transactions:

Particulars	Ultimate Holding Company	Holding Company	KMP/Relatives of KMP *	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Purchase of good					
Prabhat Dairy Limited	53,867.24 (48,852.68)	-	-	-	53,867.24 (48,852.68)
Prabhat Agro Multi State Co-Operative Society Limited	-	-	-	418.30 (422.60)	418.30 (422.60)
Purchase of services					
Prabhat Dairy Limited	(57.11)	-	-	-	(57.11)
Sale of good					
Prabhat Dairy Limited	7,605.86 (3,080.89)	-	-	-	7,605.86 (3,080.89)
Finance cost					
Cheese Land (India) Private Limited (refer note 48)	-	1,451.47 (1,364.02)	-	-	1,451.47 (1,364.02)
Managerial remuneration					
Vivek S Nirmal	-	-	36.00 (36.00)	-	36.00 (36.00)
Kishor R. Nirmal	-	-	(36.67)	-	(36.67)
Arvind J. Nirmal	-	-	(36.67)	-	(36.67)
Salary					
Raviraj Vahadane	-	-	6.04	-	6.04
Kishor R. Nirmal	-	-	55.00 (18.33)	-	55.00 (18.33)
Anil Goel	-	-	42.96 (40.41)	-	42.96 (40.41)
Anurag Pandya	-	-	7.75 (4.49)	-	7.75 (4.49)
Relatives of KMPs	-	-	14.25 (7.94)	-	14.25 (7.94)
Issue of Equity Shares					
Prabhat Dairy Limited	110.43 (1,441.96)	-	-	-	110.43 (1,441.96)



Sunfresh Agro Industries Private Limited

Notes to financial statements

as at 31 March 2017 (continued)

45. Related party disclosure (continued)

Particulars	Ultimate Holding Company	Holding Company	KMP/Relatives of KMP *	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Security Premium					
Prabhat Dairy Limited	1,126.41 (14,708.02)	-	-	-	1,126.41 (14,708.02)
Borrowings Repaid					
Cheese Land (India) Private Limited	-	(755.31)	-	-	(755.31)
Balances outstanding at the end of the year					
Advances to suppliers					
Prabhat Dairy Limited	5,919.58	-	-	-	5,919.58
Prabhat Agro Multi State Co-Operative Society Limited	-	-	-	112.65	112.65
Trade Payables					
Prabhat Dairy Limited	(4,970.81)	-	-	-	(4,970.81)
Prabhat Agro Multi State Co-Operative Society Limited	-	-	-	(50.60)	(50.60)
Employee benefits payable					
Vivek S Nirmal	-	-	3.00 (3.00)	-	3.00 (3.00)
Kishor R. Nirmal	-	-	4.58 (4.58)	-	4.58 (4.58)
Raviraj Vahadane	-	-	3.02	-	3.02
Anil Goel	-	-	2.37 (3.69)	-	2.37 (3.69)
Anurag Pandya	-	-	0.65 (0.64)	-	0.65 (0.64)
Relatives of KMPs	-	-	0.79 (1.22)	-	0.79 (1.22)
Post employment defined benefit					
Vivek S Nirmal	-	-	4.35 (3.99)	-	4.35 (3.99)
Kishor R. Nirmal	-	-	6.62 (6.12)	-	6.62 (6.12)
Raviraj Vahadane	-	-	0.50	-	0.50
Anil Goel	-	-	(2.43)	-	(2.43)
Anurag Pandya	-	-	0.15 (0.09)	-	0.15 (0.09)
Relatives of KMPs	-	-	(0.29)	-	(0.29)
Borrowings **					
Cheese Land (India) Private Limited	-	11,553.98 11,553.98	-	-	11,553.98 11,553.98

Notes:

- a) Trust and enterprise which directly controls reporting Company and in which KMPs are interested.
b) Figures in bracket relate to the previous year.

* The Company has taken Land on lease from Directors and relatives of directors for a period ranging from 15 years to 29 years starting from December, 2006. In terms of the said lease agreement, the Company is required to pay an annual rent of Rs. 12,862 p. a. However the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till 31 March 2017 has been waived and that the Company is not required to pay any lease rent for the above referred period. Accordingly the said transaction has not been disclosed above.

** Amortised cost as at 31 March 2017 Rs. 11,553.98 lakhs (31 March 2016: Rs. 10,102.51 lakhs).



Sunfresh Agro Industries Private Limited

Notes to financial statements as at 31 March 2017 (continued)

(Currency - INR in Lakhs, except share data)

46. Subsidy income under Package Scheme of Incentives (PSI) 2007

The Company has received an Eligibility Certificate from the Department of Industries, Government of Maharashtra under the Package Scheme of Incentives, 2007 ('Scheme') pursuant to which the Company is eligible to receive benefits in the form of Electricity Duty exemption, Stamp Duty exemption and Industrial Promotion Subsidy (in form of refund of Value Added Tax and Central Sales Tax), subject to fulfillment of certain conditions under the scheme. These benefits are in the nature of Government Grants in accordance with Indian Accounting Standard (Ind AS) 20 - Accounting for Government Grants and Disclosure of Government Assistance.

As per Ind AS 20, Government grants shall not be recognised until there is reasonable assurance that the entity will comply with the conditions attached to them; and the grants will be received. Until, previous year ended 31 March 2016, there was a uncertainty of the timings of the actual receipt of the admitted claim from the Government, which was subject to number of factors beyond the control of the Company. Management believed that reasonable assurance of receipt of grant will be established when sanction for the first disbursement of the claim is received by the Company. Therefore, the Company did not recognize income resulting from government grant on accrual basis during the previous year.

During the current year, the Company has received first disbursement sanction letter. Since, the Company has received first disbursement sanction letter, the management believes that there is now a reasonable assurance of receipt of grants accrued to the Company. Accordingly, during the current year, the Company has recognized income on accrual basis under the Scheme amounting to Rs. 3,303.73 lakhs (Rs. 1,412.26 lakhs for the year ended 31 March 2017 and Rs. 1,891.47 lakhs for periods prior to 1 April 2016).

Income accrued during the year ended 31 March 2017, relating to earlier periods being Rs. 1,891.47 lakhs, has been disclosed as an exceptional item.

Further, the Company has obtained an external tax expert opinion for treatment of the aforesaid income under the provisions of Income tax Act, 1961. Based on the said opinion the Company has reduced the above income from the tax block of fixed assets.

47. 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	0.15	3.84	3.99
Add : Permitted receipts	-	28.79	28.79
Less : Permitted payments	-	37.66	37.66
Less : Amount deposited in Banks	0.15	0.01	0.16
Add : Withdrawal from Banks	-	5.23	5.23
Closing cash in hand as on 30 December 2016	-	0.19	0.19

48. Loan from holding company

In the earlier years, the Company had obtained interest free loans from Chees Land Agro (India) Private Limited (CAIPL) (holding company) amounting to Rs 12,309.29 lakhs. As per the original repayment terms, part of the loan amounting to Rs 755.31 lakhs was repayable on 31 March 2016 and balance loan amounting to Rs 11,553.98 lakhs is repayable on 31 March 2017.

During the previous year ended 31 March 2016, the Company repaid Rs. 755.31 lakhs on due date.

As per the provisions of Ind AS 109 - "Financial Instruments" the aforesaid outstanding loans have been accounted at fair value on transaction date and carried at amortised cost at each balance date. With respect to interest free loans, the Company has accounted notional interest expense amounting to Rs. 1,364.02 lakhs and Rs. 1,451.47 lakhs for the year ended 31 March 2016 and 31 March 2017 respectively.

49. Prior year comparatives

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

50. The previous year's financial statements were audited by a firm other than B S R & Associates LLP.

For B S R & Associates LLP
Chartered Accountants
Firm Reg. No : 116231W/ W - 100024

Shiraz Vastani
Partner
Membership No. 103334
Place: Navi Mumbai
Date: 23 May 2017

For and on behalf of Board of directors of
Sunfresh Agro Industries Private Limited
CIN : U01122PN2007PTC129505

Sarangdhar R Nirmal
Director
DIN: 00035234

Raviraj Vahadane
Chief Financial Officer
Place: Navi Mumbai
Date: 23 May 2017

Vivek S Nirmal
Managing Director
DIN: 00820923

Anurag Pandya
Company Secretary

