Notes

to the financial statements for the year ended 31 March 2020

1. Reporting Entity

Prabhat Dairy Limited ("Prabhat" or "the Company") is a public Company domiciled and headquartered in India. The Company was incorporated on 25 November 1998 as a Private Limited Company and converted to a Public Limited Company on 19 March 2015. Consequent to completion of the its Initial Public Offering ('IPO'), the equity shares of the Company were listed on the National Stock Exchange of India Limited and Bombay Stock Exchange of India Limited on 21 September 2015.

The Company is engaged in the business of trading and manufacturing of cattle feed and animal nutrition product.

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

The Company also has incorporated Shrirampur Agri Solutions Private Limited ('wholly owned subsidiary Company), wherein there was no business as on March 31st, 2020.

2. Basis of Preparation

2.1 Statement of compliance with Ind AS

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

The financial statements were authorized for issue by the Company's Board of Directors on 08 October 2020.

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

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

2.2 New and amended standards adopted by the company

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

- IND AS 115, Revenue from contract with customers The Company has adopted IND AS 115 using the modified retrospective method as suggested in para C7 of transition provision of IND AS 115.

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

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

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakh to two decimal points, unless otherwise indicated.

2.4 Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations
Assets held for sale	Lower of carrying value as per the respective Ind AS and Fair value less cost to sell

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon

Notes

to the financial statements for the year ended 31 March 2020

the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 3 for detailed discussion on estimates and judgments.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2020 is included in the following notes:

- Note 12 – recognition of deferred tax assets and MAT credit entitlement: availability of future taxable profit against which deferred tax assets and MAT credit entitlement can be utilized;

- Note 13 – Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

- Note 37 – the Company has received some orders and notices from tax authorities in respect of direct taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and makes provisions for probable losses. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate; and;

- Note 42– Fair value measurements and valuation processes

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

- Note 41– measurement of defined benefit obligations: key actuarial assumptions;

- Impairment of non-financial assets

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

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

Notes

to the financial statements for the year ended 31 March 2020

- Impairment of financial asset

The Company recognizes loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortized cost except investment in equity instruments. At each reporting date, the Company assesses whether the above financial assets are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2.6 Measurement of fair values

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

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

Significant valuation issues are reported to the Company's audit committee.

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 46 – Financial instruments.

2.7 Current-non-current classification

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

Assets

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

a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within 12 months after the reporting date; or

d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liabilities

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

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be settled within 12 months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Notes

to the financial statements for the year ended 31 March 2020

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

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

Operating cycle

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

3. Significant accounting policies

3.1 Revenue recognition

a) Revenue from contracts with customers

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

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

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

b) Interest income

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

c) Other

Other items of income are accounted as and when the right to receive payment is established.

3.2 Financial instruments

Recognition and initial measurement

Trade receivables and loans given are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

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

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

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

Notes

to the financial statements for the year ended 31 March 2020

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

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

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

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

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Classification and subsequent measurements

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

Financial assets: Subsequent measurement gains and losses

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

Notes

to the financial statements for the year ended 31 March 2020

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Offsetting

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

3.3 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and cost of the item can be measured reliably. The carrying value of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the year in which they are incurred.

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

Notes

to the financial statements for the year ended 31 March 2020

Depreciation

Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and appropriate disclosure is made in the financial statements.

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

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

Category of asset	Useful life followed (in years)	Useful life as per Schedule II (in years)
Factory Building	15-40	30
Electrical installations	10	10
Plant and equipment	10	15*
Office equipment	3	10
Furniture & Fixtures	16	10
Vehicle	10.56	15
Computers	3	3

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

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

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

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

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

3.4 Intangible assets

Intangible fixed assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured. Intangible fixed assets are initially recorded at their acquisition price.

Intangible fixed assets comprising computer software amortised over its estimated useful life of 3 years on a straight line basis, commencing from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset.

Amortization method and useful lives of the intangible fixed assets are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed to reflect the changed pattern.

3.5 Impairment

Impairment of financial instruments

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

Notes
to the financial statements for the year ended 31 March 2020

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

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

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

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

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

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

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

Presentation of allowance for expected credit losses in the balance sheet.

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

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

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

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

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

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

Notes

to the financial statements for the year ended 31 March 2020

3.6 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade and stores and spares are carried at the lower of cost and net realisable value. Cost of inventories comprise cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining cost "First in First out" method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

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

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

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

3.7 Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

3.8 Foreign currency transaction

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

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

Notes

to the financial statements for the year ended 31 March 2020

3.9 Income tax

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

Current tax

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

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of tax credits. Deferred tax is not recognised for:

- Temporary differences, related to investments in subsidiaries (in relation to undistributed profits), to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

Minimum Alternate Tax (MAT)

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

3.10 Provisions and contingencies

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

Notes

to the financial statements for the year ended 31 March 2020

Contingencies

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

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

3.11 Leases

Assets held under leases

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

3.12 Borrowing cost

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

3.13 Government Grants

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

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

3.14 Segment reporting

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

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

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

3.15 Contributed equity

Equity shares are classified as equity share capital.

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

3.16 Assets classified as held for sale

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

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

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programmed to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

Notes

to the financial statements for the year ended 31 March 2020

- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

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

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

3.17 Earnings per share

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

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

3.18 Cash and cash equivalents

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

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

3.19 Dividend

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

3.20 Standards (including amendments) issued but not yet effective

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

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

Notes

to the financial statements for the year ended 31 March 2020

4. Revenue from operations

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Sales of products and services		
Sale of products	49,124.01	7,153.54
Sale of services	36.10	-
	49,160.11	7,153.54

5. Other income

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest income		
from banks	2,952.60	-
Short Term capital gain (Mutual fund)	67.66	
	3,021.73	-

6. Purchase of stock-in-trade

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
	51,648.28	6,698.20

7. Changes in inventories of Stock in Trade

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Inventories at the beginning of the year :		
Stock-in-trade	24.36	78.80
Less:		
Inventories at the end of the year:		
Stock-in-trade	85.40	24.36
	-	
Changes In Inventories:		
Stock-in-trade	(61.04)	54.44
	-	-
(Increase)/ decrease in inventory	(61.04)	54.44

Notes
to the financial statements for the year ended 31 March 2020

8. Employee benefit expense

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Salaries, wages and allowances	504.73	105.72
Contribution to provident and other funds (refer note 41)	24.41	4.11
Gratuity expense (refer note 41)	-	2.35
Staff welfare expenses	-	4.03
	529.14	116.21

9. Finance costs

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest on borrowings	29.88	-
Delayed payment of tax	0.00	-
	29.88	-

10. Other expenses

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Harvesting, Packing and Processing charges	8.90	-
Consumption of stores and spare parts	-	-
Repairs and maintenance	-	-
- Machinery	-	-
- Others	5.22	-
Rent including lease rentals (refer note 37)	29.60	-
Rates and taxes	12.77	-
Insurance	13.14	-
Power and fuel	20.99	-
Labour charges	1.06	-
Selling and promotion expenses	7.59	-
Printing & Stationery	7.45	-
Transport and forwarding expenses	24.22	-
Travelling and conveyance	55.00	-
Legal and professional expenses	254.60	-
Payment to auditors (refer note 39)	29.27	-
Corporate Social Responsibility (CSR) (refer note 40)	45.30	1.29
Directors sitting fees	20.25	-
Miscellaneous expenses	622.45	-
	1,157.81	1.29

Notes

to the financial statements for the year ended 31 March 2020

11. Statement of other comprehensive income

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

		For the year ended 31-Mar-20	For the year ended 31-Mar-19
i)	Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plan	-	26.49
		-	**26.49**

12. Tax expense

12.1 Amounts recognised in profit and loss

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Current tax		
Current tax on the profit for the year	790.00	269.99
Adjustment of current tax of prior periods	1.54	46.32
Current tax expense	791.54	**316.31**
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences (refer note ())	-	(365.62)
MAT credit relating to prior years	-	(55.16)
Deferred tax expense		(420.78)
Tax expense for the year	791.54	(104.47)
Tax expense / (credits) for the year attributable to :		
Continuing operations	791.54	95.83
Discontinuing operations	-	(200.30)
	791.54	**(104.47)**

12.2 Amounts recognised in other comprehensive income

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

	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	-	-	-	-	26.49	26.49
	-	-	-	-	26.49	26.49

Notes

to the financial statements for the year ended 31 March 2020

12.3 Reconciliation of effective tax rate

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

	31/Mar/20		31/Mar/19	
Profit before tax from continuing operations		(11,219.73)		283.40
Profit before tax from discontinued operations		-		277.38
Profit Before Tax		(11,219.73)		560.78
Tax using the company's domestic tax rate of 34.94% (2019 : 34.94%)	(7.05%)	791.54	34.94%	195.95
Tax effect of:				
Effect of non deductible expenses			(0.72%)	(4.07)
Deferred tax on assets held for sale			(8.40%)	(47.11)
Effect of tax exempt income			(38.78%)	(217.49)
Effect of additional allowances for tax purposes			(3.57%)	(20.03)
Effect of previous year adjustments			(1.58%)	(8.84)
Others			(0.51%)	(2.87)
	(7.05%)	791.54	**(18.63%)**	**(104.47)**

12.4 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-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Property, plant and equipment		-	827.37	(827.37)	827.37	(827.37)
Intangible assets	(0.78)	0.78		-	(0.78)	0.78
investments at fair value through profit and loss	(110.98)	110.98		-	(110.98)	110.98
On transaction advisory services	(333.22)	333.22		-	(333.22)	333.22
Provision for doubtful debts	-	-		-	-	-
Employee benefits	(7.44)	7.44		-	(7.44)	7.44
Expenses related to IPO	(40.62)	40.62		-	(40.62)	40.62
MAT Credit Entitlement	(384.18)	384.18		-	(384.18)	384.18
Deferred tax (assets)/ liabilities	(877.23)	**877.21**	827.37	**(827.37)**	(49.84)	**49.84**

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

Deferred tax includes liability of Nil (31 March 2019: ₹ 382.39 lakhs) on account of assets and liabilities classified as held for sale

Notes

to the financial statements for the year ended 31 March 2020

12.5. Movement in deferred tax balances

	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2020
Deferred tax asset/ (liabilities)				
Property, plant and equipment	(827.37)	827.37		-
Intangible assets	0.78	(0.78)		-
Investments	110.98	(110.98)		-
On transaction advisory services	333.22	(333.22)		-
Provision for doubtful debts	-	-	-	-
Employee benefits	7.44	(7.44)		-
Expenses related to IPO	40.62	(40.62)		-
Tax assets/ (Liability)	**(334.33)**	**334.33**	**-**	-
Set off tax	384.18	(384.18)	-	-
Net tax assets/ (liability)	**49.84**	**(49.85)**	**-**	-

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

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

The Company has unused tax credit in the form of MAT credit amounting to ₹ 604.48 Lakhs (2019 : ₹ 384.18 lakhs) that are available for offsetting for 15 years against future tax payable by the Company. These will expire from FY 2029-30 to FY 2033-34

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

During the year deferred tax assets of ₹ 49.84 lakhs is transferred to reserve as same was relating to the discontinued business and recoverability of the same is not possible.

Notes

to the financial statements for the year ended 31 March 2020

13. Property, plant and equipment and intangible assets

Reconciliation of carrying amount

Particulars	Freehold land	Electrical Installation	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total (A)	Software (B)	Total (A+B)
Cost (gross carrying amount)				-							
Balance as at 01 April 2018	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-
Balance as at 01 April 2019	-	-	-	-	-	-	-	-	-	-	-
Additions	-	11.19	30.06	14.41	18.60	134.99	12.93	26.19	248.37	2.94	251.31
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	**11.19**	**30.06**	**14.41**	**18.60**	**134.99**	**12.93**	**26.19**	**248.37**	**2.94**	**251.31**
Balance as at 01 April 2018		-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation for the year	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-
Balance as at 01 April 2019	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation for the year	-	0.38	0.50	1.10	0.31	11.30	0.58	5.60	19.77	0.35	20.12
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	**0.38**	**0.50**	**1.10**	**0.31**	**11.30**	**0.58**	**5.60**	**19.77**	**0.35**	**20.12**
As at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2020	-	**10.81**	**29.56**	**13.31**	**18.28**	**123.70**	**12.35**	**20.58**	**228.60**	**2.59**	**231.19**

i) **Contractual Obligations**

Refere to Note 37 for disclose of contractual commitments for the acuisision of property, plant and equipement

14. Capital work in progress

Reconciliation of carrying amount

Particulars	Electrical Installation	Building	Plant and Machinery	Furniture and fixture	Vehicles	Office Equipments	Computers	Software	Total
Cost (gross carrying amount)									
Balance as at 01 April 2018		**8.63**	**160.32**	-	-	-	-	-	**168.95**
Additions		63.64	958.74	5.39		-	198.56	-	1,226.33
Capitalised during the year		(72.27)	(1,040.47)	(5.39)		-	(98.90)	-	(1,217.03)
Held for sale	-	-	(78.59)				(99.66)	-	(178.25)
Balance as at 31 March 2019	-	-	-	-	-	-	-	-	-
Balance as at 01 April 2019	-	-	-	-	-	-	-	-	-
Additions	11.19	30.06	14.41	18.60	134.99	12.93	26.19	-	248.37
Capitalised during the year	(11.19)	(30.06)	(14.41)	(18.60)	(134.99)	(12.93)	(26.19)	-	(248.37)
Balance as at 31 March 2020	-	-	-	-	-	-	-	-	-

Notes

to the financial statements for the year ended 31 March 2020

15. Investments

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Equity shares at cost		
(i) Subsidiaries		
2,999,999 (31 March 2019: 99,999;) equity shares of ₹ 10 each shares of Cheese Land Agro (India) Private Limited	3,258.00	3,258.00
Equity shares at FVTPL		
(ii) Others		
a) 2 Shares (31 March 2019 : 2) of ₹ 100 each of Abhyudaya Co-operative Bank	-	-
	3,258.00	3,258.00
Aggregate amount of unquoted investments	3,258.00	3,258.00

ii) The following shall also be disclosed:

16. Other non-current financial assets

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Security deposits	-	-
Other receivables - Govt Authorities	-	-
Margin money deposits	-	-
Interest accrued but not due on fixed deposits - non -current	-	-
Fixed deposits with bank	-	-
	-	-

17. Other non-current assets

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Capital advances	-	-
- Considered good	-	-
- Considered doubtful	-	-
Less: Loss allowance	-	-
Prepaid Expenses	-	-
VAT receivable	-	-
	-	-

Notes

to the financial statements for the year ended 31 March 2020

18. Inventories

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

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Raw and packing material [including goods-in-transit NIL (31 march 2019: NIL)]	17.85	-
Finished goods [including goods-in-transit of ₹ NIL (31 march 2019: ₹ NIL]	67.55	
Stock-in-trade [including goods-in-transit of ₹ NIL (31 march 2019: NIL]	-	24.36
	85.40	24.36

*Valued at the lower of cost or net realisable value

19. Trade receivables

(Unsecured)

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
- Considered good	9,238.37	50.08
- Considered doubtful	-	-
Net Trade receivable	9,238.37	50.08

The Company's exposure to credit risk and loss allowances related to trade receivable are disclosed in note 42

20. Cash and cash equivalents

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Bank balances and cash equivalents	-	695.65
Cash on hand	0.70	-
	0.70	695.65

21. Bank balances other than cash and cash equivalents

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Deposits with banks	49,595.70	105.00
	49,595.70	105.00

Notes

to the financial statements for the year ended 31 March 2020

22. Current financial assets- Loans

(Unsecured, considered good)

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
To related parties		
Loans to Cheeseland Agro (India) Private Limited (Note no 43)	-	527.83
Recoverable from Directors (Refer Note 43)		70.00
To parties other than related parties		
Loans & Advances	7,131.42	-
	7,131.42	597.83

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

23. Other current financial assets

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
GST Receivable	61.17	-
Security deposits	7.97	-
Other receivables - Govt Authorities	287.20	-
Interest accrued on Bank Deposit	80.15	-
	436.49	-

24. Other current assets

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Other current assets	2.46	-
	2.46	-

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

Notes

to the financial statements for the year ended 31 March 2020

25. Share Capital

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Authorised :		
100,000,000 (31 March 2019: 100,000,000) Equity shares of ₹ 10 each with voting rights	10,000.00	10,000.00
	10,000.00	10,000.00
Issued and Subscribed and Paid up:		
97,676,131 (31 March 2019 : 97,676,131) equity shares of ₹ 10 each with voting rights	9,767.61	9,767.61
	9,767.61	9,767.61

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

Particulars	As at 31-Mar-2020		As at 31-Mar-2019	
	No. of shares	Amount	No. of shares	Amount
At the commencement of the year				
Equity shares	97,676,131	9,767.61	97,676,131	9,767.61
Add: - Equity Shares of Re. 10 each issued	-	-	-	-
At the end of the year				
- Equity shares with voting rights	97,676,131	9,767.61	97,676,131	9,767.61

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

During the year ended 31 March 2015, after consolidation of equity shares, the Company had issued 66,666,796 fully paid up bonus shares in the ratio of 14 bonus shares against every 1 equity share of ₹ 10/- each held by the shareholders on 12 March 2015, by utilising share premium.

25.3 Rights, preferences and restrictions attached to the shares:

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

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

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

Name of shareholder	As at 31-Mar-2020		As at 31-Mar-2019	
	No. of shares	% held	No. of shares	% held
Nirmal Family Trust	45,560,584	46.64%	45,560,584	46.64%
India Agri Business Fund Limited	14,038,044	14.37%	14,038,044	14.37%
Societe De Promotion Et De Participation Pour La Cooperation Economique	8,477,429	8.68%	8,477,429	8.68%
Vistra ITCL India Ltd (formerly known as IL and FS Trust Company Limited)	7,391,226	7.57%	7,391,226	7.57%

Notes

to the financial statements for the year ended 31 March 2020

26 Other equity:

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

		As at 31-Mar-20	As at 31-Mar-19
Capital reduction reserve			
At the commencement and at the end of the year	(A)	2,960.10	2,960.10
Securities premium reserve			
At the commencement and at the end of the year	(B)	35,601.33	35,601.33
(i) Retained earnings			
Opening balance		9,485.84	8,820.59
Net profit for the period		(12,011.27)	665.25
Dividends			
Final dividend paid (₹ 0.40 per share)		-	-
Dividend distribution tax on above		-	-
Closing balance	('C)	(2,525.43)	9,485.84
(ii) Other items of OCI			
Opening balance		33.45	6.96
Remeasurement of post-employment benefit obligation		-	26.49
Closing balance	(D)	33.45	33.45
Total (A) + (B) + ('C) + (D)		36,069.45	48,083.35

Nature and purpose of other reserves

Capital Reduction Reserve

Capital reduction reserve is reserve in capital nature. The reserve will be utilised inaccordance with the provisions of the Companies Act, 2013

Securities premium reserve

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

Retained earnings

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

Remeasurement of defined benefit liability (asset)

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

27 Earnings per share (EPS)

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

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

		As at 31-Mar-20	As at 31-Mar-19
Profit for the year from continuing operations	A	(12,011.27)	187.57
Profit for the year from discontinuing operations	B	-	477.68
Total Comprehensive income for the year	C	(12,011.27)	691.74
Weighted average number of equity shares of face value of ₹ 10 each outstanding	D	97,676,131	97,676,131
Basic and Diluted earnings per equity share			
- from continuing operations (₹)	A/D	(12.30)	0.19
- from dicontinuing operations (₹)	B/D	-	0.49
- from continuing and discontinuing operations (₹)	C/D	(12.30)	0.71

Notes

to the financial statements for the year ended 31 March 2020

28. Borrowings

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
From banks	-	-
	-	-

29. Trade payables

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,314.96	260.73
	8,314.96	260.73

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

Note:

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

30. Other financial liabilities

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Current maturities of long-term debt		
Secured		
Term loans	-	-
Employee benefits payable*	-	31.12
Statutory dues payables	3.78	-
Others	44.32	-
	48.10	31.12

* Includes payable to Directors ₹ Nil (31 March 2019: ₹ 4.98 lakhs)

31. Other current liabilities

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Advances from customers	1,406.03	-
Others Liabilities	68,555.64	10.18
	69,961.67	10.18

Notes

to the financial statements for the year ended 31 March 2020

32. Provisions

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Provision for employee benefits		
Gratuity (refer note 41)	-	22.30
Other provision :		
Other provision	21.79	-
	21.79	22.30

33. Current tax liabilities (net)

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

	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Current tax liabilities [net of advance tax]	506.83	47.27
	506.83	47.27

34. Discontinued operations

34.1. Description

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

During the year ended March 31, 2019, the Group companies received all the critical approvals and post completing the conditions precedent to the deal, the control was handed over to the buyer w.e.f. April 2, 2019.

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

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

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

Notes

to the financial statements for the year ended 31 March 2020

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

34.2. Financial performance and cash flow information for the year 2019-20 and corresponding previous year 2018-19

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

	For the year 31-Mar-20	For the year 31-Mar-19
Revenue	52,181.84	1,91,786.11
Expenses	63,401.57	1,91,508.73
Profit before tax	(11,219.73)	**277.38**
Income tax expenses		
Current tax (expense)	(791.54)	220.49
Deferred tax credit		(420.79)
Total tax (expense) / credit	(791.54)	**(200.30)**
Profit for the year from discontinued operations	(12,011.27)	**477.68**
Other comprehensive income (OCI) from discontinued operation		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of employee benefit obligations	-	26.49
Income tax related to items that will not be reclassified to profit or loss	-	-
Other comprehensive income for the year, net of tax	-	**26.49**
Total Comprehensive income	(12,011.27)	**504.17**

34.3. Net Cash flow from discontinued operations / Continuing operations (March 2020)

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

	For the year 31-Mar-20	For the year 31-Mar-19
Net cash inflow/(outflow) from operating activities	48,693.93	9,973.24
Net cash inflow/(outflow) from investing activities	101.82	6,602.66
Net cash inflow/(outflow) from financing activities	-	21,176.31

35. Segment Information.

35.1. Description of segments and principal activities

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

1: Processing of milk and manufacturing of dairy products

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

2: Cattle Feed

This part of the business deals in trading of cattle feed. The CODM monitors the perfomance in cattle feed.

Notes

to the financial statements for the year ended 31 March 2020

35.2. Segment wise Revenue, Results and Capital Employed for year ended March 31, 2019 and corresponding year ended March 31, 2018

Sr. No.	Particulars	Year Ended 31 Mar 2020	31 Mar 2019
1	Segment Revenue from operations		
	(i) Processing of milk and manufacturing of dairy products (Discontinued operation)	-	190,761.29
	(ii) Cattle feed (Continuing operation)	49,160.11	7,153.54
	Total	49,160.11	197,914.83
2	Segment Results		
	(i) Processing of milk and manufacturing of dairy products (Discontinued operation)	-	277.38
	(ii) Cattle feed (Continuing operation)	(11,219.73)	283.40
	Total	(11,219.73)	560.78
3	Segment Assets		
	(i) Processing of milk and manufacturing of dairy products (Assets classified as held for sale)	129,879.27	127,234.39
	(ii) Cattle feed (Continuing operation)	199,858.99	5,063.93
		329,738.27	132,298.32
	Total Assets	329,738.27	132,298.32
4	Segment Liability		
	(i) Processing of milk and manufacturing of dairy products (Liabilities classified as held for sale)	75,168.59	74,075.76
	(ii) Cattle feed (Continuing operation)	154,021.93	371.60
		229,190.52	74,447.36
	Total Liabilities	229,190.52	74,447.36
5	Capital expenditure		
	(i) Processing of milk and manufacturing of dairy products (Liabilities classified as held for sale)	-	1,840.13
	(ii) Cattle feed (Continuing operation)	-	-
6	Depreciation & Amortization		
	(i) Processing of milk and manufacturing of dairy products (Expenses associated with assets classified as held for sale)	20.12	1,666.17
	(ii) Cattle feed (Continuing operation)	-	-
7	Non cash expenses other than Depreciation & Amortization		
	(i) Processing of milk and manufacturing of dairy products (Non Cash Expenses associated with assets classified as held for sale)	-	179.79
	(ii) Cattle feed (Continuing operation)	-	-
8	Revenue from customer more than 10% of revenue*		
	(i) Processing of milk and manufacturing of dairy products (Revenue associated with assets classified as held for sale)	-	-
	(ii) Cattle feed (Continuing operation)	-	2,442.04

* The revenue from customers more than 10% of revenue represents revenue from continuing operations.

Notes

to the financial statements for the year ended 31 March 2020

36. Revenue from contracts with customers

36.1. First time adoption

Effective April 1, 2018, the Company has adopted IND AS 115 using the modified retrospective method as suggested in para C7 of transition provision of IND AS 115. Adoption of IND AS 115 has no significant impact on revenue, profit before tax and profit after tax of the Company.

36.2. Disaggregation of revenue

The company derives revenue from the transfer of goods and services to its institutional & retail customers, at a point in time of milk and various milk products & cattle feed business.

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

	Year ended 31-Mar-2020			Year ended 31-Mar-2019		
	Milk & Milk Products	Cattle Feed	Total	Milk & Milk Products	Cattle Feed	Total
Sales of products and services						-
Sale of products	-	49,160.11	49,160.11	140,647.23	-	140,647.23
Sale of Traded Goods	-	-	-	49,836.78	7,153.54	56,990.32
Sale of services	-	-	-	218.31	-	218.31
Revenue from contract with customers	-	49,160.11	49,160.11	190,702.32	7,153.54	197,855.86
Add:Other operating revenue	-	3,021.73	3,021.73	58.97	-	58.97
Revenue from operations	-	52,181.84	52,181.84	190,761.29	7,153.54	197,914.83
Less: Revenue from disposal group classifed as held for sale	-		-	(190,761.29)		(190,761.29)
	-	52,181.84	52,181.84	-	7,153.54	7,153.54

(All revenue derived from India)

36.3. For assets related to contracts with customers refer note 18

36.4. Information on performance obligation

In case of goods, the Company satisfies performance obligation upon shipment in case of Ex-works and on delivery in case of door delivery terms. In case of services, performance obligation is satisfied upon completion of service. Payment terms are ranging from 30 to 90 days.

Sale of goods excludes Goods and service tax but includes excise duty collected from customers of Nil (31 March 2019: Nil). Sale of goods net of excise duty is ₹ 49,160.11 lakhs (31 March 2019: 190702.32 lakhs). Revenue from operations for periods up to 30 June 2017 includes excise duty. From 1 July 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations year ended 31 March 2020 is not comparable 31 March 2019.

Notes

to the financial statements for the year ended 31 March 2020

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

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

	As at 31-Mar-20	As at 31-Mar-19
a) Income Tax Matters [refer sub-note (i)]		
Financial year 2006-07	35.60	35.60
Financial year 2008-09	28.77	28.77
Financial year 2009-10	113.80	113.80
Financial year 2010-11	16.95	16.95
Financial year 2011-12	257.02	257.02

Notes:

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

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

	As at 31-Mar-20	As at 31-Mar-19
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		56.98
Other commitments (refer sub-note a)	-	0.90
	-	57.88

Notes:

a) The Company has taken land on lease from Directors and relatives of directors for a period ranging from 10 years to 30 years starting from October, 1999. In terms of the said lease agreement, the Company is required to pay an annual rent of ₹ 8,190 pa. However, the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till March 2017 has been waived and that the Company is not required to pay any lease rent for the above referred period.

b) **Contingent Liabilities and Commitments: -** The Company has entered into a Definitive Sale Agreement on January 21, 2019 with Tirumala Milk Products Private Limited (""The Buyer"") to sell the entire dairy business of Prabhat Dairy Limited vide a Business Transfer Agreement (BTA) and sale of its subsidiary Sunfresh Agro Industries Private Limited by way of a slump sale on a going concern basis for a total consideration of ₹ 1,70,000 Lakhs (excluding adjustment for net debt outstanding and working capital adjustment as agreed with the buyer). The aforesaid sale was subject to certain conditions precedent viz CCI, Shareholders, Bankers etc.

The deal was completed in April 2019 but working capital adjustments with Buyer are still open. Due to COVID-19, there was a nationwide lockdown, and the company could not complete the working capital adjustments and complete the business transaction with the buyer. The management believes that the same will be completed in a short time during the FY 2020-21. The accounting impact will be given once the transaction is completed.

The company has received ₹ 1,316.79 Crores as disclosed in the Annual report FY 2018-19 post debt repayment.

Notes

to the financial statements for the year ended 31 March 2020

With regard to said transaction Prabhat Dairy Ltd and its wholly owned subsidiary, i.e. Cheeseland Agro India Private Limited would like to disclose aggregate contingent liability of ₹438.00 Crores as divided under two heads:

a. As per the indemnity clause in the Business Transfer Agreement (BTA) and Share Purchase Agreement (SPA) performance guarantee agreed with the buyer is 12% of the transaction consideration. This indemnity is applicable for periods of 3, 5 and 7 years, respectively, for various purposes – ₹ 204.00 Crores

b. As per management estimate transaction costs and taxes at aggregate levels - ₹ 234.00 Crores

38. Operating leases

The Company has entered into operating lease arrangements for office space. Lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement and there are no non-cancellable arrangements. Total lease rental expenses for operating leases recognised in Statement of Profit and Loss is ₹ 1,80,000/-

39. Payment to auditors

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

	31-Mar-20	31-Mar-19
Statutory audit fees	25.15	20.00
Limited review **	4.12	6.00
Other services	-	-
Out of pocket expenses reimbursed	-	0.52
	29.27	26.52

*Figures are excluding goods and service tax (GST)

40. Corporate Social Responsibility (CSR)

As per provisions of section 135 of Companies Act 2013, the Company was required to spend ₹ 23.75 lakh (2019 : ₹ 28.08 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 ₹ 47.44 lakh (2019 : ₹ 35.31 lakhs) towards Corporate Social Responsibility activities.

The breakup of expenditure incurred on CSR activities during the year (April 2019 - March 2020):

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

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).	47.44	-	47.44

The breakup of expenditure incurred on CSR activities during the year (April 2018 - March 2019):

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

Particulars of CSR activity	Amount paid	Amount yet to be paid	Total Amount
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above (Majorly towards for Livelihood enhancement and rural development).	35.31	-	35.31

Notes

to the financial statements for the year ended 31 March 2020

41. Liabilities relateing 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 ₹ 23.28 lakhs (2019: ₹ 113.60 Lakhs). The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

a) Contribution to providend and other funds attributable to continuing oprations charged to statement of profit & loss Account

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

	As at 31-Mar-20	As at 31-Mar-19
Total Contribution to Providend and other funds	23.28	113.60
Less:- Contribution to providend and other funds attributable to discontinuing operations	-	109.49
Contribution to providend and other funds attributable to continuing operations	23.28	**4.11**

(ii) Defined Benefit Plan:

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

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

	As at 31-Mar-20	As at 31-Mar-19
Defined benefit obligation as at the end of the year		237.37
Defined benefit Plan Assets as at the end of the year		151.29
Liability for Gratuity Net liability recognised in the Balance Sheet as at the end of the year	-	**86.08**
Non-current	-	-
Current	-	86.08
Net liability gratuity recognised in the Balance Sheet as at the end of the year attributable to discontinuing operations	-	63.78
Net liability gratuity recognised in the Balance Sheet as at the end of the year attributable to continuing operations	1.81	22.30

Notes

to the financial statements for the year ended 31 March 2020

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

	As at 31-Mar-20	As at 31-Mar-19
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	237.37	199.30
Current service cost	-	58.48
Past Service cost	-	
Interest cost	-	14.99
Settlement cost / (credit)	-	(9.23)
Benefits paid	-	-
Actuarial (gains) / losses recognised in other comprehensive income		
- experience adjustment	-	(26.17)
	237.37	237.37
ii. Reconciliation of present value of defined benefit Plan		
Fair value of plan assets as at beginning of the year	151.29	74.09
Contribution made during the year		73.11
Transfer in / (Out)		3.26
Mortality charges		(3.21)
Return on plan assets		8.36
Actuarial (gains) / losses recognised in other comprehensive income		(4.64)
- experience adjustment		0.32
		-
Fair value of plan Assets	151.29	**151.29**
iii. Amounts to be recognised in the Balance Sheet		
Present value of defined benefit obligation	237.37	237.37
Defined benefit Plan Assets		151.29
Net liability recognized in Balance Sheet	237.37	**86.08**
Net gratuity liability attributable to discontinuing operations	-	63.78
Net gratuity liability attributable to continuing operations	22.30	22.30
iv. Expenses recognised in the Statement of Profit and Loss		
Current service cost	-	58.48
Past Service cost	-	-
Interest cost	-	14.99
Return on plan assets	-	(8.36)
	-	**65.11**
Gratuity liability attributable to discontinuing operations		62.76
Gratuity liability attributable to continuing operations		2.35
v. Remeasurement reconised in other comprehensive income		
Actuarial (gain)/ losses on defined benefit obligation	-	(26.17)
Actuarial (gain)/ losses on defined benefit Plan assets	-	(0.32)
Net Actuarial (gain)/ losses	-	**(26.49)**

Notes

to the financial statements for the year ended 31 March 2020

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

	As at 31-Mar-20	As at 31-Mar-19
B. Defined benefit obligations		
i. Actuarial assumptions		
Principal actuarial assumptions at the reporting date (expressed as weighted averages).		
Discount rate (per annuam)		7.80%
Salary escalation rate		9.00%
Attrition rate		4.00%
Expected average remaining lives of employees (In Years)		14.61

Assumptions regarding future mortality have been based on published standard table in accordance with Indian Assured Lives Mortality (2006-08) ultimate. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

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-2020		31-Mar-2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)			(18.56)	22.39
Future salary growth (1% movement)			19.75	(16.83)
Attrition rate (1% movement)			(1.60)	1.84

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.

42. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The fair value of other current financial assets, cash and cash equivalents, trade receivables , investments, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

Carrying values of non-current security deposits and non-current term deposits are not significant and therefore the impact of fair value is not considered for above disclosure.

Notes

to the financial statements for the year ended 31 March 2020

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-20

	Note	Carrying amount			
		FVTPL	FVTOCI	Amotised Cost	Total
Financial assets measured at fair value					
Investments		-	-	-	-
Investments in Prefeerence share of Subsidiary				-	-
Financial assets		-	-	-	
Trade receivables		-	-	9,238.37	9,238.37
Cash and cash equivalents		-	-	0.70	0.70
Bank balances other than cash and cash equivalents		-	-	49,595.70	49,595.70
Current financial assets-Loans		-	-	7,131.42	7,131.42
Other non-current financial asset		-	-	436.49	436.49
Other current assets		-	-	2.46	2.46
		-	-	66,405.13	66,405.13
Financial liabilities					
Long term borrowings				-	-
Short term borrowings				-	-
Trade payables				8,314.96	8,314.96
Other current liabilities				69,961.67	69,961.67
Other current financial liabilities				48.10	48.10
		-	-	78,324.73	78,324.73

Quantitative disclosures fair value measurement hierarchy for assets and liabilities

	Fair Value			
	Level 1	Level 2	Level 3	Level 4
Investments	-	-	-	-

31-Mar-19

	Note	Carrying amount			
		FVTPL	FVTOCI	Amotised Cost	Total
Financial assets measured at fair value					
Investments		-	-	-	-
Financial assets not measured at fair value					-
Trade receivables		-	-	50.08	50.08
Cash and cash equivalents		-	-	695.65	695.65
Bank balances other than cash and cash equivalents		-	-	105.00	105.00
Loans		-	-	597.83	597.83
		-	-	1,448.56	1,448.56
Financial liabilities					
Trade payables		-	-	260.73	260.73
Other current financial liabilities		-	-	31.12	31.12
		-	-	291.85	291.85

Notes

to the financial statements for the year ended 31 March 2020

Quantitative disclosures fair value measurement hierarchy for assets and liabilities

	Fair Value			
	Level 1	Level 2	Level 3	Level 4
Investments	-	-	-	-

B. **Measurement of fair values**

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Long term borrowings (directly associated with assets classified as Held for Sale)	Discounted cash flow: The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate	Not applicable	Not applicable
Investment in Preference shares (directly associated with assets classified as Held for Sale)	Discounted cash flow: The valuation model considers the present value of expected payment, discounted using risk-adjusted discount rate	Not applicable	Not applicable

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

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

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

Valuation techniques used to determine fair value

Specific valuation techniques used to value the financial instruments include:

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

Valuation processes

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

Notes

to the financial statements for the year ended 31 March 2020

i. **Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established a Risk Management Framework which is reviewed and monitored by the Risk Management Committee. The Committee reports regularly to the board of directors on its activities.

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

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

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

ii. **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency). As on 31 March, 2020 and 31 March, 2019 there was no exposure in foreign currency of receivable as well as payable.

iii. **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's receivables from statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does not foresee any credit risks on deposits with regulatory authorities.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 and March 31, 2019 is the carrying amounts as mentioned in Note 13, 14 & 17 to 21.

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

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry / sector in which customers operate.

Notes

to the financial statements for the year ended 31 March 2020

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

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

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Revenue from top ten customer	27,411.13	5,568.17

Credit risk exposure

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

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

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

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Balance at the beginning	-	87.29
Impairment loss recognized/ (Reversed)	-	60.59
Provision for Impairment loss attributable to discontinued operations	-	(147.88)
Balance at the end	-	-

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

Cash and cash equivalents

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

iv. Liquidity risk

Liquidity risk is the risk that the company will not be able to meets its financial obligation as they become due.

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

As of 31 March 2020, the Company had a working capital of ₹ 42,347.87 Lakhs and as at 31 March 2019 of ₹ 54,259.95 lakhs. The working capital of the Company for this purpose has been derived as follows:

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

	31-Mar-20	31-Mar-19
Total current asset (A)	196,369.80	128,707.31
Total current liabilities (B)	154,021.93	74,447.36
Working capital (A-B)	42,347.87	54,259.95

The working capital as at 31 March 2020 calculated above includes cash and cash equivalents of ₹ 0.70 lakhs and deposits with banks of ₹ 49,595.70 lakhs. Also, the working capital as at 31 March 2019 calculated above includes cash and cash equivalents of ₹ 695.65 lakhs and deposits with banks of ₹ 105.00 lakhs.

Notes
to the financial statements for the year ended 31 March 2020

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-20

	Carrying amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Trade payables	8,314.96	(8,314.96)		(8,314.96)	-	-	-
Employee benefits payable	-	-	-	-	-	-	-
	8,314.96	(8,314.96)	-	(8,314.96)	-	-	-

31-Mar-19

	Carrying amount	Contractual cash flows					
		Total	6 months or less	6 - 12 months	1-2 years	2-5 years	More than 5 years
Trade payables	260.73	(260.73)		(260.73)	-	-	-
Employee benefits payable	31.12	(31.12)		(31.12)	-	-	-
	291.85	(291.85)	-	(291.85)	-	-	-

v. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

Exposure to currency risk

The company has no significant exposure to currency risk as on balance sheet date 31 March 2020 & 31 March 2019

	As at 31 March 2020		As at 31 March 2019	
	INR	EURO	INR	EURO
Financial liabilities				
Payable for purchase of fixed assets	-	-	-	-
Net exposure on respect of recognised liabilities	-	-	-	-

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

	Average rate		Year-end spot rate	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
EURO	80.08	78.84	83.10	77.05

Sensitivity analysis

As the Company does not have significant amount of transactions in foreign currency, a reasonably possible strengthening/ (weaking) of the Indian Rupee against EURO would not have a material impact on the profit or loss or equity.

vi. Interest rate risk

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

Notes

to the financial statements for the year ended 31 March 2020

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:

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

	31-Mar-20	31-Mar-19
Fixed-rate instruments	49,595.70	105.00
Financial assets	-	-
Financial liabilities		
Variable-rate instruments		
Financial liabilities		

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 ₹ 495.96 (31 March 2019: ₹ 1.05 lakhs). This analysis assumes that all other variables remain constant.

Cash flow sensitivity analysis for variable-rate instruments

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

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31-Mar-20				
Variable-rate instruments	-	-	-	-
Cash flow sensitivity	-	-	-	-
31-Mar-19				
Variable-rate instruments	-	-	-	-
Cash flow sensitivity	-	-	-	-

* for financial year ended 31 March 2020, fixed and variable instruments outstanding from continuing business considered for the analysis.

Capital Management

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

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

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

	31-Mar-20	31-Mar-19
Total debts	-	-
Less : Cash and cash equivalent and bank balances	49,596.40	800.65
Adjusted net debt	(49,596.40)	(800.65)
Total equity	45,837.07	57,850.96
Adjusted net debt to adjusted equity ratio	-108.20%	-1.38%

Notes

to the financial statements for the year ended 31 March 2020

43. Related party relationships, transactions and balances

a) **Individuals having control over the Company (Key management personnel)**

Mr. Sarangdhar R. Nirmal, Chairman & Managing Director

Mr. Vivek S. Nirmal, Joint Managing Director

Mr. Raviraj Vahadane, Chief Financial Officer (upto August 26, 2019)

Ms. Vishwajit Singh, Chief Financial Officer (w.e.f. March 16, 2020)

Ms. Dipti Todkar, Company Secretary

b) **Names of the related parties with whom transactions were carried out during the period and description of relationship :**

Trust which directly controls reporting Company and in which KMPs are interested.

Nirmal Family Trust

Nirmal Rural Multipurpose Institute

Subsidiary Companies

Cheese Land Agro (India) Private Limited

Sunfresh Agro Industries Private Limited

Shrirampur Agri Solutions Pvt. Ltd.

Relatives of key management personnel :

Mrs. Nidhi V. Nirmal

Mr. Kishor R. Nirmal

Mrs. Vijaya S. Nirmal

Mrs. Sneha Nirmal-Astunkar

Mr. Vishal Astunkar

Enterprises / proprietory concerns in which key management personnel or their relatives exercise significant influence :

Nirmal Gograss LLP

INR

Particulars	Entity which has a substantial interest in reporting Company and in which KMPs are interested	Subsidiary Company (Direct Holding)	Subsidiary Company (Indirect Holding)	KMP / relatives of KMP *	Enterprises / proprietory concerns in which key management personnel or their relatives exercise significant influence	Total
Purchase of goods:-						
Cheese Land Agro (India) Private Limited		6,928.06				6,928.06
		-				-
Sunfresh Agro Industries Private Limited						-
			(64,217.43)			(64,217.43)
Prabhat Agro. Multi State Co- Operative Society Limited						
					(5,513.95)	(5,513.95)
						-

Notes

to the financial statements for the year ended 31 March 2020

INR

Particulars	Entity which has a substantial interest in reporting Company and in which KMPs are interested	Subsidiary Company (Direct Holding)	Subsidiary Company (Indirect Holding)	KMP / relatives of KMP *	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Sale of goods:-						-
Sunfresh Agro Industries Private Limited			1,659.17			1,659.17
			(81,095.33)			(81,095.33)
Corporate SocialResponsibility (CSR) expenses						-
Nirmal Rural Multipurpose Institute					45.30	45.30
					(4.36)	(4.36)
						-
Fair Value loss on conversionof Preference Share						-
Sunfresh Agro IndustriesPrivate Limited						-
			(119.20)			(119.20)
						-
Unwinding of interest & Fair value adjustment on preference shares						-
Sunfresh Agro IndustriesPrivate Limited						-
			(778.89)			(778.89)
						-
Assignment of receivable & advance received						-
Sunfresh Agro IndustriesPrivate Limited						-
			(6,417.07)			(6,417.07)
						-
Cheese Land Agro (India)Private Limited						
		(16,793.32)				(16,793.32)
						-
Loan to subsidiary						-
Cheese Land Agro (India)Private Limited						-
		(17,241.15)				(17,241.15)
						-
						-
Managerial Remuneration						-
Sarangdhar R. Nirmal	-	-	-	22.00	-	22.00
	-	-	-	(22.00)	-	(22.00)
Vivek Nirmal	-	-	-	38.00	-	38.00
	-	-	-	(2.00)	-	(2.00)
						-
Salary						-
Raviraj Vahadane	-	-	-	15.00	-	15.00
	-	-	-	(36.22)	-	(36.22)
Priya Nagmoti				-		-
				(18.85)		(18.85)

Notes

to the financial statements for the year ended 31 March 2020

INR

Particulars	Entity which has a substantial interest in reporting Company and in which KMPs are interested	Subsidiary Company (Direct Holding)	Subsidiary Company (Indirect Holding)	KMP / relatives of KMP *	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Vishwajit Singh	-	-	-	16.58	-	16.58
	-	-	-	(16.58)	-	(16.58)
Dipti Todkar	-	-	-	23.00	-	23.00
	-	-	-	(10.21)	-	(10.21)
Relatives of KMPs	-	-	-	94.34	-	22.76
	-	-	-	(22.76)	-	(22.76)
				-		-
Lease Rent payment						-
Sarangdhar R. Nirmal	-	-	-	1.80	-	1.80
Loans and advances Recovered						
Cheese Land Agro (India) Private Limited	-	527.83	-	-	-	527.83
	-	-	-	-	-	-
						-
Investment in equity share						-
Cheese Land Agro (India) Private Limited	-	-				-
	-	-				-
Balances outstanding at the end of the year						-
						-
Investment held in equity shares by Company						-
Cheese Land Agro (India) Private Limited	-	3,258.00	-	-	-	3,258.00
	-	(3,258.00)	-	-	-	(3,258.00)
Sunfresh Agro Industries Private Limited (Including equity component of investment in preference shares)			18,525.70			18,525.70
			(18,525.70)			(18,525.70)
		-				-
**Investment held in 0.01% non cumulative Compulsory Convertible preference share ** **						-
Sunfresh Agro IndustriesPrivate Limited			18,588.64			18,588.64
			(18,588.64)			(18,588.64)
						-
Trade Payable						-
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	-	-	-
	-	-	-	-	(89.20)	(89.20)
Cheese Land Agro (India) Private Limited		1,200.97				1,200.97
		-				-

Notes

to the financial statements for the year ended 31 March 2020

INR

Particulars	Entity which has a substantial interest in reporting Company and in which KMPs are interested	Subsidiary Company (Direct Holding)	Subsidiary Company (Indirect Holding)	KMP / relatives of KMP *	Enterprises / proprietary concerns in which key management personnel or their relatives exercise significant influence	Total
Loan to subsidiary						-
Cheese Land Agro (India) Private Limited						-
		(527.83)				(527.83)
Advance to suppliers						-
Nirmal Rural Multipurpose Institution	-	-	-	-	-	-
	-	-	-	-	(18.00)	(18.00)
					-	-
Advance from customers						-
Sunfresh Agro IndustriesPrivate Limited						-
			(28,333.83)			(28,333.83)
						-
Recoverable from Director						-
Vivek Sarangdhar Nirmal						-
				(22.00)		(22.00)
Sarangdhar Ramchandra Nirmal						-
				(48.00)		(48.00)
						-
Employee Benefits Payable						-
Vivek Sarangdhar Nirmal	-	-	-	-	-	-
	-	-	-	(1.81)	-	(1.81)
Sarangdhar Ramchandra Nirmal	-	-	-	-	-	-
	-	-	-	(3.17)	-	(3.17)
						-
Post employment benefits						-
Vivek Sarangdhar Nirmal	-	-	-	-	-	-
	-	-	-	(6.00)	-	(6.00)
Sarangdhar Ramchandra Nirmal	-	-	-	-	-	-
	-	-	-	(20.00)	-	(20.00)
Dipti Todkar	-	-	-	-	-	-
	-	-	-	(0.24)	-	(0.24)
Relatives of KMPs	-	-	-	-	-	-
	-	-	-	(1.84)	-	(1.84)

Notes:

a) Figures in bracket relate to the previous year.

* The Company has taken Land on lease from Directors and relatives of directors for a period 10 years from April, 2019. In terms of the said lease agreement, the Company is required to pay an annual rent of ₹ 1.80 lakh p.a..

** Carrying value of Preference shares as on March 31, 2019 are at amortised cost .

Notes

With respect to transactions with related parties, the Company is of view that such transactions have been carried out at arms length and conditions/ provisions as laid down in section 188 of the Companies Act, 2013 have been complied with.

Outstanding balances at the year-end are unsecured and interest free. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related party.

44 Going Concern

Till the previous year, the cattle feed business constituted major business of the Company. The sale of Dairy business casts significant doubt on the entity's ability to continue as a going concern. However, no material uncertainty exists.

The Sale consideration receivable is higher than the net asset value of the Dairy business. The sales proceeds will be used to discharge all the liabilities of the Dairy business and the surplus will be used for distribution to shareholders after transaction costs, taxes and other indemnity commitments.

Post the sale of Dairy business, the Company intends to focus on cattle feed business and has proposed merger of its subsidiary Cheese Land Agro (India) Private Limited with itself, currently pending for approval with 'the Regional Directorate'.

Based on the projections for cattle feed business provided, the management of the Company is confident that it will be in the position to repay its liabilities relating to cattle feed business as and when they arise.

Hence, financials statements of the Company are prepared on a going concern basis.

45 Proposed Merger with Cheese Land Agro (India) Private Limited

The Company with Cheese Land Agro (India) Private Limited, a wholly owned subsidiary had filed an application for merger under Section 233 of Companies Act, 2013. However scheme of Amalgamation and Arrangement involving merger of Cheese Land Agro (India) Private Limited with Prabhat Dairy Limited in accordance with the Section 233 of the Companies Act, 2013 was not approved by Hon'ble Regional Director of Western Zone and had advised to file a fresh application with National Company Law Tribunal (NCLT). The Board of directors of Prabhat Dairy Limited at its meeting held on 14th February, 2020 had considered and approved the Scheme of Amalgamation (Merger by Absorption) ('Scheme') of Cheese Land Agro (India) Private Limited ('Cheese Land' or 'Transferor Company') with Prabhat Dairy Limited ('PDL' or 'Transferee Company') and their respective shareholders under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules framed there under. The Company has filed an application/ petition with NCLT and final hearing of the said petition is yet to be done.

46. Loan to subsidiary company

In the earlier years, the Company had granted short term loans amounting to ₹ 2,993.51 lakhs and long-term loans amounting to ₹ 11,551.56 lakhs to Cheese Land Agro (India) Private Limited, its subsidiary company. The long-term loans were due for repayment on March 31, 2019 along with interest @7.50% p.a.

Notes

to the financial statements for the year ended 31 March 2020

During the financial year 2018-19, the subsidiary had prepaid the entire loan amount outstanding along with interest accrued thereon by August 14, 2017. It has paid interest @ 7.5% for the period from April 1, 2017 to June 30, 2017. However, at the request of the subsidiary company, the Company had waived off interest for the period from July 1, 2017 till August 14, 2017.

The Company had accounted for Finance Income amounting to ₹ Nil (March 31, 2019 : Nil) on account of such loans in discontinued operations (Refer Note 34).

During the year under consideration, the Company further advanced interest free loan amounting to ₹ 66,392.05 Lakhs including assignment of advances of ₹ 33,140.22 lakhs (March 31, 2019 ₹ 17,241.15 including assignment of trade receivables of ₹ 16,713.32 lakhs of Cheese Land Agro (India) Private Limited). The balance outstanding as at March 31, 2020 is ₹ 1,200.97 lakhs Credit balance (March 31, 2019 : ₹ 527.83 Lakhs Debit Balance).

47. Milk Subsidy

With effect from August 1, 2018, the Government of Maharashtra introduced a Subsidy of ₹ 5 per litre (₹ 3 per litre for the month of March 2019) to be paid to the farmers through the Company provided the Company fulfils specified conditions relating to purchase price and utilisation of milk.

As per Ind AS 20, Government grants shall not be recognised until there is reasonable assurance that the entity will comply with the conditions attached to them; and the grants will be received. Also, Grants related to income can be presented as part of profit or loss, either separately or under a general heading such as 'Other income' or alternatively deducted in reporting the related expense.

Accordingly, during the year, the Company has recognised ₹ Nil (March 31, 2019 ₹ 7268.63 Lakhs) on account of such Grant as a reduction from cost of material consumed and disclosed the same in discontinued operations (Refer Note 34).

48. Investment in preference shares

During the previous year FY 2017-18, Prabhat Dairy Limited had invested in 1,15,53,980 – 0.01% Non-Cumulative Redeemable Preference shares of ₹ 10 each of Sunfresh Agro Industries Private Limited (SAIPL), its subsidiary company at ₹ 100 each. As per the terms of issue, the same was redeemable for ₹ 137 per share after 5 years or for ₹ 155 per share after 7 years from the date of issue.

The contractual cash flows from preference shares was sole payment of principal (interest being immaterial). Also, the business model of the Company was to hold the instrument till maturity, Hence, as per the provisions of Ind AS 109 – "Financial Instruments", such Preference shares were carried at amortised costs. Initially, the Preference shares were recognised at Fair Value and difference between face value of consideration paid and Fair value was treated as Equity Investment. The Debt component of preference shares was subsequently measured at amortised cost.

On January 24, 2019, the terms of preference shares were modified from 0.01% Non – Cumulative Redeemable Preference shares (NCP) to 0.01% Non – Cumulative compulsory convertible Preference shares (CCP) which are convertible into Equity shares at any time within 5 years from the date of issue of shares at the discretion of Board of Directors of the Company. Further, the number of equity shares to be issued at the time of conversion shall be determined based on valuation report at the time of conversion.

Notes

to the financial statements for the year ended 31 March 2020

Modification of terms of Preference shares from Redeemable to Compulsory Convertible is treated as substantial modification as per the provisions of IND AS 109. Consequently, the Company has de-recognised its Investment in 0.01% Non – Cumulative Redeemable Preference shares of ₹ 11,707.84 lakhs (being carrying value of Investment at amortised cost at the date of modification) and recognised Investment in 0.01% Non – Cumulative compulsory convertible Preference shares at its fair value of ₹ 11,588.64 Lakhs. The loss of ₹ 119.20 Lakhs between carrying value of Redeemable Preference shares and fair value of Convertible Preference shares as on the date of modification is recognised in under discontinued operations (Refer Note 34).

As per the provisions of Ind AS 109 "Financial Instruments", such Compulsory convertible Preference shares are classified as Fair value through Profit & Loss (FVTPL) since contractual cash flows are not sole payment of principal and interest and the business model is no longer to hold the instrument till maturity. At initial recognition, the Investment in convertible preference shares is recognised at Fair value. Subsequently, the same is measured at Fair value.

Accordingly, the Company has recognised interest Income Nil (March 2019 - Till January 21, 2019 (date when the preference shares were classified as Held for sale) of ₹ 778.89 Lakhs) during the year in discontinued operations (Refer Note 34).

49. Assignment of Receivable & Advances to Subsidiaries

Assets classified as held for Sale includes Trade receivable of ₹ 16,713.32 lakhs of Cheeseland Agro (India) Private Limited, Trade Receivable and Advance to Supplier of ₹ 5,138.05 lakhs and ₹ 1,279.02 lakhs respectively of Sunfresh Agro Industries Private Limited assigned to the Company.

50. Government grant for setting up of integrated cold chain facilities

During the FY 2017-18, the Company was sanctioned grants related to assets under 'Scheme for Cold Chain Value Addition and Preservation Infrastructure for setting up of integrated cold chain facilities for Dairy products at Shrirampur, Maharashtra of ₹ 848.05 lakhs.

Government grant income was recognised in statement of profit or loss on a systematic basis over the useful life of the asset.

The MCA vide notification dated September 20, 2018 has issued the Companies (Indian Accounting Standards) Second Amendment Rules 2018 to amend the Companies (Indian Accounting Standards Rules 2015. As per the said notification, in case of grants related to assets, an option was available to deduct the grant in arriving at the carrying amount of assets. In such case, the grant was recognized in the Statement of Profit and Loss over the life of depreciable asset as a reduced depreciation expense.

The Company has elected to reduce the grant while calculating the carrying amount of asset. Accordingly, in the financials for the year ended March 31, 2020, the value of Property, Plant and Equipment has been disclosed net of Government Grant of ₹ NIL (March 31, 2019 ₹ 862.82 Lakhs) and depreciation expense is shown net of Grant income of ₹ NIL (March 31, 2019 : ₹ 74.68 lakhs) under note 34 - Discontinued Operations.

Notes

to the financial statements for the year ended 31 March 2020

The Company has adopted the change in accounting policy retrospectively in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and accordingly previous periods figures have been restated wherever necessary.

There is no impact of such change in the accounting policy on the profit of the current and previous periods.

	31-Mar-20	31-Mar-19
Opening balance	301.79	610.61
Grant accrued during the year	-	89.44
Grant received during the year	-	(398.25)
Closing balance	301.79	301.79

51. Prior year comparatives

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

For KSS & Company
Chartered Accountants
ICAI Firm Registration No.126322W

Shashank K Suvarnapathaki
Partner
Membership No.: 118070

Place: Shrirampur
Date: 08 Oct 2020

UDIN. 20118070AAAAES7610

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

Sarangdhar R Nirmal
Managing Director
DIN: 00035234

Vivek S Nirmal
Joint Managing Director
DIN: 00820923

Vishwajit Singh
Chief Financial Officer

Dipti Todkar
Company Secretary
Membership No A21676

Place: Shrirampur
Date: 08 Oct 2020