RED HERRING PROSPECTUS
Dated August 17, 2015
(Please read Section 32 of the Companies Act, 2013)
Book Built Issue

PRABHAT DAIRY LIMITED

Our Company was incorporated as Prabhat Dairy Private Limited on November 25, 1998 at Ahmednagar as a private limited company under the Companies Act, 1956. Our Company was converted into a public limited company and consequently, the name of our Company was changed to Prabhat Dairy Limited. For further details, please see section entitled "History and Certain Corporate Matters" on page 150.

Registered Office: 121/2A At Post Ranjankholrahata, Shrirampur, Ahmednagar 413 720; **Tel**: +9124 2264 5500; **Fax**: +9124 2226 5816;
Corporate Office: Plot No. D-37/4, TTC MIDC Industrial Area, Turbhe, Navi Mumbai 400 705; **Tel**: +9122 4128 7700; **Fax**: +9122 4128 7777;
Contact Person: Priya Nagmoti, Company Secretary and Compliance Officer; **E-mail:** investor@prabhatdairy.in; **Website**: www.prabhatfresh.com;
Corporate Identity Number: U15203PN1998PLC013068

OUR PROMOTERS: NIRMAL FAMILY TRUST, SARANGDHAR RAMCHANDRA NIRMAL AND VIVEK SARANGDHAR NIRMAL

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF PRABHAT DAIRY LIMITED (OUR "COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UP TO ₹ [●] MILLION ("ISSUE") CONSISTING OF A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING UP TO ₹ 3,000 MILLION AND AN OFFER FOR SALE OF UP TO, 14,706,000 EQUITY SHARES, COMPRISING OF UP TO 3,151,000 EQUITY SHARES BY NIRMAL FAMILY TRUST (PROMOTER), UP TO 6,580,000 EQUITY SHARES BY THE INDIA AGRI BUSINESS FUND LTD., UP TO 23,000 EQUITY SHARES BY THE REAL TRUST, AND UP TO 4,952,000 EQUITY SHARES BY SOCIETE DE PROMOTION ET DE PARTICIPATION POUR LA COOPERATION ECONOMIQUE. THE ISSUE WILL CONSTITUTE [●]% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY. OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS ("GC-BRLMS") AND THE BOOK RUNNING LEAD MANAGER ("BRLM", TOGETHER WITH THE GC-BRLMS, REFERRED TO AS THE "LEAD MANAGERS") MAY DECIDE TO OFFER A DISCOUNT ON THE ISSUE PRICE TO THE RETAIL INVESTORS ("RETAIL DISCOUNT") IN TERMS OF THE SEBI REGULATIONS .

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND, THE MINIMUM BID LOT AND THE RETAIL DISCOUNT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE LEAD MANAGERS AND WILL BE ADVERTISED AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"), by issuing a press release, and also by indicating the change on the website of the Lead Managers and at the terminals of the Syndicate Members.

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), this is an Issue for at least 25% of the post-Issue paid-up equity share capital of our Company. The Issue is being made through the Book Building Process, in compliance with Regulation 26(1) of SEBI Regulations, wherein 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders in consultation with the Lead Managers may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders, other than Anchor Investors, may participate in the Issue through an Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective bank account which will be blocked by the SCSBs. QIBs (except Anchor Investors) and Non-Institutional Bidders are mandatorily required to utilise the ASBA process to participate in the Issue. Anchor Investors are not permitted to participate in the Issue through ASBA Process. For details, please see the section entitled "Issue Procedure" on page 437.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Issue Price (determined and justified by our Company in consultation with the Selling Shareholders and the Lead Managers as stated under the section entitled "Basis for Issue Price" on page 98) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section entitled "Risk Factors" on page 19.

COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company and the Nirmal Family Trust, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Investor Selling Shareholders accepts responsibility only for the statements made in this Red Herring Prospectus with respect to itself and the Equity Shares offered in the Issue and that such statements are true and correct in all material respects and are not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated May 7, 2015 and April 30, 2015, respectively. For the purposes of the Issue, the Designated Stock Exchange shall be NSE. A copy of the Red Herring Prospectus has been delivered to the Registrar of Companies, Pune ("**RoC**") and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Issue Closing Date, please see the section entitled "Material Contracts and Documents for Inspection" on page 504.

GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS		BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
Edelweiss Financial Services Limited 14th Floor, Edelweiss House, Off CST Road, Kalina, Mumbai 400 098 Tel: +9122 4009 4400; Fax: +9122 4086 3610 E-mail: prabhat.ipo@edelweissfin.com Investor grievance E-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Vivek Kumar/ Amit Sood SEBI Registration No.: INM0000010650	**Macquarie Capital Securities (India) Private Limited** 92, Level 9, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra East, Mumbai 400 051 Tel: +9122 6720 4000; Fax: +9122 6720 4301 E-mail: pdpl.ipo@macquarie.com Investor Grievance E-mail: investor.complaints@macquarie.com Website: http://www.macquarie.com/in/about/disclosures/india-list-of-offer-documents Contact Person: Vaibhav Bagri SEBI Registration No.: INM000010932	**SBI Capital Markets Limited** 202, Maker Tower, "E" Cuffe Parade, Mumbai 400 005 Tel: +9122 2217 8300; Fax: +9122 2218 8332 E-mail: prabhat.ipo@sbicaps.com Investor grievance E-mail: Investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Shikha Agarwal/ Nikhil Bhiwapurkar SEBI Registration No.: INM000003531	**Karvy Computershare Private Limited** Karvy Selenium, Tower B Plot number 31 & 32 Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel : +9140 6716 2222; Fax: +9140 2343 1551 Email: prabhat.ipo@karvy.com Investor grievance E-mail: prabhat.ipo@karvy.com Website: https://karisma.karvy.com Contact Person: M. Muralikrishna SEBI Registration No.: INR000000221

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON : August 28,2015*	BID/ISSUE CLOSES ON : September 1, 2015

* *Our Company and the Selling Shareholders may, in consultation with the Lead Managers, consider participation by Anchor Investors in accordance with the SEBI Regulations. The Anchor Investor shall Bid one Working Day prior to the Bid / Issue Opening Date, being August 27, 2015.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or specified otherwise, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Red Herring Prospectus, but not defined herein shall have the meaning ascribed to such terms under the SEBI Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

Notwithstanding the foregoing, the terms not defined but used in the sections entitled "Statement of Tax Benefits", "Financial Statements", "Outstanding Litigation and Material Developments" and "Main Provisions of Articles of Association" on pages 102, 183, 399 and 490, respectively, shall have the meanings ascribed to such terms in these respective sections.

General Terms

Term	Description
"our Company", "the Company" or "the Issuer"	Prabhat Dairy Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 121/2A At Post Ranjankholrahata, Shrirampur, Ahmednagar 413 720
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries

Company Related Terms

Term	Description
Articles of Association / AoA	Articles of Association of our Company
Auditors / Statutory Auditors	The statutory auditors of our Company, being B S R & Co. LLP, Chartered Accountants
Board / Board of Directors	Board of directors of our Company or a duly constituted committee thereof
CLAIPL	Cheese Land Agro (India) Private Limited
Corporate Office	Plot No. D-37/4, TTC MIDC Industrial Area, Turbhe, Navi Mumbai 400 705
Director(s)	Director(s) of our Company
Equity Shares	Equity shares of our Company of face value of ₹10 each
Group Companies	Companies, firms, ventures etc. promoted by our Promoter, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act, 1956 or not. For details of our Group Companies, please see the section entitled "Our Group Company" on page 179
Key Management Personnel	Key management personnel of our Company in terms of the SEBI Regulations and the Companies Act, 2013. For details of our Key Managerial Personnel, please see the section entitled "Our Management" on page 158
Memorandum of Association / MoA	Memorandum of Association of our Company

Term	Description
Preference Shares	2% redeemable non-cumulative preference shares and 0.01% compulsorily convertible preference shares
Promoters	Promoters of our Company namely, Nirmal Family Trust, Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal. For details, please see the section entitled "Our Promoters and Promoter Group" on page 176
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI Regulations. For details of our Promoters and Promoter Group, please see the section entitled "Our Promoters and Promoter Group" on page 176
Registered Office	Registered office of our Company, situated at 121/2A At Post Ranjankholrahata, Shrirampur, Ahmednagar 413 720
Registrar of Companies /RoC	Registrar of Companies, Pune, Maharashtra, situated at PMT Building, Pune Stock Exchange, 3rd Floor, Deccan Gymkhana, Pune 411 004
SAIPL	Sunfresh Agro Industries Private Limited
Restated Consolidated Financial Statements	The financial statements of our Company and its Subsidiaries compiled by our Company and its Subsidiaries from the audited financial statements for the Fiscals 2015, 2014, 2013, 2012, and 2011 for the respective years (which were prepared in accordance with Indian GAAP and the Companies Act) and restated in accordance with the SEBI Regulations and which has been disclosed in the section entitled "Financial Statements" on page 260
Restated Standalone Financial Statements	The financial statements of our Company compiled by our Company from the audited financial statements for the Fiscals 2015, 2014, 2013, 2012, and 2011 for the respective years (which were prepared in accordance with Indian GAAP and the Companies Act) and restated in accordance with the SEBI Regulations and which has been disclosed in the section entitled "Financial Statements" on page 183
Restated Summary Statements	The Restated Consolidated Financial Statements and Restated Standalone Financial Statements which have been disclosed in the section entitled "Financial Statements" on page 183
Shareholders	Shareholders of our Company
Subsidiaries	Subsidiaries of our Company, namely, CLAIPL and SAIPL. For details, please see the section entitled "Our Subsidiaries" on page 156

Issue Related Terms

Term	Description
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Anchor Investor	A Qualified Institutional Buyer applying under the Anchor Investor Portion in

Term	Description
	accordance with the requirements specified in the SEBI Regulations
Anchor Investor Bid/Issue Period	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed, being August 27, 2015
Anchor Investor Issue Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price, but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the Selling Shareholders and the Lead Managers
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders, in consultation with the Lead Managers, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account. ASBA is mandatory for QIBs (except Anchor Investors) and Non Institutional Bidders participating in the Issue
ASBA Account	An account maintained with an SCSB and specified in the Bid cum Application Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	Prospective investors (other than Anchor Investors) in the Issue who intend to submit the Bid through the ASBA process
Banker(s) to the Issue /Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account will be opened, in this case being IndusInd Bank Limited, Yes Bank Limited, HDFC Bank Limited and ICICI Bank Limited
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Issue and which is described in the section entitled "Issue Procedure" on page 437
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder pursuant to submission of the Bid cum Application Form, or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI Regulations
Bid Amount	Highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid For Retail Individual Bidders, the Bid shall be net of Retail Discount.

Term	Description
Bid cum Application Form	Form used by a Bidder, including an ASBA Bidder, to make a Bid and which will be considered as the application for Allotment, as the case may be, in terms of the Red Herring Prospectus and the Prospectus
Bid/Issue Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in (i) Financial Express (an English national daily newspaper with wide circulation), (ii) Business Standard (a Hindi national daily newspaper with wide circulation), and (iii) Gavkari (a regional language newspaper with wide circulation at the place where the registered office of the company is situated)
Bid/Issue Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Syndicate, the Designated Branches and the Registered Brokers will start accepting any Bids, which shall be notified in (i) Financial Express (an English national daily newspaper with wide circulation), (ii) Business Standard (a Hindi national daily newspaper with wide circulation), and (iii) Gavkari (a regional language newspaper with wide circulation at the place where the registered office of the company is situated)
Bid/Issue Period	Except in relation to Anchor Investors, the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof
Bid Lot	[●]
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, and includes an ASBA Bidder and an Anchor Investor
Book Building Process	Book building process, as provided in Schedule XI of the SEBI Regulations, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the Bid cum Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Broker are available on the websites of the respective Stock Exchanges
Book Running Lead Manager or BRLM	Book running lead manager to the Issue, being SBICAP
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid / Issue Period
Cap Price	Higher end of the Price Band, in this case being ₹ [●] per Equity Share, above which the Issue Price will not be finalised and above which no Bids will be accepted
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Cut-off Price	Issue Price finalised by our Company in consultation with the Selling Shareholders and Lead Managers.

Term	Description
	Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Designated Date	Date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue and the Selling Shareholders may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	NSE
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated March 31, 2015 issued in accordance with the SEBI Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue, including any addendum or corrigendum thereto
Edelweiss	Edelweiss Financial Services Limited
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Bid cum Application Form and this Red Herring Prospectus will constitute an invitation to subscribe to or purchase the Equity Shares
Engagement Letter	Engagement letter dated December 12, 2014, January 23, 2015 and March 27, 2015 signed by our Company, the Selling Shareholders, and Edelweiss, Macquarie and SBICAP, the Lead Managers
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement namely, Karvy Computershare Private Limited
Escrow Agreement	The agreement dated July 24, 2015 entered into by our Company, the Selling Shareholders, the Registrar to the Issue, the Lead Managers, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank for collection of the Bid Amounts and where applicable, refunds of the amounts collected from the Bidders (excluding the ASBA Bidders), on the terms and conditions thereof
First Bidder	Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names

Term	Description
Floor Price	Lower end of the Price Band, subject to any revision thereto, in this case being ₹ [●], at or above which the Issue Price and the Anchor Investor Issue Price will be finalised and below which no Bids will be accepted
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 3,000 million by our Company
General Information Document / GID	General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI
Global Co-ordinators and Book Running Lead Managers/ GC -BRLMS	Global co-ordinators and book running lead managers to the Issue, being Edelweiss Financial Services Limited and Macquarie Capital Securities (India) Private Limited
IABF	India Agri Business Fund Ltd.
Issue/ Offer	Public issue of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, aggregating up to ₹ [●] million comprising the Fresh Issue and the Offer for Sale
Issue Agreement	Agreement dated March 30, 2015 as amended by the amendment to the Issue Agreement dated July 24, 2015 entered into between our Company, the Selling Shareholders and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	Final price at which Equity Shares will be Allotted in terms of this Red Herring Prospectus Issue Price will be decided by our Company in consultation with the Selling Shareholders and the Lead Managers on the Pricing Date
Issue Proceeds	Proceeds of the Issue that is available to our Company and the Selling Shareholders
Investor Selling Shareholders	IABF, REAL, and Proparco
Lead Managers	Lead managers to the Issue, being, Edelweiss, Macquarie, and SBICAP
Macquarie	Macquarie Capital Securities (India) Private Limited, formerly Macquarie Capital (India) Private Limited
Maximum RII Allottees	Maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Issue expenses. For further details regarding the use of the Net Proceeds and the Issue expenses, please see the section entitled "Objects of the Issue" on page 91
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount exceeding ₹200,000 (but not including NRIs, other than Eligible NRIs)
Non-Institutional Category / Non-Institutional Portion	Portion of the Issue being not less than 15% of the Issue consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above

Term	Description
	the Issue Price
Non-Resident	An individual resident outside India who is a citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955 and includes a non–resident Indian, FIIs, and FPIs
Offer for Sale	Offer for sale of up to 14,706,000 Equity Shares, comprising of up to 3,151,000 Equity Shares by Nirmal Family Trust, up to 6,580,000 Equity Shares by IABF, up to 23,000 Equity Shares by REAL, and up to 4,952,000 Equity Shares by Proparco, at the Issue Price aggregating up to ₹ [●] million in terms of this Red Herring Prospectus
Price Band	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of [●] per Equity Share (Cap Price) including any revisions thereof. Price Band, the minimum Bid Lot size, and the Retail Discount for the Issue will be decided by our Company and the Selling Shareholders in consultation with the Lead Managers and will be advertised, at least five Working Days prior to the Bid/Issue Opening Date, in (i) Financial Express (an English national daily newspaper with wide circulation), (ii) Business Standard (a Hindi national daily newspaper with wide circulation), and (iii) Gavkari (a regional language newspaper with wide circulation)
Pricing Date	Date on which our Company and the Selling Shareholders, in consultation with the Lead Managers, will finalise the Issue Price
Proparco	Societe De Promotion Et De Participation Pour La Cooperation Economique
Prospectus	Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI Regulations containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and the ASBA Accounts on the Designated Date
QIB Category / QIB Portion	The portion of the Issue (including the Anchor Investor Portion) amounting to 50% of the Issue being [●] Equity Shares, which shall be Allotted to QIBs, including the Anchor Investors
Qualified Institutional Buyers or QIBs / QIB Bidder	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
REAL	REAL Trust, with its beneficiary shareholding of Equity Shares held by its trustee, Rajesh Kumar Srivastava
Red Herring Prospectus or RHP	This Red Herring Prospectus issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue. This Red Herring Prospectus will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	Account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to ASBA Bidders) shall be made

Term	Description
Refund Bank	IndusInd Bank Limited
Refunds through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate
Registrar to the Issue or Registrar	Karvy Computershare Private Limited
Registrar Agreement	The agreement dated March 27, 2015 entered into between our Company, the Selling Shareholders and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Retail Discount	A discount on the Issue Price may be offered by the Company and the Selling Shareholders in consultation with the Lead Managers to Retail Individual Bidders in terms of the SEBI Regulations. The Retail Discount will be decided by our Company and the Selling Shareholders in consultation with the Lead Managers and will be published at least five Working Days prior to the Bid/Issue Opening Date.
Retail Individual Bidders	Individual Bidders, submitting Bids, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Category / Retail Portion	Portion of the Issue being not less than 35% of the Issue consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders, which shall not be less than the minimum Bid Lot subject to availability in the Retail Category, and the remaining Equity Shares to be Allotted on a proportionate basis
Revision Form	Form used by Bidders, including ASBA Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage
SBICAP	SBI Capital Markets Limited
Self Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Selling Shareholders	IABF, REAL, Proparco, and Nirmal Family Trust
Share Escrow Agreement	The agreement dated July 24, 2015 entered into between the Selling Shareholders, our Company, the Lead Managers, and the Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms from ASBA Bidders, a list of which is available at the website of the SEBI (www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time

Term	Description
Syndicate Agreement	The agreement dated July 24, 2015 entered into between the Lead Managers, the Syndicate Members, the Registrar to the Issue, our Company, and the Selling Shareholders in relation to collection of Bids in the Issue (other than Bids directly submitted to the SCSBs under the ASBA process and Bids submitted to Registered Brokers at the Broker Centres)
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, Edelweiss Securities Limited and SBICAP Securites Limited
Syndicate or Members of the Syndicate	Lead Managers and the Syndicate Members
TRS or Transaction Registration Slip	Slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	Lead Managers and the Syndicate Members
Underwriting Agreement	The agreement dated [●] entered into between the Underwriters, our Company and the Selling Shareholders
Working Day	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Bid/Issue Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all days excluding Sundays and bank holidays in India in accordance with the circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010 issued by SEBI

Technical/Industry Related Terms /Abbreviations

Term	Description
AGMARK	Agricultural Grading & Marking
B2B	Business to Business
B2C	Business to Consumer
BIS	Bureau of Indian Standards
BMU	Butter Melting Unit
CBM	Continuous Butter Making Machine
CII	Confederation of Indian Industry
CIP	Cleaning in Place
CPF	Captive Power Facility
Creamline Dairy	Creamline Dairy Products Limited
DADF	Department of Animal Husbandry Dairying and Fisheries
DSI	Direct Steam Injection
DW	Dairy Whitener

Term	Description
EFC	Express Feeders Connection
EIA	End Implementing Agencies
ERP	Enterprise Resource Planning
EU	European Union
FAO	Food and Agricultural Organization
FMCG	Fast-Moving Consumer Goods
FSSAI	Food Safety and Standards Authority of India
GCMMF	Gujarat Co-operative Milk Marketing Federation
GMP	Good Manufacturing Practices
Gms	Grammes
HVAC	Heating, Ventilation and Air Conditioning
ISI	Indian Standards Institute
ISO	International Organization for Standardization
MNCs	Multi National Companies
MRTP	Monopolies & Restrictive Trade Practices Act, 1969
MSP	Minimum Support Prices
NCR	National Capital Region
NDDB	National Dairy Development Board
NDP	National Dairy Plan
Parag	Parag Milk Foods Private Limited
QSR	Quick Service Restaurants
SAP	Systems, Applications and Products
SCADA	Supervisory Control and Data Acquisition
SCM	Sweetened Condensed Milk
SMP	Skimmed Milk Powder
SNF	Solid Not Fat
SSI	Small Scale Industries
Tirumala	Tirumala Milk Products Private Limited
UHT	Ultra-High Temperature
UV	Ultraviolet

Term	Description
VAM	Vapour Absorption Mechanism
VCC	Village Collection Centres
VFBD	Vibro Fluidized Bed Dryer
VFD	Variable Frequency Drives
WCRC	World Consulting & Research Corporation
WMP	Whole Milk Powder

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AS / Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
BPLR	Benchmark Prime Lending Rate
BSE	BSE Limited
Bn/ bn	Billion
CAGR	Compounded Annual Growth Rate
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIT	Commissioner of Income Tax
CSR	Corporate Social Responsibility
CST Act	Central Sales Tax Act, 1956
CST Rules	Central Sales Tax (Registration and Turnover Rules), 1957
Category I Foreign Portfolio Investors	FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II Foreign Portfolio Investors	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III Foreign Portfolio Investors	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations
Companies Act	Companies Act, 1956 and/ or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have

Term	Description
	ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant Identification
Depository Participant	A depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
Equity Listing Agreement	Listing Agreement to be entered into with the Stock Exchanges on which the Equity Shares of our Company are proposed to be listed
FCNR account	Foreign currency non-resident account
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DIPP through notification D/o IPP F. No. 5(1)/2015-FC-1 dated May 12, 2015, effective from May 12, 2015
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management Act (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign institutional investors as defined under the SEBI FPI Regulations
FPI(s)	A foreign portfolio investor as defined under the SEBI FPI Regulations
FIPB	Foreign Investment Promotion Board
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
Financial Year / Fiscal / FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
GIR	General Index Register
GoI or Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family

Term	Description
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income-tax Act, 1961
LC	Letter of Credit
LIBOR	London Interbank Offered Rate
LLP	Limited Liability Partnership
MW	Mega Watt
MICR	Magnetic Ink Character Recognition
Mn	Million
Mutual Fund(s)	Mutual fund(s) registered under the SEBI (Mutual Funds) Regulations, 1996
N.A. / NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NR	Non-resident
NRE	Non Resident External
NRE Account	Non Resident External Account
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO	Non Resident Ordinary
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission

Term	Description
	granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
₹/Rs./Rupees/INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
Securities Act/ U.S. Securities Act	U.S. Securities Act, 1933
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Sq. mtrs.	Square meters
STT	Securities Transaction Tax
State Government	The government of a state in India
Stock Exchanges	The BSE and the NSE
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and

Term	Description
	Takeovers) Regulations, 2011
UK	United Kingdom
U.S. / USA / United States	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
USD / US$	United States Dollars
VAT	Value added tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to "India" in this Red Herring Prospectus are to the Republic of India.

Unless stated otherwise, all references to page numbers in this Red Herring Prospectus are to the page numbers of this Red Herring Prospectus.

Financial Data

Unless stated otherwise, the financial information in this Red Herring Prospectus is derived from our Restated Summary Statements.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals and all percentage figures have been rounded off to two decimal places and accordingly there may be consequential changes in this Red Herring Prospectus.

Our Company's financial year commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

There are significant differences between Indian GAAP, US GAAP and IFRS. A reconciliation of the financial information to IFRS or US GAAP financial information has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and we urge Bidders to consult their own advisors regarding such differences and their impact on our Company's financial data. For details in connection with risks involving differences between Indian GAAP and IFRS, please see the section entitled "Risk Factors – Public companies in India, including our Company, are required to prepare financial statements under Ind AS. The transition to Ind AS in India is very recent and still unclear and our Company may be negatively affected by such transition" on page 42. Accordingly, the degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons on the financial disclosures presented in this Red Herring Prospectus not familiar with Indian accounting policies, Indian GAAP, the Companies Act, the SEBI Regulations and practices should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections entitled "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditional and Results of Operations" on pages 19, 126 and 361 respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of the Restated Summary Statements.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and

- "USD" or "US$" are to United States Dollar, the official currency of the United States.

Except otherwise specified, our Company has presented certain numerical information in this Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

This Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular conversion rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

(*in* ₹)

Currency	As on March 31, 2014	March 31, 2015
1 USD	60.10[1]	62.59

Source: RBI Reference Rate, except otherwise specified

(1) Exchange rate as on March 28, 2014, as RBI Reference Rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus has been obtained or derived from publicly available information as well as various industry publications and sources. Further, information pertaining to the dairy industry has also been derived from a report entitled "Assessment of Dairy and Milk Products Industry" dated March, 2015 (the "**CRISIL Report**").

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholders or the Lead Managers or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based solely on such information.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue", "seek to" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans, prospects or goals are also forward-looking statements. Forward-looking statements reflect the current views of our Company as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which is in turn and based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based to be reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholders, the Lead Managers nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Moreover, all forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Such risks, uncertainties and assumptions relate to, amongst others regulatory changes pertaining to the industry in India in which we operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, and changes in the competitive environment.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Reliance on certain institutional customers;
- Dependence on third parties for procurement of raw milk and transportation and other services;
- Changes in customer preferences;
- Increase in competition in the dairy industry;
- Our geographical concentration; and
- General economic and business conditions and policies in India.

For further discussion on factors that could cause the actual results to differ from the expectations, please see the sections entitled "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 19, 126 and 361, respectively.

We cannot assure Bidders that the expectation reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

In accordance with the SEBI Regulations, our Company and the Lead Managers will ensure that Bidders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges. Each of the Selling Shareholders will ensure that Bidders are informed of material developments in relation to statements and undertakings made by it in this Red Herring Prospectus until the time of grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment decision in the Equity Shares. The risks described below are not the only ones relevant to us or the Equity Shares, but also the industry in which we operate or India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations and financial condition. To obtain a complete understanding of our Company, Bidders should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 126 and 361, respectively, as well as the other financial and statistical information contained in this Red Herring Prospectus. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, prospects, financial condition and results of operations could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.

Bidders should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Consolidated Financial Information included in the section entitled "Financial Statements" on page 260. In making an investment decision, Bidders must rely on their own examination of our Company and the terms of the Issue including the merits and risks involved.

INTERNAL RISKS FACTORS

1. There are outstanding legal proceedings against the Company, certain of its Directors and Promoters and its Subsidiaries which may adversely affect our business, financial condition and results of operations.

There are outstanding legal proceedings against us that are incidental to our business and operations, including certain criminal proceedings against the Company, certain of its Directors, Promoters and our Subsidiaries. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defense. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations. For details in relation to certain material litigation, please see the section entitled "Outstanding Litigation and Material Developments" beginning on page 399.

A summary of the outstanding legal proceedings against the Company, its Directors, Promoters and our Subsidiaries as disclosed in this Red Herring Prospectus, to the extent quantifiable, have been set out below:

*Litigation against our Company**

S. No.	Nature of Case	Number of Outstanding Cases	Amount involved (in ₹ million)
1.	Criminal	5	Up to 1.50[1]
2.	Civil	1	650.00[2]
3.	Income tax	4	31.83
4.	Notices	1	-
	Total		**Up to 683.33**

** Does not include Regulatory Actions in the last five years against the Company*
[1] Such amount has been computed based on the maximum amount of penalty that is prescribed under the Section 51 of the Food Safety Standards Act, 2006
[2]Along with interest at the rate of 24% per annum from April 21, 2014.

Litigation against the Promoters and Directors

S. No.	Nature of Case	Number of Outstanding Cases	Amount involved (in ₹ million)
Sarangdhar Ramchandra Nirmal			
1.	Criminal	2	-
2.	Civil	1	650.00[1]
3.	Income tax	1	0.83
Vivek Sarangdhar Nirmal			
1.	Criminal	1	-
2.	Civil	1	650.00[1]
Udayan Bose			
1.	Civil	1	35.00

[1]Along with interest at the rate of 24% per annum from April 21, 2014.

*Litigation against the Subsidiaries**

S. No.	Nature of Case	Number of Outstanding Cases	Amount involved (in ₹ million)
SAIPL			
1.	Income tax	4	1.81
2.	Indirect tax	1	12.29
	Total		**14.10**

** Does not include Regulatory Actions in the last five years against SAIPL*

2. Our historical revenues have been significantly dependent on certain institutional customers and an inability to maintain such business may have an adverse effect on our results of operations.

In Fiscal 2013, 2014 and 2015, sales of institutional products represented 85.42%, 85.29% and 75.76%, respectively, of our sale of finished goods (net) in such periods. Our supply agreements with our institutional customers are typically for terms that vary between one and three years, and may be terminated with immediate effect for breach of contractual terms, including in relation to product quality and specification. These agreements may be terminated without cause on relatively short notice of three months. Our business from institutional customers is dependent on our continuing relationship with such customers, the quality of our products and our ability to deliver on their orders, and there can be no assurance that such customers will continue to do business with us in the future on commercially acceptable terms or at all. If our institutional customers do not continue to purchase products from us, or reduce the volume of products purchased from us, our business prospects, results of operations and financial condition may be adversely affected.

While revenues from any particular customer may vary between financial reporting periods depending on the nature and term of ongoing contracts, historically certain of our key institutional customers have contributed a significant proportion of our revenues. In Fiscal 2013, 2014 and 2015, sales to our top five customers each year, represented 40.96%, 40.97% and 35.95 %, respectively, of our total revenue in such periods, while sales to our largest customer represented 26.72%, 20.38% and 18.19%, respectively, of our total revenue in such periods. Significant dependence on certain of these customers may increase the potential volatility of our results of operations and exposure to individual contract risks. In the event that any of these significant institutional customers discontinue purchase of products from us, our results of operations and financial condition may be adversely affected.

3. Real or perceived product contamination could result in reduced sales, product liability and damage to our reputation, and subject us to regulatory action.

We are subject to various regulations relating to product liability, including in particular relating to food safety of our products. We sell products for human consumption, which involves risks such as product contamination or spoilage, product tampering and other adulteration of our products, especially as milk is a perishable product. Although we conduct various tests before procurement of raw milk, there can be no assurance that such testing and verification on quality of the raw milk checks conducted by us will be accurate at all times. If our products are found to be contaminated or reported to be associated with any contamination incidents, our reputation, business, prospects, financial condition and results of operations could be materially and adversely affected. In addition, our ingredient products are used in our institutional customers' end-products. If those end-products are contaminated, and if the contaminations are ultimately traced back to our milk or ingredient products, we could be subject to product liability claims and damages, including, among other things, medical expenses, disability and wrongful death. We also co-manufacture certain products to the specifications of our institutional customers. From time to time, due to human or operational error, orders may not meet the specifications required by those customers. If our products are found to be contaminated during inspection by our institutional customers, we could be subject to sales returns which could adversely affect our relationship with our institutional customers. There can be no assurance that we will succeed in avoiding any such incident of contamination during the production and transportation of our products in the future. In addition to product liability claims, if our products are found to be contaminated, we may be subject to regulatory actions. Furthermore, the mere allegations that our milk or milk products contain or has contained any contaminants could damage our reputation and have a material adverse effect on our business, regardless of whether these reports have any factual basis.

Although we have not experienced any significant product liability claims in the past, there can be no assurance that our institutional or retail customers, or unrelated third parties, will not bring claims against us in the future that may result in adverse publicity. In case of any such product liability claims, there can also be no assurance that any product liability insurance will be sufficient to indemnify us against such liabilities. Any such product liability claim or contamination incident may adversely affect business prospects, results of operations and financial condition.

4. ***Our business operations are dependent on supply of large amounts of raw milk, and an inability to procure adequate amounts of quality raw milk at competitive prices could adversely affect our results of operations.***

Raw milk is the primary raw material used in the production of all our dairy products, and our business operations are dependent on our ability to procure sufficient amounts of quality raw milk at commercially viable prices. Our raw milk procurement model involves direct purchase of a majority of our raw milk requirements from dairy farmers and registered milk vendors, and we also obtain some of our raw milk from contract milk suppliers. While we believe we have developed a strong relationship with these dairy farmers and registered milk vendors over the years, through continuous engagement and provision of cattle feed at competitive price as well as veterinary support, we have not entered into any formal supply contracts with such dairy farmers. There can be no assurance that we will be able to procure all of our future raw milk requirements at commercially viable prices, or that we will be able to pass on any increases in the procurement price of raw milk to our customers.

Furthermore, in the event that such milk farmers, registered milk vendors or contract milk suppliers discontinue their supply to us or if we are unable to source quality raw milk from other suppliers at competitive prices, we may not be able to meet our production and sales targets. Interruption of, or a shortage in the supply of, raw milk may result in our inability to operate our production facilities at optimal capacities or at all, leading to a decline in production and sales. In addition, competition in the dairy industry may result in an increase in raw milk prices, which we may not be able to match, thereby affecting our supply of raw milk. An inability to procure sufficient quality raw milk at reasonable cost, or an inability to pass on any increases in the price of raw milk to our customers could adversely affect our business, results of operations and financial condition.

If we are required to source raw milk from other suppliers, it may be more difficult for us to maintain quality control across our procurement process. A decrease in the quality of our raw milk would adversely affect the quality of our products, our reputation and sales. Our ability to maintain and expand our direct procurement model from dairy farmers and registered milk vendors is also subject to, among other factors, such suppliers continuing to have confidence in us and our ability to pay competitive prices for our raw milk supplies. In addition, raw milk production is affected by a number of factors that are beyond our control, including, but not limited to, the following:

- *Seasonal factors.* Dairy cows generally produce more milk in temperate weather, and extreme cold or hot weather could lead to lower than expected production. Our raw milk procurement and production is therefore higher in the second half of the Fiscal during the winter months with temperate climate in our milk procurement region.
- *Environmental factors.* The volume and quality of milk produced by dairy cows is closely linked to the quality of the nourishment provided by appropriate cattle feed and the

environment around them, and, therefore, if the quality of cattle feed or the environmental factors cause the quality of nourishment to decline, it could adversely affect milk production and the quality of milk. Although we provide cattle feed support to the dairy farmers, there can be no assurance that we will be successful in implementing beneficial cattle feed initiatives with these dairy farmers;

- *Cattle health.* Cattle health is an important factor in the production of quality raw milk. In the event that a large scale disease or epidemic affects cattle within our milk procurement belt, our ability to procure adequate amounts of quality raw milk will be severely affected. Although we engage closely with dairy farmers to provide guidance and assistance on the cattle health issues, there can be no assurance that such cattle will not be affected by any large scale disease or epidemic in the future which could affect the production of quality milk and severely disrupt our raw milk procurement processes.

- *Governmental policy.* Any significant regulatory or policy changes affecting government grants or subsidies or the use and ownership of agricultural land, or policy changes affecting agricultural and environmental issues in India may have an adverse effect on the viability of dairy farmers and affect our raw milk procurement model.

5. If we are unable to effectively implement our business and growth strategies, our business prospects, results of operations and financial condition may be adversely affected.

Our future success will depend, in large part, on our ability to effectively implement our business and growth strategies, including our strategy to further expand our retail consumer business, increase our institutional products business by manufacturing additional products for such customers, and expand our product portfolio particularly focused on specialty ingredient products for niche customer segments. In particular, we intend to significantly increase our focus on our retail consumer products business and build out an effective distribution and retail network within a relatively short period of time. We believe this will involve a significant increase in our marketing expenditure as we focus on penetrating the retail market, strengthen our existing brands including Prabhat, Flava and Milk Magic, and introduce new products and brands to leverage our large and advanced production capabilities and capitalize on the growing consumer demand for higher margin products, such as various kinds of cheese, paneer and shrikhand. We intend to focus on increasing the depth of our distribution network in our existing markets and further expand our distribution network to new markets and regions across India. We also intend to further expand our direct milk procurement network to increase cost efficiencies and improve quality of raw milk procured, further increase our production capacities, introduce production lines for new products to enable optimal production planning, and continue to focus on improving capacity utilization and operational efficiencies. As part of our growth strategy, we have widened our product portfolio by adding new product lines such as various kinds of cheese, shrikhand and paneer. As we expand our business to new product lines, we may encounter regulatory, personnel, technological and other difficulties that may increase our expenses, delay commencement of commercial production or expansion of our distribution network, or require us to comply with applicable regulatory requirements. We may also find it difficult to find institutional customers for our new products. In addition, we may not be able to replicate the long term institutional customer relationships, brand recognition, management experience and business success we have experienced in our current product offerings. In addition, our expansion into new product lines may adversely affect our risk profile due to market competition, and rapidly changing market and industry conditions. As we further expand our retail consumer business, the change in profile of customers also affects our credit risks, as the distributors and/or customers involved in the retail consumer products business may require longer credit periods under current market practice.

Further, there is also a substantial risk that any new markets to which we introduce new products may not accept, or be as receptive to, our products. Our success depends on our ability to anticipate the tastes and dietary habits of consumers and to market our products in ways that would appeal to the consumers in these new markets. This may affect our relationships with consumers, suppliers, distributors and regulators and could have a material adverse effect on our business. In addition, if we introduce our own branded products in our existing and new product range, it may adversely affect our relationship with our existing institutional customers for which we may currently supply similar products.

There can be no assurance that we will be able to implement our business strategies in a timely manner or at all or that we will meet the expectations of our customers and other stakeholders. We believe that our business and growth strategies will place significant demands on our senior management and other resources and will require us to develop and improve operational, financial and other internal controls. Further, implementation of these growth strategies may require us to incur additional indebtedness. There can be no assurance that we will be able to implement our business strategies, and such failure may materially impact our ability to grow our business and have an adverse effect on our business prospects, results of operations and financial condition. For example, we have in the past discontinued our packaged fruit juice and Indian milk based dessert business as these businesses were not commercially successful. There can be no assurance that in the future we will not discontinue production of any of our current products in the retail consumer business or in the institutional consumer product business, whether for commercial reasons or otherwise, and this could materially impact our ability to expand our product portfolio or continue to offer a diverse range of dairy products, which could have an adverse effect on our growth and business prospects, results of operations and financial condition.

6. The dairy products business in India is evolving rapidly and is highly competitive and an inability to compete effectively with established and new competitors may adversely affect our growth prospects, results of operations and financial condition.

The dairy products industry in India is highly competitive, especially the markets for pasteurized milk, UHT milk, flavored milk, curd (dahi), ice cream and cheese. These products are experiencing rapid development and increasing competition. We currently compete, and in the future will continue to compete, with large multinational companies, as well as regional and local companies in each of the regions in which we operate. In our consumer products business, we compete not only with widely advertised and established branded products, but also with non-premium dairy producers as well as private and economy brand products that are generally sold at lower prices. Many of our competitors may have substantially greater financial and other resources than we have and may be better established with greater brand recognition in the retail consumer business than we have. Our competitors in certain regional markets may also benefit from raw material sources or production facilities that are closer to the markets for the downstream products or may benefit from integrating upstream and downstream production processes, which provides them with competitive advantages in terms of costs and proximity to consumers. In addition, a number of our competitors have also engaged in increased integration within the value chain, including collaboration with their existing business partners or other international institutions that produce or supply cattle feed, and other strategic initiatives that could enhance or expand their current operations or products or that might otherwise offer them with growth opportunities. Such strategic moves may lead to a more competitive environment. These initiatives undertaken by our competitors may require us to make further investments on backward integration initiatives such as manufacture of cattle feed, increased quality control, product development, product distribution, and aggressive marketing and promotional initiatives in order to maintain our market share and strengthen our retail consumer brands. Further, we also compete with large dairy cooperatives that also procure milk from farmers in the regions where we procure our milk, and any grants, financial assistance or other incentives by the GoI or State governments to such dairy cooperatives would benefit such entities, and could adversely affect our direct procurement model dairy farmers and registered milk vendors.

A failure to introduce distinctive brands, packaging and products that differentiate us from our competitors may result in loss of existing market share and failure to expand our retail consumer business or expand into new markets. Some of our competitors have used, and we expect them to continue to use, greater amounts of incentives and subsidies for distributors and retailers and more advanced processes and technologies. In addition, significant increase in advertising expenditures and promotional activities by our competitors may require us to similarly increase our marketing expenditure for our growing retail consumer business, engage in effective pricing strategies, which may result in dilution of our margins and materially and adversely affect our business, results of operations and financial condition.

7. ***The loss, shutdown or slowdown of operations at any of our facilities or the under-utilization of any such facilities may have a material adverse effect on our results of operations and financial condition.***

Our business and results of operations are dependent on our ability to effectively plan our production processes and on our ability to optimally utilize our production capacities for the various dairy products we manufacture. Any disruption to our production process or the operation of our production facilities may result from various factors beyond our control, including, among others, the following:

- utility supply disturbances, particularly power and water supply;
- forced close down or suspension of our production facilities due to factors such as breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes such as strikes and work stoppages, natural disasters and industrial accidents;
- severe weather condition;
- interruption of our information technology systems that facilitate the management of our production facilities; and
- other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

Although our production facilities have not experienced any material disruption in the past, there can be no assurance that there will not be any material disruption to our operations in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of these events, or to effectively respond to these events if they occur, our business, results of operations and financial condition could be materially and adversely affected. Further, we depend upon our suppliers and vendors to provide the necessary equipment and services that we need for our continuing operations and maintenance of our facilities, plant and machinery. We cannot assure you that we will be able to continue to obtain equipment on commercially acceptable terms, or at all, or that our vendors will continue to enter into or honor the contracts for their services. Our inability to continue to obtain equipment and enter into contracts with our vendors in a timely manner, or at all, could adversely affect our business and results of operations.

8. ***We have not registered the logo or trademarks that are used by us for our business and our inability to obtain or maintain this registration may adversely affect us. Further, erosion of the reputation of our brand name or failure to protect our trademarks from counterfeiting or imitation could adversely impact our sales and results of operations.***

Our intellectual property includes trademarks associated with our business. While we have registered various trademarks and word marks associated with our name, the logo appearing on the cover page of this Red Herring Prospectus has not been registered by us and we filed an application for the registration of such logo on March 27, 2015. This application is currently pending. Further, we have registrations for the logos of “Feel Fresh”, “Flava”, and “Flavo” under various classes in accordance with the Trademarks Act, 1999. While we have made applications for registration of the trademarks and word marks such as “Prabhat”, “Milk Magic” and “Flava” under various classes in accordance with the Trademarks Act, 1999, some of these applications have been objected or opposed by third parties on grounds including such trademarks and word marks being deceptively similar to the trademarks and word marks registered by such third parties. For further information, please see the section entitled “Our Business – Intellectual Property” on page 144. In the absence of such protection, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such registration is granted. In addition, if our unregistered trademark is registered in favour of a third party, we may not be able to claim registered ownership of the trademarks and consequently, we may be unable to seek remedies for infringement of these trademarks by third parties other than relief against passing off by other entities. Further, we may become subject to claims by third parties if we use any of these trademarks in breach of any intellectual property rights registered by such third parties. Any legal proceedings pursuant to such claims, or settlements thereunder, may divert management attention and require us to pay financial compensation to such third parties. Our inability to obtain or maintain these registrations may adversely affect our brand value and business prospects, particularly in relation to our retail consumer business. Our failure to detect counterfeiting or imitation of our own brand products and trademarks and to mitigate the adverse impact from such counterfeiting and imitation could result in a decrease in our sales volume or market share. Furthermore, we cannot guarantee that the use of our brand and trademarks will not infringe the intellectual property rights of any third party or otherwise violate any applicable laws. Any liability or claim in relation to our use of such brands and trademarks made or threatened to be made against us in the future, regardless of its merits, could result in costly litigation and strain our administrative and financial resources. If we fail to effectively protect our brand and trademarks, our reputation could suffer severe damage, which in turn could have a material adverse effect on our business, financial condition and results of operations.

9. Improper storage, processing or handling of raw milk and our dairy products may result in spoilage of, and damage to, such raw milk and dairy products which may adversely affect our business prospects, results of operations and financial condition.

We produce a range of dairy products from raw milk, including sweetened condensed milk, pasteurized milk, UHT milk, flavored milk, yogurt, dairy whitener, skimmed and whole milk powder, clarified butter (ghee), and ice cream. Each such dairy product involves specific temperatures and other conditions of storage depending on the nature of the product. In the event that the procured raw milk or our dairy products are not appropriately processed, stored, handled and transported under specific temperatures and other food safety conditions, the quality of such raw milk and dairy products may be affected, resulting in spoilage or contamination. Any accident or negligence in the procurement, production or storage of our products under sub-optimal conditions may result in non-compliance with applicable regulatory standards or quality standards and storage conditions specified by our customers for such products. Any sale of such non-compliant product may be harmful to the health of end consumers of our dairy products, and any such event may expose us to liabilities and claims which could adversely affect our brand image and reputation. Any such event may have a material and adverse effect on our business prospects, results of operations and financial condition.

10. There are outstanding criminal proceedings against our Company.

Out of the five criminal proceedings against our Company, three such proceedings are pending at different levels of adjudication before various courts for violation of the provisions of the Prevention of Food Adulteration Act, 1954 and the Prevention of Food Adulteration Rules, 1955 (the "**PFA Act and Rules**"). For further details, please see the section entitled "Outstanding Litigation and Material Developments - Litigation involving our Company – Criminal cases" on page 399 of the Red Herring Prospectus.

We cannot assure you that these proceedings will be decided in favour of our Company. An adverse outcome in the above mentioned proceedings could result in imprisonment of the nominee of our Company or a penalty being imposed under the Food Safety and Standards Act, 2006 and Food Safety and Standards Rules, 2011 (which have repealed the erstwhile PFA Act and Rules). For further details in relation to the penalty, please see the section entitled "Risk Factors - There are outstanding legal proceedings against the Company, certain of its Directors and Promoters and its Subsidiaries which may adversely affect our business, financial condition and results of operations." Further, an adverse outcome in the above mentioned matters may also have an adverse effect on our reputation and may affect our future business.

11. Any disruption in transportation arrangements or increases in transportation costs may adversely affect our results of operations.

We rely on third party transportation providers to transport raw milk to our production facilities in Shrirampur and Navi Mumbai, and our finished dairy products to our institutional customers, dealers and distributors as well as to a large number of retail outlets. Transportation of raw milk and dairy products require specially insulated and refrigerated vehicles. Raw milk and dairy products may be lost, damaged or subject to spoilage and contamination if specific transportation conditions, including specified temperatures, are not maintained by such transportation providers. Any delay in delivery of raw milk and dairy products may also affect our business adversely. There are a limited number of such specialized transportation providers and an inability to ensure adequate and appropriate transportation facilities in a timely manner or at all could adversely affect our business operations.

We typically lease such specially insulated and refrigerated vehicles from third party service providers. We may not be able to renew these leases on commercially viable terms in a timely manner or at all, which would require us to identify alternative transportation arrangements at high costs or compel us to purchase new vehicles, requiring significant capital outlay. Transportation strikes may also affect our delivery schedules. In addition, we have limited control over operators of such insulated and refrigerated vehicles including the drivers, who are generally engaged through third party contractors. Any increase in transportation costs and/ or the unavailability of such transportation service providers on commercially viable terms may adversely affect our operating margins and results of operations.

12. We have entered into certain transactions with related parties in the past and may continue to do so in future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

We have entered into certain transactions with related parties, including our Promoters and subsidiaries and may continue to do so in future. While we believe that all such transactions are in compliance with applicable laws and contain commercial terms, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. It is also likely that we will enter into related party transactions in the future. Further, the Companies Act, 2013 has brought into effect significant changes to the Indian company law framework including specific compliance requirements such as obtaining prior approval from the audit committee, board of directors, and shareholders for certain related party transactions. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflict of interests. Accordingly, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition. For further information, please see the section entitled "Financial Statements" on page 183.

13. Our Company proposes to utilize a portion of the Net Proceeds to partly pre-pay certain loans availed by our Company and our Subsidiary, SAIPL, and accordingly, the utilization of that portion of the Net Proceeds will not result in creation of any tangible assets.

Our Company intends to use a certain portion of the Net Proceeds for the purposes of part pre-payment, in full or part, of certain term loans availed by our Company and our Subsidiary, SAIPL. The details of the loans identified to be repaid or prepaid using the Net Proceeds have been disclosed in the section entitled "Objects of the Issue" on page 91. However, the repayment or prepayment of the term loans are subject to various factors including, pre-payment penalty of 2% of the pre-paid amount. While we believe that utilization of Net Proceeds for repayment of loans would help us to reduce our cost of debt and enable the utilization of our funds for further investment in business growth and expansion, the pre-payment of loans will not result in the creation of any tangible assets for our Company.

14. We are yet to place orders for plant and machinery and apply for requisite government approvals to establish our co-generation captive power facility at Shrirampur, which form part of the Objects of the Issue.

We are yet to place orders for plant and machinery and apply for requisite government approvals to establish our co-generation captive power facility at Shrirampur, which form part of the objects of the issue. For further details, please see the section entitled "Objects of the Issue" on page 91. We cannot assure you that we will be able to manage any such installation of captive power facility effectively and efficiently, and any failure to do so may materially and adversely affect our business, financial condition, results of operations and prospects. Further, implementation of the project may be subject to time overruns or cost overruns.

Installation and usage of the 3MW co-generation power facility may require certain approvals, licences, registrations and permits. We have made applications for certain approvals, licenses, registrations and permits including environmental and mining approvals. Further, we are still to apply for approval from the Executive Engineer Divisional Electricity Corporation Industry Power & Labour Department, Aurangabad for the 3MW CPF. For details, please see the section entitled "Government and other Approvals" on page 412. Any failure to obtain the required approvals, licences, registrations or permits in a timely manner, or any suspension or revocation of any of the approvals, licences, registrations and permits would result in a delay in the installation of the 3MW co-generation power facility which could otherwise adversely affect our business, financial condition, results of operations and prospects.

15. ***We have had negative net cash flows from investing activities in the past.***

Our cash flows for Fiscal 2013, 2014 and 2015 are as set out below:

Particulars	**Fiscal**		
	2013	**2014**	**2015**
	(₹ in million)		
Net cash from/(used in) operating activities	557.15	85.66	14.18
Net cash from/(used in) investing activities	(1,102.29)	(611.00)	(532.62)
Net cash from financing activities	573.89	502.71	691.38
Net increase/(decrease) in cash and cash equivalents	**28.75**	**(22.63)**	**172.94**

Negative net cash flows from investing activities for these periods were primarily attributable to the purchase of fixed assets. For further details in relation to the net cash flows in the preceding periods, see the sections "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 183 and 361, respectively. We cannot assure you that our net cash flow will be positive in the future.

16. ***Our statutory auditors have included certain qualifications and matters of emphasis in the audit reports of our Company and its subsidiaries.***

Our statutory auditors have included certain qualifications and matters of emphasis in the audit reports of our Company and its subsidiaries, including with respect to the Companies (Auditor's Report) Order, 2015 and the Companies (Auditor's Report) Order, 2003, as applicable, which are discussed in the section entitled "Financial Statements – Annexure IV - Notes on Material Adjustments – Note 7" of our Restated Consolidated Financial Statements on page 277. Accordingly, investors should read the sections entitled "Financial Statements - Restated Standalone Financial Statements" and "Financial Statements - Restated Consolidated Financial Statements" on pages 183 and 260, respectively, in the context of such auditor qualifications and other matters of emphasis highlighted by our statutory auditors with respect to our historical financial information. For further information please see the section entitled, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditor's Qualifications and Matters of Emphasis" on page 383.

17. ***An inability to expand or effectively manage our growing distribution network may adversely affect our retail consumer products business.***

As we increase our focus on our retail consumer business, an inability to expand or effectively manage our growing distribution network may adversely affect our retail consumer products business. We sell our own branded retail consumer products to retail customers through our distributors and various third party retail chains, and the competition for distributors is intense in our industry in India as many of our competitors are expanding their distribution networks. We may not be able to compete successfully against our competitors for our existing distributors or additional distributors in the future. In addition, we may not be able to successfully manage our relationship with various retail chains. There can be no assurance that we will not lose any of our distributors or retail chains in the future, which may cause us to lose some or all of our arrangements with such distributors or retail chains and may even result in the termination of our relationships with other distributors or retail chains. While we do not believe that we are substantially dependent upon any individual distributor, finding replacements could be time-consuming and any resulting delay may be disruptive and costly to our business. If our competitors offer distributors and retailers more favourable terms or have more products available to meet their needs or utilize the leverage of broader product lines sold through the channel, those distributors and retailers may de-emphasize or decline to distribute our products. In addition, our distributors could change their business practices, such as inventory levels, or seek to modify their contractual terms, such as payment terms. Inability of our distributors to meet our payment schedules or unexpected changes in inventory levels, payment terms or other practices by our distributors or other sales channel partners could negatively impact our business, operating cash flows and financial condition.

We rely on our distributors to provide us with timely and accurate information about their inventory levels as well as sale of our retail consumer products, and we use this information as one of the factors in our forecasting process, to plan future production and sales levels, which in turn influences our financial forecasts. If we do not receive this information on a timely and accurate basis, our results of operations and financial condition may be adversely impacted.

Further, in order to expand the sales volume of our products, it is essential that we continue to expand the density as well as the geographic reach of our existing distribution network and ensure that our products reach every market segment and customer base. If we are unable to continue to expand our distribution network, our business will be adversely affected. In addition, we may not be able to effectively manage our distributors or expand our network, and the cost of any consolidation or further expansion of our distribution network may exceed the revenue generated from these efforts. Furthermore, the performance of our distributors and the ability of our distributors to sell our products, uphold our brand, expand their businesses and their sales network are crucial to the future growth of our business and would directly affect our sales volume and profitability. If any of our distributors fail to distribute our products in a timely manner or according to the terms of individual distribution agreement, or at all, or if our distribution agreements are suspended, terminated or otherwise expire without renewal, our retail consumer business and our profitability may be materially and adversely affected.

18. Any shortage or non-availability of electricity or water may adversely affect our production processes and have an adverse impact on our results of operations and financial condition.

Our operations involve a significant amount of electricity as our raw materials including milk, and dairy products are required to be stored at specified temperatures and require significant refrigeration facilities. The production processes of certain of our dairy products also require significant power. Temperature control becomes essential in relation to, processing and preservation of our raw milk and other raw materials and our dairy products, some of which have relatively short shelf lives. We depend on State electricity supply for our power requirements. An interruption in power supply may occur in the future as a result of any natural calamity, technical fault, shortage of power or other factors beyond our control. This could also result in an increase in the cost of power. We are also dependent on the availability of adequate water for use in our production processes. Lack of sufficient power or water resources or an increase in the cost of such power and water may adversely affect our business, results of operations and financial condition.

19. Our Company has not paid dividends on Equity Shares in the past five Fiscals except for interim dividend on Equity Shares in Fiscal 2015 and our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

The amount of our future dividend payments, if any, will depend upon various factors including our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. In the past five Fiscals, our Company has paid interim dividend only in Fiscal 2015 as the profits of our Company were invested in our Company for the purposes of incurring capital expenditure. There can be no assurance that we will be able to declare dividends. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on various factors. Accordingly, realization of a gain on shareholder investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that the Equity shares will appreciate in value.

20. If we fail to anticipate and respond to changes in consumer preferences, demand for our dairy products could decline.

The success of our business operations, particularly in our retail consumer business, depends on our ability to anticipate, identify, interpret and react to the evolving tastes, dietary habits and nutritional needs of consumers and to offer products that appeal to them. Sales of our products could be affected by nutritional and health-related concerns about our products, such as fat, cholesterol, calorie, sodium, lactose, sucrose, bacteria and other ingredients contained in the products. Consumer trends in the dairy industry are constantly changing and our failure to anticipate, identify, interpret and react to these changes, or our failure to generate consumer acceptance or recognition of our new products, could lead to, among others, reduced demand for and/or price reductions of our products. In addition, medical and other studies released from time to time raise health concerns over cow milk in the human diet, which may result in a decrease in demand for dairy products. Such developments may have an adverse effect on consumer preferences and our results of operations and financial condition.

Even if we are successful in anticipating, identifying, interpreting and reacting to evolving consumer trends, there can be no assurance that we will be able to successfully compete in these new businesses; that demand for these new products will grow to the extent that we expect; or that these new businesses and products will provide the returns that we expect. If we are unable to respond to changes in consumer preferences in a timely manner or at all, or if our competitors are able to address these developments more effectively or efficiently, our business, results of operations and financial condition could be materially and adversely affected.

21. Our success depends on our ability to manage our growth which could disrupt our business and reduce our profitability.

We have experienced significant growth in recent years and expect our business to grow significantly as a result of our expanded operations by increasing our size of operations, raw milk procurement volumes, increasing sales of institutional products, expanding our retail consumer business, targeting niche customer segments, expanding our distribution platform, and continue to increase our brand penetration in our existing and new markets. We expect this growth to place demands on us requiring us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, we may face increased challenges in:

- maintaining high levels of customer satisfaction;
- recruiting, training and retaining sufficient skilled management, technical, execution and marketing personnel, and our distributors;
- adhering to health, safety and environment and quality and process execution standards;
- preserving a uniform culture, values and work environment across our operations; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

We will need to continuously develop, improve our financial, internal accounting and management controls, reporting systems and procedures as we continue to grow and expand our business. An inability to manage our growth may have an adverse effect on our business and results of operations.

22. Our procurement operations and production facilities are located in a single geographical region, which exposes us to the risk of any adverse development affecting such region.

Our production facilities are located in Shrirampur in the Ahmednagar district of the State of Maharashtra, and in Navi Mumbai which is in close proximity to Ahmednagar, Pune and Nashik districts in the State of Maharashtra. Our raw milk requirements are procured from dairy farmers and registered milk vendors from these regions as well as certain contract milk suppliers operating in these regions, and we benefit from the close proximity of our production facilities to our milk procurement areas. The concentration of our entire procurement and production operations in one particular region exposes us to the risk of any adverse conditions in this region, such as natural calamities, civil disturbances or any adverse political, social or economic conditions, the occurrence of which could have a material adverse effect on our business, financial condition and results of operations.

23. An inability on our part to keep pace with technological developments could adversely affect our business, results of operations and financial condition.

We use advanced technology systems to manage our raw milk procurement, production processes as well as product distribution. A fault in or disruption to our information technology systems could cause disruption to our business. In addition, technological advances from time to time may result in our systems, methods or production facilities becoming obsolete. Failure to keep up to date with such changes could result in our competitors having an advantage over us, which could impact negatively upon both our financial performance and our reputation. Any significant upgrade to or replacement of our systems could require considerable capital expenditure, which could affect our results of operations and financial condition.

24. ***Our business prospects and results of operations may be adversely affected if any future capacity expansion or facility modernization plans are not successfully implemented.***

As we continue our growth by expanding our production facilities and introducing new products, we may encounter regulatory, personnel and other difficulties that may increase our expenses, which could delay our plans or impair our ability to become profitable in these areas. A delay in the construction, commissioning or operation of future product lines, an increase in the cost of construction or future production facilities not being as efficient as planned could have a material and adverse effect on our business and results of operations. In addition we may have to make significant investment in upgrading our plant, machinery and other infrastructure at our production facilities. There can, however, be no assurance that such modernization plans will be successfully implemented or completed or that if completed, they will result in the anticipated growth in our revenues or improvement in the results of operations we anticipate from the implementation of such initiatives.

25. ***We are subject to extensive government regulation and our inability to obtain/renew or maintain our statutory and regulatory permits and approvals required to operate our business would adversely affect our business and operations.***

Our operations are subject to extensive regulation and in respect of our existing operations we are required to obtain and maintain various statutory and regulatory permits, certificates and approvals including approvals under the Food Safety and Standards Act, 2006, environmental approvals, factories licenses, labour related approvals. Further, approvals applicable to our Company include the registration of our suppliers under the Food Safety Standards Act, 2006 which is obtained by the respective vendors, approvals for operating diesel generator sets and transformers, approvals from the utilities' companies/authorities for water and electricity connection, periodic inspection and periodic verification of the weights and measures, and packaging used by our Company, periodic inspection and certification of the engineering construction in our manufacturing facilities, and permission for self-sealing of export goods. Our Company has made applications for various approvals including approvals under environmental laws and the Factories Act, 1948. Further, we are still to make an application to the Executive Engineer Divisional Electricity Corporation Industry Power & Labour Department, Aurangabad for the 3MW CPF. For details of our approvals, please see the section titled "Government and other Approvals" on page 407. There can be no assurance that the relevant authorities will issue or renew any expired permits or approvals in time or at all. Failure or delay in obtaining approvals or failure by us to renew, maintain or obtain the required permits or approvals within applicable time or at all may result in interruption of our operations. Further, the relevant authorities may initiate penal action against us, restrain our operations, impose fines/penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all. Consequently failure or delay to obtain such approvals could have a material adverse effect on our business, financial condition and profitability.

Further, the approvals required to be obtained by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our activities, any of which could adversely affect our business.

Our operations are subject to stringent health and safety laws as our products and the products of our institutional customers are for human consumption and are therefore subject to various industry specific regulations. While we believe that our production facilities are in compliance with applicable food safety, and other applicable laws and regulations, we may be subject to additional regulatory requirements due to changes in governmental policies. Further we may also incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state and local food safety, consumer goods, health and safety and other laws and regulations. These relate to various issues, including food safety, food ingredients, and food packaging requirements, and the investigation and remediation of contamination. These laws and regulations are increasingly becoming stringent and may in the future create substantial compliance or remediation liabilities and costs. These laws may impose liability for non-compliance, regardless of fault. Other laws may require us to investigate and remediate contamination at our facilities and production processes. While we intend to comply with applicable regulatory requirements, it is possible that such compliance may prove restrictive, costly and onerous and an inability to comply with such regulatory requirement may attract penalty.

26. ***Failure to comply with environmental laws and regulations could lead to unforeseen environmental litigation which could impact our future net earnings.***

We are subject to various national, state, municipal and local laws and regulations concerning environmental protection in India, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the cleanup of contaminated sites. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of a new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment and emissions management. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits or shutdown of our facilities. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws will not adversely affect our business, results of operations or financial condition. In addition, we could incur substantial costs, our products could be restricted from entering certain jurisdictions, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with environmental laws. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of non-compliance or fault. The amount and timing of costs under environmental laws are difficult to predict.

27. ***Conditions and restrictions imposed by our financing arrangements may restrict our ability to conduct our business and operations.***

As of March 31, 2015, we had long term borrowings (including current maturities) of ₹ 2,461.65 million and short term borrowings of ₹ 1,656.08 million. We may in the future incur additional indebtedness in connection with our operations. Our financing agreements include various conditions and covenants restricting certain activities and certain transactions. Specifically, we may require, and may be unable to obtain, lender consents (a) to make any change in its equity structure, management and operating structure; (b) to declare or pay dividends in respect of any financial year if any event of default has occurred; (c) to effect any merger, de-merger, consolidation, reorganization, scheme of arrangement or compromise or amalgamation; (d) to effect any material change in the shareholding of the Borrower; (e) to take or request any channel facility or other unsecured loans or bill discounting from other banks or financial institutions; (f) for amendment or modification of its constitutional documents; (g) to undertake any new project, diversification, modernization, which are material in nature, or substantial expansion of any if its projects; and (h) for creating any charge, lien, hypothecation, mortgage, pledge, encumbrance or any type of preferential arrangement on any of its assets which constitute securities.

Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements and may adversely affect our ability to conduct our business and operations or implement our business plans. Our Company has received consent of existing lenders in writing for the proposed Issue as may be required in accordance with the provisions of the respective facility agreements. There can be no assurance that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have an adverse effect on our cash flows, business and results of operations.

28. ***We rely on certain third party service providers for our business and results of operations and any interruption in their services can have an effect on our results of operations.***

We rely on third parties to provide various services on regular basis, for instance in relation to functions such as milk procurement, transportation of our finished dairy products, production facility maintenance, repair and operation. Increases in the cost of these services or failure or delay of one or more of these third party service providers to provide these services to the necessary standard could constrain or disrupt reliability of supply and have an adverse effect on business and profitability. Further the costs related to the collection, distribution and production of our dairy products such as freight and other costs will also have an effect on our production costs and effect on our results of operations. If any of our contracts with these suppliers are disrupted, then we may not be able to find suitable replacements in a timely manner or at all, or on commercially acceptable terms, and this could constrain or disrupt reliability of supply and have an adverse effect on business and profitability.

29. We may not be able to retain or secure key qualified personnel, key senior management or other personnel for our operations.

We depend on certain key qualified personnel, key senior management and other employees in our business. The expertise, industry experience and contributions of our senior management are crucial to our success. There can be no assurance that such persons will continue to provide services to us or will honor the agreed upon terms and conditions of their employment contracts. Any loss of key personnel or failure to recruit and retain personnel for our future operations and development may have a material adverse effect on our business.

30. Our insurance coverage may not be sufficient to cover all of our potential losses.

We maintain insurance coverage for our main production facilities and equipment. However, these insurance policies have limits on the total amount of indemnification and do not cover all potential losses. As a result, we may be required to use our own resources to cover certain financial and other losses, damages and liabilities, including those caused by fire, bad weather, disease, civil strife, strikes, natural disasters, terrorist incidents, industrial accidents or other causes. Also, any defective product claim or business interruption may result in substantial costs to us. Losses incurred or payments we may be required to make may have a material adverse effect on our business, results of operations and financial condition. Further there can be no assurance that we may not suffer any uninsured losses which will also have an adverse effect on our business.

The total value of net block of fixed assets (excluding land, intangible fixed assets and capital work in progress) of our Company was ₹2,417.68 million as on March 31, 2015, on a consolidated basis. Our Company has availed insurance for net block of fixed assets (excluding land and intangible fixed assets) for an aggregate sum of approximately ₹4,120.00 million as at March 31, 2015, on a consolidated basis. Accordingly, the Company's insurance cover as at March 31, 2015 was approximately 170% of its net block of fixed assets (excluding land, intangible fixed assets and capital work in progress) as on March 31, 2015.

31. Delays or defaults in client payments could adversely affect our operations.

We may be subject to working capital risks due to delays or defaults in payment by clients, which may restrict our ability to procure raw materials and make payments when due. In addition, any delay or failure on our part to supply the required quantity or quality of products, within the time stipulated by our agreements, to our customers may in turn cause delay in payment or refusal of payment by the customer. We typically extend credit terms to our large institutional and other customers. Such defaults/delays by our customers in meeting their payment obligations to us may have a material adverse effect on our business, financial condition and results of operations.

32. Our Promoters and Promoter Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.

After this Issue, our Promoters and our Promoter Group will beneficially hold approximately [•]% of our post-Issue Equity Share Capital. As a result, our Promoters and Promoter Group will have the ability to exercise significant influence over the matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. The Promoters and Promoter Group will also be in a position to influence the result of any shareholders' action or approval requiring a majority vote. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control and this could have an adverse effect on our operations and business conditions.

33. Any failure or disruption of our information technology systems could adversely impact our business and operations.

We have implemented significant information technology infrastructure across our business functions. In addition, our production facilities are highly automated and equipped with modern technology and equipment. Accordingly, our operations are vulnerable to interruption by fire, power loss, telecommunications failure, terrorist attacks, internet failures, computer viruses, earthquake and other events beyond our control. Any breaches of our information technology systems may require us to incur further expenditure to set up more advanced security systems to prevent any unauthorized access to our networks. In the event of a significant system failure, our business could experience significant disruption which could have a material adverse effect on our business, results of operations and financial condition. Further, in the event that our information technology systems are unable to handle additional volume for our operations as our business and scope of our operation expands, our operating efficiency may decline, and may also have an adverse effect on our business operations.

34. We may not be able to secure sufficient financing on favourable terms, or at all, to meet our future capital needs.

In the future, we may require additional capital to pursue business opportunities or acquisitions or respond to challenges and unforeseen circumstances. We may also decide to engage in equity or debt financings or enter into credit facilities for other reasons. We may not be able to secure debt or equity financing in a timely manner, on favorable terms, or at all. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

35. Information relating to the estimated installed capacities and historical estimated capacity utilisation of our production facilities included in this Red Herring Prospectus is based on various assumptions and estimates and future production and capacity utilisation may vary from such estimated installed capacity utilisation.

The estimated installed capacity information and historical estimated capacity utilisation information relating to our production facilities included in this Red Herring Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. Further, capacity additions to our production facilities have been made on an incremental basis, including through expansion of our facilities as well as de-bottlenecking exercises and improving material handling and other operational efficiencies in the production process. Actual production levels and utilization rates may differ significantly from the estimated installed capacities or historical estimated capacity utilisation information of our facilities and this is particularly true for the expanded facilities that are currently under trial production. Undue reliance should therefore not be placed on the estimated installed capacity or historical estimated capacity utilisation information for our existing facilities and the proposed additional capacity information included in this Red Herring Prospectus.

36. The Promoters and Directors hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Directors (including our Promoters) are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. There can be no assurance that our Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders.

37. Our financial condition may be adversely affected if any of our contingent liabilities materialize.

As of March 31, 2015, our contingent liabilities as disclosed in the notes to our restated consolidated financial statements aggregated to ₹66.05 million. The details of our contingent liabilities are as follows:

Particulars	**Amount (in ₹ million)**
Contingent Liability	
Corporate Guarantees given by the Company	
- Various milk supplying farmers	20.12
- Kausalya Milk Products Private Limited	-
Income Tax matters	33.64
Sales Tax matters	12.29
Total	**66.05**

If any of these contingent liabilities materialize, our profitability may be adversely affected and our financial conditions and business operation may be adversely affected.

38. We do not own certain premises used by the Company, and existing waiver of rentals payable by us in the respect of certain premises used by the Company will expire by March 31, 2016.

Certain premises used by the Company have been obtained on a lease or license basis. Our production facilities, registered office and corporate office are leased from third parties or Promoters or MIDC. For further information, please see the section entitled “Our Business – Property” on page 145. If any of the owners of such leased or licensed premises do not renew the agreements under which we occupy or use the premises on terms and conditions acceptable to us, or at all, we may suffer a disruption in our operations. In addition, we currently enjoy a waiver of the rents payable by us on the properties which have been leased/ licensed by us from the Promoters. Such waiver is valid till March 31, 2016, and thereafter, rents would be payable at prevailing market rate or otherwise on commercial terms with respect to such properties which we have lease/ license from the Promoters which may have an effect on our financial conditions. For further information relating to properties that we have leased from the Promoters, please see the section entitled “Our Promoters and Promoter Group – Interest of Promoters” on page 177.

39. An increase in our employee benefit expense could reduce our profitability.

Due to economic growth in the past and the increase in competition for skilled and semiskilled employees in India, wages in India have, in recent years been increasing at a fast rate. Further, our proposed expansion plan to augment growth will also result in increase in our work force and may also necessitate increased levels of employee compensation. In addition, we may also need to increase our compensation levels to remain competitive in attracting and retaining the quality and number of skilled and semi-skilled employees that our business requires. Any significant long-term increase in our employee benefit expense could reduce our profitability, which could, amongst others, impact our growth prospects.

40. Our funding requirements and proposed deployment of the Net Proceeds of the Issue are based on management estimates and have not been independently appraised, and may be subject to change based on various factors, some of which are beyond our control.

This Issue includes an Offer for Sale of 14,706,000 Equity Shares by the Selling Shareholders. The entire proceeds after deducting relevant Issue expenses from the Offer for Sale will be paid to the Selling Shareholders and our Company will not receive any such proceeds. For further details, please see the section entitled “Objects of the Issue” on page 91.

Our funding requirements and the proposed deployment of the Net Proceeds of the Issue are based on management estimates, current quotations from suppliers and our current business plan, and have not been appraised by an independent entity. Furthermore, in the absence of such independent appraisal, or the requirement for us to appoint a monitoring agency in terms of the SEBI Regulations, the deployment of the net proceeds is at our discretion. We may have to revise our expenditure and funding requirements as a result of variations in costs, estimates, quotations or other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling planned expenditure and funding requirements at the discretion of our Board. Further, current quotations from suppliers are only valid for limited periods and there can be no assurance that we will be able to purchase equipment on the rates provided in such quotations.

41. If we are unable to accurately forecast demand for our products, our revenues, gross profit and financial condition could be adversely affected.

The demand for our products depends on many factors and is difficult to forecast due in part to variations in economic conditions, changes in customer preferences, short shelf life of some of our products, changes in competition, seasonality and reliance on key sales and distribution partners. Significant unanticipated fluctuations in demand could result in excess production or inventories which could adversely affect our revenues, gross profit and financial condition.

42. Following completion of this Issue and listing on the Stock Exchanges, we will be required to publish our financial results in accordance with the provisions of the Equity Listing Agreement. During the period between the financial information included in this Red Herring Prospectus and the announcement of our financial results following listing, information relating to our financial performance will not be publicly available.

This Red Herring Prospectus includes our Restated Summary Statements. Following completion of this Issue and listing on the Stock Exchanges, we will be required to publish our financial results in accordance with clause 41 and other applicable provisions of the Equity Listing Agreement. During the period between the financial information included in this Red Herring Prospectus and the announcement of our financial results following listing, information relating to our financial performance will not be publicly available. Our historical financial performance is not indicative of our financial performance during such interim period or our future financial performance. Our financial performance in such interim period and in subsequent financial reporting periods may reflect adverse changes to our financial condition and results of operations compared to our historical financial information included in this Red Herring Prospectus, resulting from various factors, including operational, financial and business developments and significant economic, fiscal or policy developments affecting our business and operations, any adverse development affecting the dairy industry in India, any volatility in the Indian and global securities markets, or any adverse perception regarding investment in the dairy industry in India or in our Company.

43. We have issued Equity Shares during the last one year at a price that may be below the Issue Price.

During the last one year we have issued Equity Shares at a price that may be lower than the Issue Price as detailed in the following table:

Date of Allotment of Equity Shares	No. of Equity Shares Allotted	Face value (₹)	Issue Price (₹)	Reason for allotment
March 9, 2015	17,619,147	1	-	These Equity Shares were allotted pursuant to conversion of 0.01% Compulsorily Convertible Preference Shares held by IABF, REAL and Proparco, and approved pursuant to the resolution of the Board in their meeting dated March 9, 2015.
March 12, 2015	66,666,796	10	-	These Equity Shares were allotted to the Shareholders on account of a bonus issue in the ratio of 14:1 undertaken by our Company on March 12, 2015 pursuant to the resolution of the Board and the Shareholders on March 9, 2015.

44. We are subject to risks arising from foreign exchange rate fluctuations, which could adversely affect our financial condition and results of operations.

Changes in currency exchange rates influence our results of operations. A small portion of our revenues, particularly relating to our export sales, is denominated in currencies other than Indian

Rupees. Depreciation of the Indian Rupee against the U.S. dollar and other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in foreign currency that we may enter into in the future or any proposed capital expenditure in foreign currencies. Although we may selectively enter into forward contracts to minimize our currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. dollar or other relevant foreign currencies.

45. Our business operations benefit from certain tax benefits and any discontinuation of such tax benefits in the future may have an adverse effect on our results of operations and financial condition.

Our business operations benefit from certain tax benefits as specified in section entitled "Statement of Tax Benefits – Special Tax Benefits available to the Company under the Indian Income Tax Act, 1961" on page 103. In the event that any such tax benefits are discontinued or are otherwise no longer applicable to our business operations, our results of operations and financial condition may be adversely affected.

46. Some of our Directors have been appointed as Directors on being nominated by the Investor Selling Shareholders in accordance with the terms of the SHA and will continue to hold the current term of their directorship.

Rajesh Kumar Srivastava and Raphael Gabriel Roger Plihon have been appointed as Directors of our Company pursuant to the SHA and the Restated and Amended Amendment Agreement. Whilst the SHA shall stand terminated upon finalisation of the Basis of Allotment and the Investor Selling Shareholders shall cease to have a special right to nominate directors for appointment on our Board pursuant to the Restated and Amended Amendment Agreement, the Nominee Directors will continue to hold the current term of their directorship even after listing of the Equity Shares. For details of the SHA, please see the section entitled "History and Certain Corporate Matters" on page 150.

EXTERNAL RISK FACTORS

Risks Relating to the Equity Shares

1. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by the Company in consultation with the Selling Shareholders and the Lead Managers through the Book Building Process. This price will be based on numerous factors, as described under "Basis for Issue Price" on page 98 and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Issue Price.

2. The Equity Shares have never been publicly traded and after the Issue, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop.

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Moreover, the Issue Price is intended to be determined through a Book Building Process and may not be indicative of the price of the Equity Shares at time of commencement of trading of the Equity Shares or at any time. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, volatility in the Stock Exchanges and securities markets elsewhere in the world, variation in the growth rate of financial indications, variation in revenue or earnings estimates by research publications, and changes in economic, legal other regulatory factors.

3. ***There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Trading in the Equity Shares is expected to commence within 12 Working Days from the Bid/Issue Closing Date. However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. In addition, we are required to deliver the Red Herring Prospectus and the Prospectus for registration to the Registrar of Companies under applicable provisions of the Companies Act. We cannot assure that the Registrar of Companies will register such Red Herring Prospectus or Prospectus in a timely manner, or at all. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any delay in obtaining the approval would restrict your ability to dispose of the Equity Shares.

4. ***Any future issuance of Equity Shares by our Company may dilute the investors' shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares or securities linked to the Equity Shares by our Company may dilute the investors' shareholding in our Company, adversely affect the trading price of the Equity Shares and our Company's ability to raise capital through an issue of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. No assurance may be given that we will not issue additional Equity Shares.

5. ***Future sales of Equity Shares by our Promoters and significant shareholders may adversely affect the market price of the Equity Shares.***

After the completion of the Issue, the Promoters and significant shareholders of our Company will own, directly and indirectly, approximately [•]% of our outstanding Equity Shares. Sales of a large number of the Equity Shares by the Promoters and/or significant shareholders of our Company could adversely affect the market price of the Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of the Equity Shares. No assurance may be given that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

6. ***Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely impact the trading price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such valuation and reporting requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the Indian income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

7. ***Currency exchange rate fluctuations may affect the value of the Equity Shares.***

The Equity Shares are, and will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into other currencies for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

8. ***Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having a share capital incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the Company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. To the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in the Company would be reduced.

9. There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.

Following the Issue, our listed Equity Shares will be subject to a daily "circuit breaker" imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historical volatility in the price and trading volume of the Equity Shares. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares at any particular time.

10. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the SEBI Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. While our Company is required to complete Allotment pursuant to the Issue within 12 Working Days from the Bid/Issue Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

11. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Risks Relating to India and Other External Risk Factors

1. The Companies Act, 2013 has effected significant changes to the existing Indian company law

framework and the SEBI has introduced changes to the listing agreement, which have been effective from October 1, 2014, which may subject us to greater compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in an offer document, corporate governance norms, accounting policies and audit matters, reporting on internal controls over financial reporting by the board of directors, specific compliance requirements such as obtaining prior approval from audit committee, board of directors and shareholders for certain related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors, insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Subject to meeting certain specified net worth criteria, we are required to spend, in each financial year, at least 2% of our average net profits during the three immediately preceding financial years towards corporate social responsibility activities or provide an explanation for not spending such amount. As a result of the changes brought about by the Companies Act, 2013 to the provisions relating to accounting policies, going forward, we may also be required to apply a different rate of depreciation. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

We may incur increased costs relating to compliance with these new requirements, which may also require significant management time and other resources, or we may be subject to fines or other penalties if we are unable to comply with such requirements, which may adversely affect our business, results of operations, cash flows and financial condition.

Further, pursuant to Section 27 of the Companies Act, 2013, any variation in the objects would require a special resolution of the shareholders and the promoter or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the objects in such manner as may be prescribed in future by the SEBI.

The Companies Act, 2013 has introduced certain additional requirements which do not have corresponding provisions under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such requirements due to limited jurisprudence in respect of the relevant provisions. In the event our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by the SEBI). Recently, SEBI issued revised corporate governance guidelines, which have been effective from October 1, 2014. Pursuant to the revised guidelines, we were required to, inter alia, appoint at least one female director to our board of directors by April 1, 2015, appoint independent directors subject to terms and conditions as prescribed, establish a vigilance mechanism for directors and employees and constitute or reconstitute certain committees in accordance with the revised guidelines. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business prospectus, results of operations and financial condition.

2. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and may result in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services in any manner by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or in any other similar way or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India.

The applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed or undertaken by us, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act may adversely affect our business, financial condition or results of operation. We cannot assure you that we will be able to obtain approval for any future transactions on satisfactory terms, or at all. If we or any member of our group are/is affected directly or indirectly by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the CCI or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our reputation may also be materially and adversely affected.

3. Our business is substantially affected by prevailing economic, political and others prevailing conditions in India.

Our Company is incorporated in India, and majority of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
- changes in India’s tax, trade, Fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India‘s various neighbouring countries;
- occurrence of natural or man-made disasters;

- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its dairy sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

4. Third party statistical and financial data in this Red Herring Prospectus may be incomplete or unreliable.

We have not independently verified data obtained from industry publications and other sources referred to in this Red Herring Prospectus and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other industry publications. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate in this Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

5. Changes in legislation or the rules relating to tax regimes could adversely affect our business, prospects and results of operations.

The Government has proposed to alter the implementation of direct taxes by way of introduction of the Direct Taxes Code, 2013. The Direct Taxes Code, 2013 proposes to consolidate and amend laws relating to income tax and wealth tax The Government has indicated in the union budget for the financial year 2016 that Direct Tax Code shall not be pursued further.

Additionally, the Government has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the central and state governments into a unified rate structure, which is proposed to be effective from April 1, 2016. Given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the tax regime following implementation of the GST. The implementation of this new structure may be affected by any disagreement between certain state governments, which could create uncertainty. Any such future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

Further, the General Anti Avoidance Rules ("**GAAR**") which was to come into effect from April 1, 2015, has been deferred for two years to April 1, 2017. It is also proposed that the relevant rules be amended to protect investments made up to March 31, 2017 from the applicability of GAAR. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

We have not determined the impact of such proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

6. Investors may not be able to enforce a judgment of a foreign court against our Company.

Our Company is a company incorporated under the laws of India. Majority of our Company's Directors and Key Management Personnel are residents of India and our assets are substantially located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

7. ***Public companies in India, including our Company, are required to prepare financial statements under Ind AS. The transition to Ind AS in India is very recent and still unclear and our Company may be negatively affected by such transition.***

Our financial statements, including the restated financial information included in this Red Herring Prospectus are prepared in accordance with Indian GAAP and restated in accordance with the SEBI Regulations. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Indian GAAP.

Public companies in India, including our Company, are required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards" ("**Ind AS**"). On January 2, 2015, the Ministry of Corporate Affairs, Government of India (the "**MCA**") announced the revised roadmap for the implementation of Ind AS for companies other than banking companies, insurance companies and non-banking finance companies through a press release. On February 16, 2015, the MCA issued the Companies (Indian Accounting Standards) Rules, 2015 (the "**Indian Accounting Standard Rules**") to be effective from April 1, 2015. The Indian Accounting Standard Rules provide for voluntary adoption of Ind AS by companies in financial year 2015 and, implementation of Ind AS will be applicable from April 1, 2016 to companies with a net worth of ₹5,000 million or more. Accordingly, our Company may have to convert its opening balance sheet as on April 1, 2016 in accordance with Ind AS. Further, our Company may also be required to convert its balance sheet as on April, 2015 in accordance with Ind AS for preparing comparable financial statements for the previous year. Further, in addition, any holding, subsidiary, joint venture or associate companies of the companies specified above shall also comply with such requirements from the respective periods specified above.

Additionally, Ind AS differs in certain respects from IFRS and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that our Company's financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind AS than under Indian GAAP or IFRS. When our Company adopts Ind AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Our management may also have to divert its time and other resources for successful and timely implementation of Ind AS. There can be no assurance that the adoption of Ind AS by our Company will not adversely affect its results of operation or financial condition. Any failure to successfully adopt Ind AS in accordance with the prescribed timelines may have an adverse effect on the financial position and results of operation of our Company.

8. ***Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.***

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of the Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in India than as a shareholder of a corporation in another jurisdiction.

9. ***Financial instability in Indian financial markets could adversely affect our results of operations and financial condition.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

10. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

Prominent Notes

1. Issue of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,000 million and an Offer for Sale of up to 14,706,000 Equity Shares aggregating to up to ₹ [●] million, comprising of up to 3,151,000 Equity Shares by Nirmal Family Trust, up to 6,580,000 Equity Shares by IABF, up to 23,000 Equity Shares by REAL, and up to 4,952,000 Equity Shares by Proparco, aggregating up to ₹ [●] million. The Issue will constitute [●] % of our post-Issue paid up Equity Share capital of our Company.

2. A discount on the Issue Price may be offered by the Company and the Selling Shareholders in consultation with the Lead Managers to the Retail Individual Bidders in terms of the SEBI Regulations. The Price Band, minimum Bid Lot, and the Retail Discount will be decided by our Company and the Selling Shareholders in consultation with the Lead Managers and will be advertised at least five Working Days prior to the Bid/Issue Opening Date.

3. As of March 31, 2015, our Company's net worth was ₹3,385.39 million as per the Restated Consolidated Financial Statements and ₹2,353.13 million as per the Restated Standalone Financial Statements.

4. As of March 31, 2015, the net asset value per Equity Share was ₹47.40 as per the Restated Consolidated Financial Statements and ₹32.94 as per the Restated Standalone Financial Statements.

5. The average cost of acquisition per Equity Shares by each of our Promoters is as follows:

Name of the Promoter	Average cost of acquisition of Equity Shares
Nirmal Family Trust	₹ 7.20* per Equity Share
Sarangdhar Ramchandra Nirmal	₹ 95.02** per Equity Share
Vivek Sarangdhar Nirmal	₹ 7.40 per Equity Share

* *If the cost of acquisition of Equity Shares by trustees and beneficiaries of Nirmal Family Trust is considered, then the average cost of acquisition of Equity Shares held by Nirmal Family Trust is ₹8.04.*

** *If the cost of acquisition of Equity Share does not consider the cost of acquisition of Equity Shares gifted to Nirmal Family Trust, then the average cost of acquisition of the Equity Shares held by Sarangdhar Ramchandra Nirmal is ₹66.67.*

Note: The average cost of acquisition has been adjusted for sale considerations for sale of such Equity Shares by the respective Promoter.

For further details, please see the section entitled "Capital Structure" on page 79.

6. Except as stated in the sections entitled "Our Group Company" and "Related Party Transactions" on pages 179 and 181, respectively, our Group Company does not have any business or other interest in our Company.

7. For details of related party transactions entered into by our Company with the Group Company and Subsidiaries during the last financial year, the nature of transactions and the cumulative value of transactions, please see the section entitled "Related Party Transactions" on page 181.

8. There has been no financing arrangement whereby our Promoter Group, our Directors and their relatives have financed the purchase of Equity Shares by any other person during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.

9. Except as disclosed in the section entitled "History and Certain Corporate Matters" on page 150, there

has not been any change in the name of our Company at any time during the last three years immediately preceding the date of the Draft Red Herring Prospectus. Except as disclosed in the section entitled "History and Certain Corporate Matters" on page 150, there has not been any change in the object clause of our Memorandum of Association since incorporation.

10. Bidders may contact the Lead Managers for complaints, information or clarifications pertaining to the Issue. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, application number, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the entity and centre where the Bid cum Application Form was submitted. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB and the Syndicate Members at the Specified Locations with whom the Bid cum Application Form was submitted. In addition to the information indicated above, the ASBA Bidder should also specify the Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations where the Bid cum Application Form is submitted by the ASBA Bidder.

11. Bidders may contact the Lead Managers who have submitted the due diligence certificate to SEBI, for any complaints in relation to the Issue. For contact details of the Lead Managers, please see the section entitled "General Information" on page 71.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

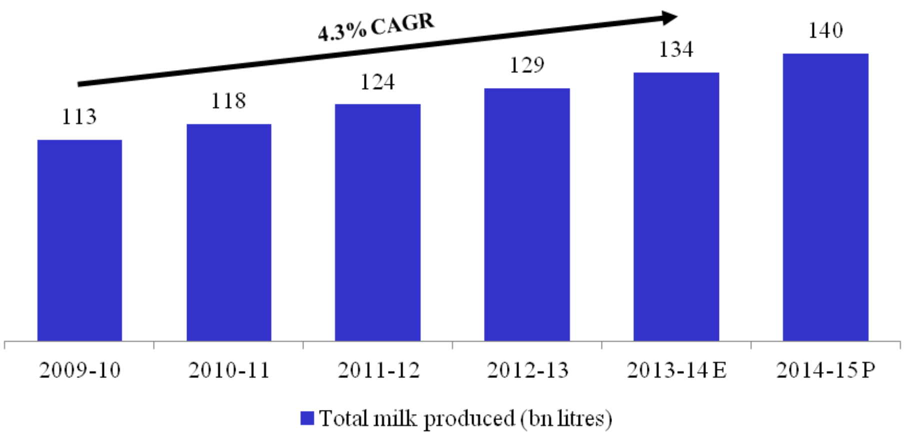
Unless noted otherwise, the information in this section is derived from "Assessment of Dairy and Milk Products Industry, CRISIL, March 2015" (the "CRISIL Report 2015") as well as other government publications and industry sources. Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

The following discussion includes various excerpts from the CRISIL Report 2015. In connection with the CRISIL Report 2015, CRISIL Research, a division of CRISIL Limited (CRISIL) states in the CRISIL Report 2015 that it has taken due care and caution in preparing the CRISIL Report 2015 based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / CRISIL Report 2015 and is not responsible for any errors or omissions or for the results obtained from the use of Data / CRISIL Report 2015. The CRISIL Report 2015 further states that such report is not a recommendation to invest / disinvest in any company covered in such report. It also states that it accepts no liability whatsoever to the subscribers / users / transmitters/ distributors of such report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report 2015 are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of the CRISIL Report 2015 may be published/reproduced in any form without CRISIL's prior written approval.

Introduction

India is among the fastest growing dairy markets in the world and has become the largest global producer of milk, since Fiscal 2013. Domestic milk production grew at 4.3% CAGR, to nearly 134 billion litres in Fiscal 2014, from 113 billion litres in Fiscal 2010. The growth in milk production in India outpaced other large milk producing nations such as United States of America and China, which grew at 2-3% CAGR in the past five years. Milk production is growing at a rate of 4.3% while consumption is growing at 5% leaving a gap between demand and supply. (*Source: CRISIL Report 2015*)

Trend in total Milk Production in India



Note: E – Estimated; P – Projected
Source: National Dairy Development Board (NDDB), Industry, CRISIL Research

In order to meet this rapid growing demand and to increase milk production in the country, the Union Government has started a central scheme, National Dairy Plan – Phase 1, for the period starting from Fiscal

2012 to Fiscal 2017. The main objective of the scheme is to provide rural milk producers with greater access to the organized milk-processing sector and to bridge the gap between the demand and supply of milk in the country.

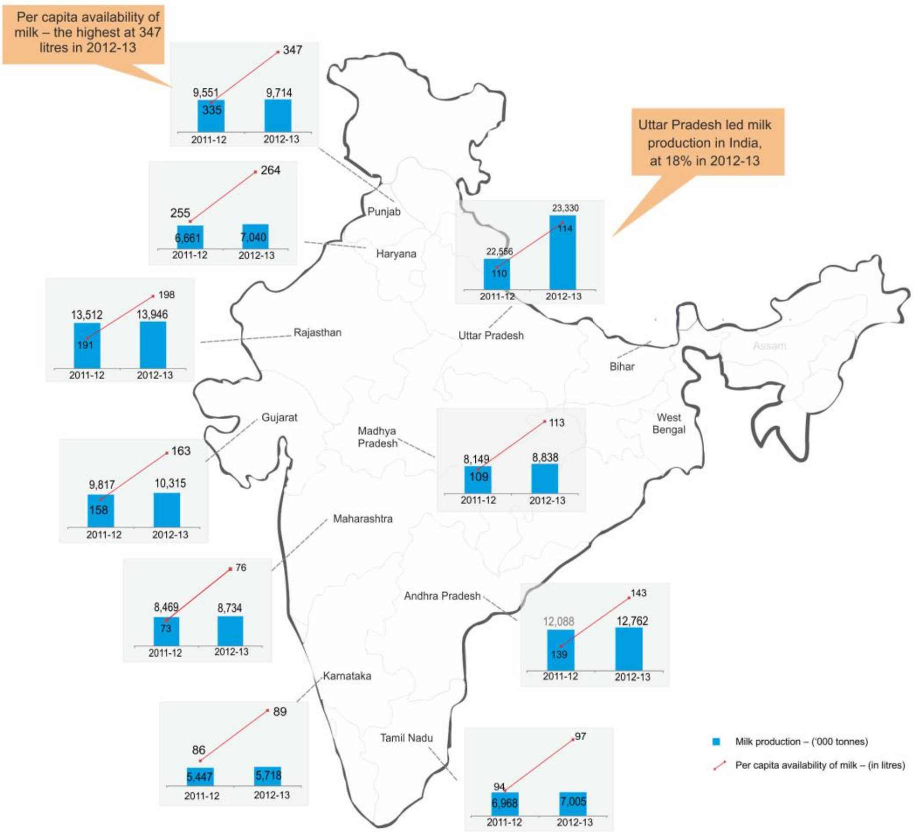
Milk production in India

Historical milk production and future estimates

According to the Annual Report of National Dairy Development Board for Fiscal 2014, India continued to be the largest milk producing nation in the world, with an estimated milk production of 134 billion litres for the Fiscal 2014, an increase of 3.9% over the previous Fiscal 2013. The estimated per capita availability of milk increased to 302 grams per day which is more than the world average of 294 grams per day. Additionally, the per capita availability of milk in developed countries was estimated at 831 grams per day and in Asia it was estimated at 186 grams per day. The dairy cooperatives procured about 12.5 million tonnes of milk in Fiscal 2014 as compared to 12.2 million tonnes in Fiscal 2013, registering a growth of 2.5%. Liquid milk marketing by the cooperatives stood at 11 million tonnes in Fiscal 2014 as compared to 10.4 million tonnes in Fiscal 2013, registering an increase of about 5.8%. In addition, the wholesale price indices of fodder and cotton seed oil cakes increased by more than 10% in Fiscal 2014. In order to offset the high input cost for milk production, the cooperatives paid a higher procurement price to milk producers in Fiscal 2014. (*Source: National Dairy Development Board's Annual Report 2013-14, available at http://www.nddb.org/ndpi/English/Publications/NDP%20Brochure-Eng-single%20page).pdf*)

Region wise milk production

The Indian states of Uttar Pradesh, Rajasthan, Andhra Pradesh, Gujarat, Punjab, Maharashtra, Madhya Pradesh, Haryana and Tamil Nadu together accounted for over 75% of milk produced in Fiscal 2013. The per capita availability of milk was the highest in Punjab, at around 347 litres per person per year in Fiscal 2013. In the same period, Haryana, Rajasthan, Gujarat, Andhra Pradesh, Uttar Pradesh and Madhya Pradesh were ranked among the leading states, where per capita milk consumption exceeded the national average of 106 litres per person per year. (*Source: CRISIL Report 2015*)



Growing preference for cow milk

While the share of buffalo milk in the country's total milk production continues to be higher (over 53% in Fiscal 2013), there is a growing preference for cow milk on the back of increasing health awareness and changing demographics especially in the urban areas. Cow milk contains lower fat content as compared to buffalo milk and hence appeals to the health conscious youth population. (*Source: CRISIL Report 2015*)

Comparison of cow and buffalo milk

Parameter	Buffalo	Cow
Domestic milk consumption	High	Moderate
Global milk consumption	Low	High
Fat content in milk	7-7.5%	3.5-4%
Water content in milk	80-85%	85-90%
Cost of milk*	₹ 52-54/litre	₹ 36-40/litre
Cost per animal	₹ 80,000-100,000	₹ 60,000-70,000
Yield per animal per return	1.7 tonnes of milk per animal	1.2 tonnes of milk per animal

**Cost of whole milk to end customers.*

Source: FAO, Industry, NDDB, CRISIL Research

India's share in the Global Market

The International Dairy Situation, Food and Agricultural Organization (FAO) reported 0.7% increase in milk production from 762 million tonnes in 2012 to 767 million tonnes in 2013. International prices of dairy commodities which were relatively high in the early part of Fiscal 2014, declined in middle of the year but increased substantially by the end of the year. With reduced availability of milk powder stocks due to drought in the Oceania region, price of milk powder witnessed an increase of more than 40% in Fiscal 2014 as compared to Fiscal 2013. Taking advantage of high prices and low stock levels, India exported about 0.17 million tonnes of milk powder, including milk powder equivalent of casein. (*Source: National Dairy Development Board's Annual Report 2013-14, available at http://www.nddb.org/ndpi/English/Publications/NDP%20Brochure-Eng-single%20page).pdf*)

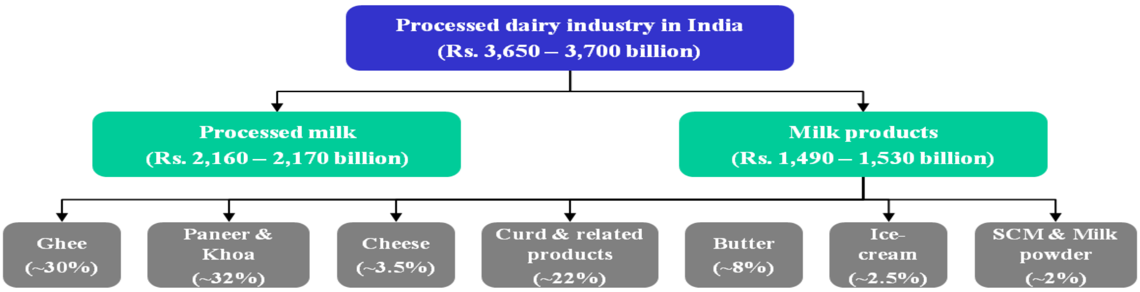
India and the US were the leading producers of milk, accounting for around 17% and 12% share, respectively in 2012. India was the highest consumer as well, with an aggregate demand (milk as well as milk products) of 118-120 billion litres in 2012. Other major consumers included the US, China, Pakistan and Russia. (*Source: CRISIL Report 2015*)

In addition to the above, the worlds largest milk exporters were New Zealand and countries based in the EU, while the major importers were China and Russia in Fiscal 2012.

Indian Dairy Industry

Currently, about 42% of the total milk produced in India is purchased by consumers directly from milk farmers in a raw form. The remaining 58% goes for processing and is sold as processed milk and milk products like curd, yogurt, buttermilk, lassi, butter, ghee, ice cream, frozen desserts, cheese, paneer, khoa and milk powder (including skimmed and whole). (*Source: CRISIL Report 2015*)

Classification of Indian dairy and milk products industry (2013-14)



Source: CRISIL Research

The processed dairy industry in India was estimated to be around ₹3,650-3,700 billion, out of which milk products accounted for around ₹1,490-1,530 billion. Paneer and khoa (32%), ghee (30%) and curd products (22%) account for the major portion of the milk products segment.

The processed milk and milk products segment is expected to record about 12-13% CAGR between Fiscal 2014 and Fiscal 2017. Growth will be driven by several factors such as changing lifestyle of consumers, growth in the food services industry, increasing urbanisation, rising need for convenience, better health awareness among end-users, etc. Sensing higher demand for processed milk and milk products, several domestic and global players forayed into different value added segments (leading to higher margins) to gain a higher market share. (*Source: CRISIL Report 2015*)

While demand for processed milk grew by 5.3% CAGR in Fiscal 2010 to Fiscal 2014, realisations rose by about 9-10% CAGR in the same period. Higher realisations could be attributed to rise in milk prices and growth in consumption of flavoured milk and tetra pack milk. As a result, the processed milk segment recorded 14-15% CAGR, reaching ₹2,160-2,170 billion in Fiscal 2014, from about ₹1,250 billion in Fiscal 2010 (*Source: CRISIL Report 2015*).

Milk prices are expected to rise by 7-8% CAGR over the next three years, primarily driven by an increase in fodder prices, which in turn, are expected to be driven by a similar rise in minimum support prices of key crops. Overall, the segment is expected to grow by 12-13% CAGR, in terms of value, from Fiscal 2014 to Fiscal 2017 to reach ₹3,090-3,100 billion. (*Source: CRISIL Report 2015*)

SUMMARY OF OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled "Forward-Looking Statements" on page 18 for a discussion of the risks and uncertainties related to those statements and also the section titled "Risk Factors" on page 19 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our Fiscal year ends on March 31 of each year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year.

In this section, a reference to the "Company" means Prabhat Dairy Limited. Unless the context otherwise requires, references to "we", "us" or "our" refers to Prabhat Dairy Limited and its subsidiaries on a consolidated basis. Unless otherwise indicated, financial information included herein are based on our Restated Standalone Financial Statements for Fiscal 2011 and our Restated Consolidated Financial Statements for Fiscals 2012, 2013, 2014 and 2015 included in this Red Herring Prospectus beginning on pages 183 and 260, respectively. Our Company did not have any subsidiaries in Fiscal 2011, and accordingly consolidated financial statements have only been prepared since Fiscal 2012.

Overview

We are an integrated milk and dairy products company in India catering to institutional as well as retail customers. We produce fresh, dry, frozen, cultured and fermented dairy products, including pasteurized milk, flavoured milk, sweetened condensed milk, ultra-pasteurised or ultra-high temperature (UHT) milk, yoghurt, dairy whitener, clarified butter (ghee), milk powder, ingredients for baby foods, lassi and chaas. We have recently commenced commercial production of cheese, paneer and shrikhand in Fiscal 2016. We sell our products under our retail consumer brands as well as ingredient products or as co-manufactured products to a number of institutional and multinational companies. As of June 30, 2015, we had an aggregate milk processing capacity of 1.5 million litres per day.

Our integrated business model encompasses almost all aspects of the dairy industry value chain, including cattle feed supply, engaging with farmers on cattle health and milk production, procurement of raw milk, and the production, supply and sale of a range of processed milk and dairy products. We believe that our integrated business model enables us to leverage the dairy industry value chain, ensure efficiency in costs and operating margins and exercise more control over the production process resulting in quality products.

In Fiscal 2013, 2014 and 2015, sales of institutional products represented 85.42%, 85.29% and 75.76%, respectively, of our sale of finished goods (net) in such periods, while sales of retail consumer products represented 14.58%, 14.71% and 24.24%, respectively, of our sale of finished goods (net) in such periods. While sales of institutional products have historically contributed to a majority of our revenues, we have significantly grown our retail consumer products business in the past few years, and expect the retail business to contribute an increasing proportion of total sales in the future while we continue grow our institutional products business.

Institutional Products: We produce a range of milk and dairy products including milk-based specialty ingredient products and co-manufactured products for a large number of Indian and multinational companies. Our specialty ingredient products are used in the production of other milk and food products by our institutional customers, while co-manufactured products are those products which are sold by our institutional customers under their own brands.

- *Specialty Ingredient Products*: Our specialty ingredient products include nutrition supplements and formulations for baby food, sweetened condensed milk, partially skimmed milk, skimmed milk powder, skimmed milk preparations, full cream milk powder and specialty milk powder for various reputed consumer product companies including Mondelez India Foods Private Limited (formerly Cadbury India Limited) and Abbott Healthcare Private Limited.

- *Co-manufactured Products*: Our co-manufactured products include specialty milk powders, curd (dahi), clarified butter (ghee), dairy whiteners, yogurts, processed and concentrated milk, and ice creams for various institutional customers including Britannia Industries Limited, Mother Dairy Fruit & Vegetable Private Limited and Heritage Foods Limited.

Retail Consumer Products: Our retail consumer products include pasteurized milk, UHT milk, flavoured milk, sweetened condensed milk, dairy whitener, milk powder, lassi, curd (dahi), chaas and clarified butter (ghee) sold under the Prabhat, Flava and Milk Magic brands. Over the years, we have developed a large distribution network to market and distribute our retail consumer products across India. As of June 30, 2015, our distributor network included more than 350 distributors through which we serve a large number of retail outlets. In addition, we have also established a dedicated marketing and distribution team for marketing our retail products. We procure a majority of our raw milk requirements directly from milk farmers and registered milk vendors in the State of Maharashtra, a significant cow milk producing region in India. Our direct procurement model enables us to control costs and ensure quality of the raw milk procured by us. We engage a large number of procurement partners, called "Prabhat Mitras", to co-ordinate the milk procurement process with milk farmers and registered milk vendors. These procurement partners are involved in educating farmers on cattle breeding, cattle feed and medication, cattle finance and insurance, as well as the delivery and storage of milk at our collection centres. We also work closely with a number of veterinary doctors and para-veterinary workers, called "Pashu Mitras" who assist farmers with cattle medication, de-worming, vaccination and other cattle health initiatives. As of June 30, 2015, our milk collection facilities included more than 450 milk collection centres, over 15 milk chilling plants and over 85 bulk milk coolers. Our milk collection facilities have automatic milk testing equipment and specialized storage facilities, to test, collect and store raw milk at these milk collection facilities before being transported to our production facilities.

We have established large, automated production facilities with advanced equipment at Shrirampur (Ahmednagar) and at Navi Mumbai, with an aggregate milk processing capacity of 1.5 million litres per day. These facilities are in close proximity to our milk procurement region as well as target market. We have recently added production capacities for several new dairy products including mozzarella cheese, cheddar cheese, processed cheese, cottage cheese (paneer) and shrikhand and have commenced production of these products in Fiscal 2016. For further information on our production capacities, please see "Our Business – Production Capacity" on page 136.

We have received several quality certifications relating to our products and production facilities, including certifications from the Food Safety and Standards Authority of India (FSSAI) for certain of our products; the AGMARK quality certification for ghee and butter; the IS 1166:1986 certification for condensed milk, partly skimmed and skimmed condensed milk. We have also received "Halal" certifications for skimmed milk powder, whole milk powder, dairy whitener, sweetened condensed milk and UHT milk.

Our total revenue increased at a CAGR of 36.71% from ₹ 2,868.21 million in Fiscal 2011 to ₹ 10,017.38 million in Fiscal 2015, while our profit after tax increased at a CAGR of 22.06% from ₹ 94.81 million in Fiscal 2011 to ₹ 210.45 million in Fiscal 2015. In the same period, our EBITDA increased at a CAGR of 48.00% from ₹ 213.75 million in Fiscal 2011 to ₹ 1,025.50 million in Fiscal 2015. CAGR information above relating to total income, profit after tax and EBITDA are based on our Restated Standalone Financial Statements for Fiscal 2011 and our Restated Consolidated Financial Statements for Fiscal 2012, 2013, 2014 and 2015. Our total revenue in Fiscal 2012, 2013, 2014 and 2015 was ₹ 4,838.21 million, ₹ 6,419.39 million, ₹ 8,576.58 million and ₹ 10,017.38 million, respectively. Our EBITDA in Fiscal 2012, 2013, 2014 and 2015 was ₹ 494.58 million, ₹ 736.14 million, ₹ 917.22 million and ₹1,025.50 million, respectively, while our profit after tax, in such periods was ₹ 95.13 million, ₹ 140.66 million, ₹ 207.79 million and ₹ 210.45 million, respectively.

Competitive Strengths

We believe we have the following competitive strengths:

Robust milk procurement system

In the relative absence of large scale cattle breeding and dairy farming operations in India, we believe that our milk procurement model and relationship with milk farmers and registered milk vendors, through continued engagement, knowledge and infrastructure support, has enabled us to contain raw milk costs and ensure supply of quality raw milk. We procure a majority of our raw milk requirements directly from milk farmers and registered milk vendors in Ahmednagar, Pune, Nashik and adjoining districts in the State of Maharashtra, which is among the largest milk producing States in India. We also procure raw milk from certain contract milk suppliers with whom we have been able to negotiate competitive prices. We engage extensively with milk farmers by educating them on cattle breeding, cattle feed, nutrition and medication, cattle insurance and financing, and also provide training on milking, storage and delivery of milk to our collection centres. We also partner with a number of Pashu Mitras who assist milk farmers with cattle medication, de-worming, vaccination and other cattle welfare initiatives. In addition, we have also introduced automated milk testing facilities that provide transparency to the pricing of milk purchased by us. As of June 30, 2015, our milk collection facilities included more than 450 milk collection centres, over 15 milk chilling plants and over 85 bulk milk coolers. We believe that this continuous engagement and established relationship with milk farmers and registered milk vendors, together with the welfare activities undertaken by us, enable consistent procurement of quality raw milk for our operations.

Integrated business model and cost efficient operations

We have an integrated business model which encompasses a combination of activities including co-manufacturing and supply of ingredients for specific milk products. We believe our integrated operations, together with our quality control measures, large scale operations and efficient management systems optimize our cost structure and ensure quality products.

- *Cattle feed and cattle welfare:* We engage closely with milk farmers and provide assistance in relation to cattle breeding, nutrition and medication, as well as veterinary and para-veterinary support. We also supply quality cattle feed to farmers to improve milk yields. We believe these measures contribute to better health of cattle and ensure quality milk supply.

- *Procurement of raw milk:* We procure a significant proportion of our milk requirements directly from milk farmers and registered milk vendors. We also procure some of our requirements from contract milk suppliers. We believe that our continued engagement with dairy farmers, transparency in milk pricing and other welfare activities undertaken by us have enabled us to develop a strong relationship with such farmers over the years, ensuring continued association and procurement of raw milk at competitive prices.

- *Low transportation and handling costs:* Long distance transportation and handling of raw milk, without spoilage or any substantive loss of nutritional value, involves significant costs. Our primary production facilities at Shrirampur and Navi Mumbai are located in Maharashtra which is one of the major milk producing states in India. In addition such facilities are also located near our principal institutional customers and retail consumer markets. The strategic location of our facilities enables us to minimise transportation and handling costs.

- *Diversified product portfolio*: Our product portfolio includes a range of retail consumer products as well as specialty ingredient products and co-manufactured products for institutional customers. Our wide range of products and ability to manufacture quality specialty ingredient products enable us to cater to evolving consumer trends and serve a larger product portfolio of our institutional customers.

- *Large capacity multi-product facilities*: Our production facilities at Shrirampur and Navi Mumbai produce a wide range of products. The multi-product nature of our production facilities, together with our large scale operations, enables us to reduce manufacturing costs. For further information, please see the section entitled "Our Business - Production Capacity" on page 136. Our common facilities and equipment, including utilities, boilers, refrigeration facilities, storage facilities, cleaning and maintenance facilities also enable us to reduce per unit production costs due to economies of scale.

- *Advanced production facilities and IT infrastructure*: We have established automated production facilities at our Shrirampur and Navi Mumbai facilities equipped with advanced technology which ensures operational efficiencies including lower production losses, strict quality control and ability to process large orders. In addition, our technology infrastructure connects our procurement and production processes. We also use computerized milk testing facilities and comprehensive enterprise management programs covering production, sales, finance, purchase, stores, inventory, storage and payroll functions.

- *Marketing and distribution for retail consumer products:* We sell our retail consumer products under our Prabhat, Flava and Milk Magic brands. We market our products across a wide range of product segments and consumer groups and engage in a variety of marketing and promotional activities. We also have a large distribution network which included, as of June 30, 2015, more than 350 distributors. In addition, our retail consumer products are distributed in the Mumbai metropolitan area and nearby cities and towns to a large number of retail outlets through more than 100 Prabhat mini stockists as of June 30, 2015.

Growing brand visibility

We believe we have developed one of the leading brands in the dairy products industry in India with strong consumer recognition, particularly in the State of Maharashtra. Our marketing efforts have enabled us to receive the award for "Asia's fastest growing marketing brands – FMCG sector" at the World Consulting and Research Corporation leaders summit in 2014. We offer a diverse portfolio of retail consumer products targeted at various consumer segments and this, we believe, enables us to cater to the changing preferences of our retail customers. We have also established a strong retail distribution network to cover our targeted markets and customers, including third-party distributors. Our distribution network also includes our distribution partners, Prabhat mini stockists who distribute our products to a large number of retail outlets in Mumbai and other cities.

Strong relationship with reputed institutional customers

We are one of the leading suppliers in India of specialty ingredient products to reputed consumer product companies such as milk powder for baby food to Abbott Healthcare Private Limited and sweetened condensed milk to Mondelez India Foods Private Limited. We also supply co-manufactured products including specialty milk powders, curd (dahi), clarified butter (ghee), dairy whiteners, yogurts, processed and concentrated milk, and ice creams to various institutional customers including Britannia Industries Limited, Mother Dairy Fruit & Vegetable Private Limited and Heritage Foods Limited.

We believe that our advanced equipment, large scale operations and stringent quality control processes have enabled us to develop strong relationships with our institutional customers over the years. For example, we have been recognised by Abbott Nutrition India as a "Most Trusted Partner" in 2012 in recognition of our outstanding contribution.

Highly automated and advanced production facilities

Our manufacturing facilities at Shrirampur and Navi Mumbai are equipped with advanced equipment and modern technology. For example, our utilities such as refrigeration facilities involve vapour absorption mechanism for greater efficiency, and the electricity supply at our facilities is equipped with express feeder connections to ensure uninterrupted supply of power. In addition, our boilers include variable fluid bed designs to improve fuel efficiencies. In order to ensure uninterrupted supply of hot water at specified temperatures for various activities including process heating and plant sanitation, we use direct steam injection technology, which provides a cost-effective method to heat water and other fluids by injecting steam directly into the fluid. We have also installed homogenisers, separators and centralized cleaning units at our facilities. In addition, our integrated technology infrastructure connects our milk collection facilities, production facilities and branches for real time control over production process and operating data. We have also implemented automated milk testing facilities and advanced integrated business management software relating to production, sales, finance, purchase, stores, inventory, storage and payroll functions. We believe that our modern equipment, trained work force, stringent operational and quality control procedures, integrated information technology infrastructure and managerial expertise result in greater operational efficiencies as well as compliance with quality and hygiene standards.

Stringent quality control

We believe that we are a highly quality focused company. We are committed to maintain quality and food safety at all steps of the milk processing chain from procurement of milk to dispatch of finished products. We have established a dedicated internal quality control team which has the responsibility to ensure compliance with good manufacturing practices (GMP) guidelines of relevant governing agencies in India.

We have received several quality certifications for our products and production facilities, including certification from Food Safety and Standards Authority of India (FSSAI) for pasteurized milk, flavoured milk, butter, ghee and fermented milk products, AGMARK quality certification by the Government of India for ghee and butter, and 'Halal' certification for UHT and flavoured milk products, skimmed milk powder, whole milk powder, dairy whitener, and sweetened condensed milk. We are also ISO 22000:2005 certified for pasteurized milk, flavoured milk and ghee.

Our commitment to quality has been recognized by the Industry, for instance we have been awarded the "CII National Awarded for Food Safety 2014" by the Confederation of Indian Industry for our strong commitment to good hygiene and manufacturing practices. Similarly, we have also been awarded for "Commitment to supplier quality expectations" in 2012 by Mondelez International.

Strong track record of growth and financial performance

We have established a strong track record of growth and financial performance with steady cash flows from our operations. Between Fiscal 2011 and 2015, our total revenue increased at a CAGR of 36.71%, our profit after tax increased at a CAGR of 22.06%, and our EBITDA increased at a CAGR of 48.00%. CAGR information above relating to total income, profit after tax and EBITDA are based on our Restated Standalone Financial Statements for Fiscal 2011 and our Restated Consolidated Financial Statements for Fiscal 2012, 2013, 2014 and 2015. Our total revenue in Fiscal 2012, 2013, 2014 and 2015 was ₹4,838.21 million, ₹6,419.39 million, ₹8,576.58 million and ₹10,017.38 million, respectively. Our EBITDA in Fiscal 2012, 2013, 2014 and 2015 was ₹494.58 million, ₹736.14 million, ₹917.22 million and ₹1,025.50 million, respectively, while our profit after tax, in such periods was ₹95.13 million, ₹140.66 million, ₹207.79 million and ₹210.45 million, respectively. As of March 31, 2015, our reserves and surplus was ₹2,671.11 million while our net worth was ₹ 3,385.39 million. Our debt to equity ratio as of March 31, 2015 was 1.22. In addition, most of our capital expenditure relating to the expansion and modernization of our production facilities at Shrirampur, including for our cheese, paneer (cottage cheese) and shrikhand production lines, have been completed. Our strong balance sheet, positive operating cash flows and established relationship with reputed financial investor(s) enable us to fund our strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations.

Experienced management team

Our Promoters, Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal have several years of experience in the milk and dairy products business. Their experience has played a significant role in strengthening our direct procurement model, particularly in developing strong relationships with milk farmers and registered milk vendors. In addition, we believe that our qualified and experienced management team provides us a significant competitive advantage and enables us to function effectively and efficiently. We believe that our extensive experience in the dairy industry (both in retail consumer products as well as in the institutional products category), advanced quality production processes, procurement model and supply chain management, finance, marketing, sales and research and development capabilities focused on product development are significant competitive advantages. We believe that our effective senior management team enables us to conceptualize and develop new products, effectively market our retail consumer products, and develop and maintain strong relationships with our institutional customers as well as our large network of dealers, distributors and stockists. For further information relating to our Promoters and our senior management, please see the sections entitled "Our Promoters and Promoter Group" and "Our Management" on pages 176 and 158 of this Red Herring Prospectus.

Business Strategies

Expand our retail consumer products business

While sales to our institutional customers have historically contributed a majority of our revenues, we have significantly grown our retail consumer products business in recent years and expect the retail business to contribute a larger proportion of our total sales in the future. We intend to leverage our established brands to expand our retail consumer product offerings, and also increase the availability of our Prabhat, Milk Magic and Flava branded products in both existing markets and new markets across India. We intend to achieve this through intensive marketing of our own consumer brands and significant expansion of our distribution network to promote our brand visibility. We also continue to evaluate potential sales growth for specific products and cost of distribution from time to time. We intend to significantly increase the number of Prabhat mini stockists in Mumbai as well as other existing and new markets in various states. We also intend to significantly grow our curd (dahi) distribution network in Pune, Nasik and Aurangabad.

Leverage relationship with institutional customers to further grow institutional sales

We have established strong relationships with various large dairy product multinational and Indian corporates and other institutional customers for the supply of specialty ingredient and co-manufactured products such as specialty milk powders, curd (dahi), clarified butter (ghee), dairy whiteners, yogurts, processed and concentrated milk, and frozen desserts such as ice creams and milk candies. Our institutional customers include Mondelez India Foods Private Limited, Abbott Healthcare Private Limited, Britannia Industries Limited, Mother Dairy Fruit & Vegetable Private Limited and Heritage Foods Limited. We intend to leverage our institutional relationships and quality certifications obtained from such institutional customers to further increase our product offerings and product sales volumes to these institutional customers and their affiliates in India and globally.

Increase our manufacturing capacities and develop capabilities for new products

As part of our growth strategy, we intend to continue to invest in increasing our manufacturing capacities for our existing dairy products and also develop manufacturing capabilities for new products, particularly high margin products with significant growth opportunities in India, such as cheese, shrikhand and paneer. We have implemented additional capacity expansion at our Shrirampur facility for the manufacture of mozzarella cheese, cheddar cheese, processed cheese, paneer (cottage cheese) and shrikhand. We believe these measures will result in significant additions to our existing product portfolio and capacities, and enable us to effectively capture the demand for such products among retail as well as institutional customers.

Improve capacity utilization and increase operational efficiencies

We continue to focus on further integrating our operations and improving capacity utilization at our production facilities by introducing additional product lines that enable us to effectively utilize dairy by-products and optimize product planning across various product categories. Higher capacity utilization results in greater production volumes and higher sales, and therefore allows us to spread fixed costs over a higher number of units sold, thereby increasing profit margins. For further information, please see the section entitled "Our Business - Production Capacity" on page 136.

We also continue to identify various strategic initiatives to improve our operational efficiencies and reduce operating costs. For example, we intend to set up a captive co-generation power facility to simultaneously produce electric power along with steam required for manufacturing process, from the same fuel, thereby reducing costs of fuel and power. For further information, please see the section entitled "Objects of the Issue" on page 91. We continue to focus on investing in automation, modern technology and equipment to continually upgrade our products including the quality of our products to address changing customer preferences as well as to improve operational efficiency. We continue to adopt best practices and standards across our production facilities, drawing on our management's expertise and experience in dairy plant management. We continue to target economies of scale to gain increased negotiating power on procurement and to realize cost savings through centralized deployment and management of production, maintenance, accounting and other support functions.

Further expand our direct milk procurement network

We currently procure a majority of our raw milk requirements from milk farmers and registered milk vendors in the State of Maharashtra, which is among the largest milk producing States in India. We also procure milk from contract milk suppliers in the region. Since our production volumes depend on the quality and quantity of raw milk we procure, we intend to further grow our direct milk procurement network by increasing the number of Prabhat Mitras, and increase our engagement with milk farmers by providing additional veterinary services and quality cattle feed. By increasing the volume of raw milk procured directly from milk farmers and registered milk vendors, we also expect to benefit from lower raw milk costs.

Expand our product portfolio and offer specialty products

We currently offer various milk and dairy products to our retail and institutional customers and intend to further expand the range of our product offerings to capitalize on the growth in demand for premium dairy products in India. In order to achieve this, we intend to:

- *Expand our product portfolio:* We have research capabilities at the Shrirampur facility to support our product development initiatives and will continue to focus on such initiatives to introduce new products based on consumer preferences and demand. We have further expanded our retail consumer product offering, and are planning to introduce high growth products such as mozzarella cheese, cheddar cheese, processed cheese, and paneer (cottage cheese). We have expanded our production facility at Shrirampur to this effect. We believe that such efforts will enable us to diversify our business as well as target growth opportunities across evolving product segments in the dairy industry. In addition, we intend to diversify and leverage our long standing relationships with our institutional customers to offer unique and diversified products that will differentiate us from our competitors. We also intend to increase our production capacities for products in which we believe there is significant demand from our customers such as shrikhand, lassi and chaas including different variants of such products.

- *Offer specialty ingredient products to niche customer segments:* Currently, we offer various dairy products to our institutional customers as well as our retail consumer customers. We intend to expand our offering to niche and specialized customer segments such as the food services industry in India. The Indian food service industry is growing rapidly, and we intend to identify business opportunities in this segment particularly the fast food industry. For example, we intend to establish dedicated supplier relationships with reputed fast food chains for the supply of mozzarella cheese, cheddar cheese, processed cheese, and paneer (cottage cheese) for use in such fast food chains. In addition, we intend to expand our portfolio of speciality products as well as supply such speciality products to other niche customers. For instance, currently we supply speciality ingredients for baby foods to Abbott Healthcare Private Limited.

SUMMARY OF FINANCIAL INFORMATION

Restated Standalone Summary Statement of Assets and Liabilities Information

(Rs. in million)

Sr no	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
A.	**Equity & Liabilities**					
	Shareholder's Funds					
	(a) Share capital	714.28	271.38	167.93	2.99	299.60
	(b) Reserves and Surplus	1,638.85	2,048.63	1,493.77	531.58	207.71
		2,353.13	**2,320.01**	**1,661.70**	**534.57**	**507.31**
	(c) Share Application Money Pending Allotment	-	-	-	-	11.11
B.	**Non-current liabilities**					
	(a) Long-term Provision	9.22	5.72	3.83	1.63	0.98
	(b) Long term Borrowings	844.35	409.68	180.08	841.49	199.69
	(c) Deferred tax liabilities (Net)	62.84	65.05	40.86	44.06	36.13
		916.41	**480.45**	**224.77**	**887.18**	**236.80**
C.	**Current liabilities**					
	(a) Short-term borrowings	550.68	531.73	381.48	403.69	298.00
	(b) Trade payables	496.63	384.04	195.79	311.28	380.29
	(c) Other current liabilities	411.17	251.43	75.99	164.85	160.33
	(d) Short-term provisions	10.37	2.17	9.33	5.00	23.13
		1,468.85	**1,169.37**	**662.59**	**884.82**	**861.75**
	Total (A+B+C)	**4,738.39**	**3,969.83**	**2,549.06**	**2,306.57**	**1,616.97**
D.	**Non-current assets**					
	(a) Fixed assets:					
	Tangible assets	1,258.26	1,363.26	515.98	540.02	487.70
	Intangible assets	8.97	1.70	3.21	3.58	0.44
	Capital work-in-progress	12.65	5.11	-	218.96	127.58
		1,279.88	**1,370.07**	**519.19**	**762.56**	**615.72**
	(b) Non-current investments	1.70	1.70	176.00	3.80	0.00*
	(c) Long-term loans and advances	1,608.98	1,885.43	1,316.29	814.22	244.30
	(d) Other Non-Current assets	4.70	-	-	11.22	-
		2,895.26	**3,257.20**	**2,011.48**	**1,591.80**	**860.02**
E.	**Current assets**					
	(a) Inventories	240.36	189.57	153.34	121.71	124.19
	(b)Trade receivables	754.96	333.41	309.44	307.90	262.65
	(c) Cash and cash equivalents	198.47	23.61	21.46	6.46	2.21
	(d) Short-term loans	601.47	162.81	41.00	245.16	367.90

Sr no	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
	and advances					
	(e) Other current assets	47.87	3.23	12.34	33.54	-
		1,843.13	**712.63**	**537.58**	**714.77**	**756.95**
	Total (D+E)	**4,738.39**	**3,969.83**	**2,549.06**	**2,306.57**	**1,616.97**

* These are non zero numbers rounded off in millions upto two decimal points.

Restated Standalone Summary Statement of Profit and Loss Information

(Rs. in million)

Sr no.	Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
A.	**Revenues**					
	(a) Revenue from operations	8,743.15	7,795.86	5,609.94	4,655.46	2,865.71
	(b) Other income	5.59	3.76	2.93	3.46	2.50
	Total revenue	**8,748.74**	**7,799.62**	**5,612.87**	**4,658.92**	**2,868.21**
B.	**Expenses**					
	(a) Cost of materials consumed	7,266.82	6,581.79	4,730.72	2,547.59	2,445.26
	(b) Purchase of traded goods	242.14	287.68	330.96	1,551.30	27.44
	(c) Changes in inventories of finished goods and work in progress and stock in trade	(37.47)	(14.54)	(41.53)	14.70	(28.26)
	(d) Employee benefits expense	216.28	154.42	76.71	66.26	28.33
	(e) Finance costs	190.50	143.07	100.79	104.38	57.54
	(f) Depreciation and amortisation expense	165.26	156.00	68.35	57.44	36.38
	(g) Other expenses	634.88	450.78	301.69	271.28	181.69
	Total expenses	**8,678.41**	**7,759.20**	**5,567.69**	**4,612.95**	**2,748.38**
C.	**Restated Profit before tax**	**70.33**	**40.42**	**45.18**	**45.97**	**119.83**
D.	**Tax expense/(credit):**					
	Current tax	33.65	8.20	19.03	9.40	26.53
	MAT credit recognition	-	(7.55)	-	(2.09)	(14.95)
	Deferred tax expense/(credit)	(2.21)	14.35	(3.21)	7.94	13.44
	Restated Profit after tax	**38.89**	**25.42**	**29.36**	**30.72**	**94.81**

Restated Standalone Summary Statement of Cash Flows Statement Information

(Rs. in million)

Sr no.	Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
A.	**CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES**					
	Profit before taxation (as restated)	70.33	40.42	45.18	45.97	119.83
	NON CASH ADJUSTMENT					
	Depreciation and amortization expense	165.26	156.00	68.34	57.43	36.38
	Finance cost	190.50	143.07	100.79	104.38	57.53
	(Profit) on sale of assets (net)	-	(0.26)	-	-	-
	Interest income	(2.36)	(1.49)	(2.04)	(2.46)	(1.43)
	Operating profit before working capital changes (as restated)	**423.73**	**337.74**	**212.27**	**205.30**	**212.31**
	Adjustments for :-					
	Increase in long term loans and advances	(347.58)	(26.83)	(26.55)	(1.12)	(6.65)
	(Increase) / decrease in inventories	(50.79)	(29.35)	(31.63)	2.47	(21.70)
	(Increase) / decrease in trade receivables	(421.55)	104.23	(1.25)	(45.25)	(123.46)
	(Increase) / decrease short term loans and advances	(51.85)	(132.42)	215.97	132.55	(171.51)
	Increase in long term provisions	3.51	1.73	2.20	0.64	0.42
	Decrease in other current assets	-	16.00	-	-	-
	Increase / (decrease) in trade payables	112.59	(0.86)	(115.88)	(69.03)	144.94
	Increase in other current liabilities	198.55	65.92	1.37	8.91	0.66
	Decrease in short term provisions	2.39	0.06	1.20	0.08	0.01
		(554.73)	**(1.52)**	**45.43**	**29.27**	**(177.29)**
	Cash flow from operations	(131.00)	336.22	257.70	234.57	35.02
	Income Tax paid	(10.52)	(14.21)	(10.32)	(28.07)	(9.89)
	Net cash generated from/(used in) operating activities (A)	**(141.52)**	**322.01**	**247.38**	**206.50**	**25.13**
B.	**CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES**					
	Purchase of fixed assets including capital advances	(72.67)	(161.08)	(110.24)	(318.12)	(378.17)
	Proceeds from sale of tangible and intangible fixed assets	-	0.64	-	-	-
	Capital subsidy received	2.50	-	-	-	-
	Proceeds / (Purchase) of	-	(0.50)	0.02	(3.80)	-

Sr no.	Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
	investments					
	Bank / NBFC deposits not considered as Cash and cash equivalents					
	- Placed	(25.34)	(1.60)	(4.54)	(45.61)	(2.81)
	- Matured	5.60	-	34.13	0.81	2.27
	Long term loans and advances given	-	(682.34)	(735.42)	(517.07)	-
	Realisation of long term loans and advances given	222.70	-	-	-	-
	Short term loans and advances given.	-	-	(804.41)	(919.55)	(796.03)
	Realisation of short term loans and advances given	-	-	793.28	909.72	784.23
	Interest received	2.55	2.72	0.93	2.46	1.43
	Net cash generated from/(used in) investing activities (B)	**135.34**	**(842.16)**	**(826.25)**	**(891.16)**	**(389.08)**
C.	**CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES**					
	Share application money (refunded)	-	-	-	(11.11)	-
	Proceeds from issue of equity shares	-	-	-	-	267.61
	Proceeds from issue of preference shares	-	600.00	800.00	-	-
	Redemption of preference shares	-	-	-	(3.45)	-
	Proceeds from short term borrowings (net)	18.94	102.62	-	105.69	27.99
	Proceeds from long-term borrowings	402.63	63.72	9.66	731.52	124.79
	Repayment of short Term borrowings (net)	-	-	(22.21)	-	-
	Repayment of long-term borrowings	-	(114.52)	(93.67)	(34.54)	(8.89)
	IPO Related Advances	(26.68)	-	-	-	-
	Prepaid Expenses	(6.35)	-	-	-	-
	Finance cost paid	(196.16)	(143.13)	(103.87)	(99.22)	(57.54)
	Dividend Paid including dividend distribution tax	(5.74)	-	-	(0.01)	(0.01)
	Net cash generated from financing activities (C)	**186.64**	**508.69**	**589.91**	**688.88**	**353.95**
D.	**Net Increase/(Decrease) in cash and cash equivalents (A+B+C)**	**180.46**	**(11.46)**	**11.04**	**4.22**	**(10.00)**
E.	**Cash and cash equivalents at the beginning of the year**	17.47	28.93*	5.88	1.66	11.66
F.	**Total cash and cash equivalents at the end of the**	**197.93**	**17.47**	**16.92**	**5.88**	**1.66**

Sr no.	Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
	year (D+E)					
	Note : Cash and cash equivalents as at the year-end includes:					
	Cash on hand	5.92	9.31	15.26	3.07	0.70
	Balances with banks:					
	On current accounts	192.01	8.16	1.66	2.81	0.96
	Cash and cash equivalents as per the cash flow statement	**197.93**	**17.47**	**16.92**	**5.88**	**1.66**

***** The opening balance as on 1st April 2013 includes cash and cash equivalents of Prabhat Nutritious and Frozen Foods Industries Private Limited of Rs 12.01 million which was merged with Prabhat Dairy Limited (*formerly Prabhat Dairy Private Limited*) with effect from 1 April 2013.

Restated Consolidated Summary Statement of Assets and Liabilities Information

(Rs. in million)

Sr.No.	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
A.	**Equity & Liabilities**				
	Shareholder's Funds				
	(a) Share capital	714.28	271.38	169.45	4.51
	(b) Reserves and Surplus	2,671.11	2,909.33	2,205.02	1,129.51
		3,385.39	**3,180.71**	**2,374.47**	**1,134.02**
B.	**Non-current liabilities**				
	(a) Long-term Provision	10.73	6.68	4.60	2.04
	(b) Long term Borrowings	2,159.39	1,340.87	1,414.34	1,688.92
	(c) Deferred tax liabilities (Net)	177.61	180.89	150.70	127.34
		2,347.74	**1,528.44**	**1,569.64**	**1,818.30**
C.	**Current liabilities**				
	(a) Short-term borrowings	1,656.08	1,233.39	1,002.73	828.26
	(b) Trade payables	622.02	435.64	255.70	295.88
	(c) Other current liabilities	443.20	641.88	518.42	686.11
	(d) Short-term provisions	49.91	47.19	33.64	29.68
		2,771.21	**2,358.10**	**1,810.49**	**1,839.93**
	Total (A+B+C)	**8,504.34**	**7,067.25**	**5,754.60**	**4,792.25**
D.	**Non-current assets**				
	(a) Fixed assets:				
	Tangible assets	2,918.26	3,185.21	3,023.90	2,623.63
	Intangible assets	8.97	1.70	3.21	3.58
	Capital work-in-progress	1,590.65	922.53	388.77	411.65
		4,517.88	**4,109.44**	**3,415.88**	**3,038.86**
	(b) Non-current investments	0.73	0.73	0.23	0.05
	(c) Long-term loans and advances	680.33	592.26	1,021.64	548.88
	(d) Other Non-Current assets	4.70	-	-	34.68
		5,203.64	**4,702.43**	**4,437.75**	**3,622.47**
E.	**Current assets**				
	(a)Inventories	634.36	435.04	360.73	232.69
	(b) Trade receivables	2,084.03	1,557.01	797.12	460.21
	(c) Cash and cash equivalents	215.41	43.91	61.53	28.86
	(d) Short-term loans and advances	284.27	327.37	58.85	413.99
	(e) Other current assets	82.63	1.49	38.62	34.03
		3,300.70	**2,364.82**	**1,316.85**	**1,169.78**
	Total (D+E)	**8,504.34**	**7,067.25**	**5,754.60**	**4,792.25**

Restated Consolidated Summary Statement of Profit and Loss Information

(Rs. in million)

Sr. No.	Particulars	For Year ended 31st March, 2015	For Year ended 31st March, 2014	For Year ended 31st March, 2013	For Year ended 31st March, 2012
A.	**Revenues**				
	(a) Revenue from operations	10,007.65	8,566.79	6,411.22	4,830.39
	(b) Other income	9.73	9.79	8.17	7.82
	Total revenue	**10,017.38**	**8,576.58**	**6,419.39**	**4,838.21**
B.	**Expenses**				
	(a) Cost of materials consumed	7,750.49	6,385.66	5,148.84	3,649.50
	(b) Purchase of traded goods	242.14	287.68	52.62	98.82
	(c) Changes in inventories of finished goods and work in progress and stock in trade	(230.73)	52.29	(164.99)	70.92
	(d) Employee benefits expense	255.98	193.61	116.25	102.12
	(e) Finance costs	411.97	329.88	296.86	184.10
	(f) Depreciation and amortization expense	344.00	334.63	244.10	164.55
	(g) Other expenses	974.00	740.12	530.53	422.27
	Total expenses	**9,747.85**	**8,323.87**	**6,224.21**	**4,692.28**
C.	**Restated Profit before tax**	**269.53**	**252.71**	**195.18**	**145.93**
D.	**Tax expense/(credit):**				
	Current tax	82.56	52.20	46.52	29.19
	MAT credit recognition	(20.20)	(37.46)	(15.36)	(19.82)
	Deferred tax expense /(credit)	(3.28)	30.18	23.36	41.43
	Restated Profit after tax	**210.45**	**207.79**	**140.66**	**95.13**

Restated Consolidated Summary Statement of Cash Flows Statement Information

(Rs. in million)

Sr. No.	Particulars	For Year ended 31st March, 2015	For Year ended 31st March, 2014	For Year ended 31st March, 2013	For Year ended 31st March, 2012
A.	**CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES**				
	Profit before taxation (as restated)	**269.53**	**252.71**	**195.18**	**145.93**
	NON CASH ADJUSTMENT				
	Depreciation and amortization expense	344.00	334.63	244.11	164.55
	Finance cost	411.97	329.88	296.86	184.09
	(Profit) / loss on sale of assets (net)	-	(0.34)	2.12	-
	Miscellaneous Expenditure written off	-	-	-	33.51
	Interest income	(6.29)	(3.60)	(5.95)	(3.03)
	Operating profit before working capital changes (as restated)	**1,019.21**	**913.28**	**732.32**	**525.05**
	Adjustments for				
	(Increase) / decrease in long term loans and advances given	(349.96)	(13.09)	(34.62)	70.18
	(Increase) / decrease in inventories	(199.32)	(74.31)	(128.04)	56.14
	(Increase) / decrease in trade receivables	(527.02)	(759.89)	(336.90)	202.99
	(Increase) / decrease short term loans and advances	3.48	(189.72)	355.14	82.47
	Increase in long term provisions	4.06	2.08	2.55	0.99
	(Increase) in other current assets	-	-	-	(0.49)
	Increase / (decrease) in trade payables	186.38	179.94	(40.18)	(196.54)
	Increase / (decrease) in other current liabilities	(60.08)	71.73	38.91	(113.82)
	Increase in short term provisions	2.50	0.07	1.20	0.09
		(939.96)	**(783.19)**	**(141.94)**	**102.01**
	Cash flow from operations	79.25	130.09	590.38	627.06
	Income Tax paid	(65.07)	(44.43)	(33.23)	(92.07)
	Net cash generated from operating activities (A)	**14.18**	**85.66**	**557.15**	**534.99**
B.	**CASH FLOW FROM / (USED IN) INVESTING**				

Sr. No.	Particulars	For Year ended 31st March, 2015	For Year ended 31st March, 2014	For Year ended 31st March, 2013	For Year ended 31st March, 2012
	ACTIVITIES				
	Purchase of fixed assets including capital advances	(535.60)	(674.00)	(1,136.20)	(1,091.84)
	Proceeds from sale of tangible and intangible fixed assets	-	1.83	1.03	-
	Capital subsidy / reserves	54.40	26.90	-	-
	Payment made on account of business acquired	-	-	-	(3.80)
	Purchase of investments	-	(0.50)	(0.20)	-
	Bank / NBFC deposits not considered as Cash and cash equivalents				
	- Placed	(95.37)	(8.70)	(11.41)	(71.52)
	- Matured	37.08	37.49	41.04	3.01
	Proceeds from sale of investments	-	-	0.02	0.61
	Short term loan and advances given.	-	-	-	(469.34)
	Realization of short term loans and advances given	-	-	-	459.51
	Interest received	6.87	5.98	3.43	2.15
	Net cash (used in) investing activities (B)	**(532.62)**	**(611.00)**	**(1,102.29)**	**(1,171.22)**
C.	**CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES**				
	Share application money (refunded)	-	-	-	(244.16)
	Redemption of preference shares	-	(1.52)	-	(3.45)
	Proceeds from issue of preference shares	-	600.00	800.00	-
	Proceeds from short term borrowings (net)	422.69	230.66	174.48	328.91
	Proceeds from long-term borrowings	759.29	528.88	724.79	734.14
	Repayment of long-term borrowings	(10.62)	(527.27)	(740.13)	-
	IPO Related Advances	(26.69)	-	-	-
	Prepaid Expenses	(17.08)	-	-	-
	Finance cost paid	(430.47)	(328.04)	(388.63)	(167.02)
	Dividend Paid including dividend distribution tax	(5.74)	-	-	(0.01)
	Proceeds from long-term borrowings from firms / trust in which KMP are interested	-	-	3.38	-
	Net cash generated from financing activities (C)	**691.38**	**502.71**	**573.89**	**648.41**
D.	**Net Increase / (Decrease) in cash and cash equivalents (A+B+C)**	**172.94**	**(22.63)**	**28.75**	**12.18**

Sr. No.	Particulars	For Year ended 31st March, 2015	For Year ended 31st March, 2014	For Year ended 31st March, 2013	For Year ended 31st March, 2012
E.	**Cash and cash equivalents at the beginning of the year**	**29.37**	**52.00**	**23.25**	**11.07**
F.	**Total cash and cash equivalents at the end of the year (D+E)**	**202.31**	**29.37**	**52.00**	**23.25**
	Note : Cash and cash equivalents as at the year-end includes:				
	Cash on hand	6.08	12.14	27.75	12.06
	Balances with banks:				
	On current accounts	196.23	17.23	24.25	11.19
	Cash and cash equivalents as per the cash flow statement	**202.31**	**29.37**	**52.00**	**23.25**

THE ISSUE

The following table summarizes the Issue details:

Issue(1)	Up to [●] Equity Shares aggregating up to ₹ [●] million
of which:	
(i) Fresh Issue(1)	Up to [●] Equity Shares aggregating up to ₹ 3,000 million
(ii) Offer for Sale(2)	Up to 14,706,000 Equity Shares
of which:	
Offer for Sale by Nirmal Family Trust	Up to 3,151,000 Equity Shares
Offer for Sale by IABF	Up to 6,580,000 Equity Shares
Offer for Sale by REAL	Up to 23,000 Equity Shares
Offer for Sale by Proparco	Up to 4,952,000 Equity Shares
of which:	
A) QIB Portion(3) (4)	[●] Equity Shares
of which	
Anchor Investor Portion	[●] Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion))(5)	[●] Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion(3)	Not less than [●] Equity Shares
C) Retail Portion(3) (6)	Not less than [●] Equity Shares
Pre-Issue and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	71,428,710 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Utilisation of Net Proceeds	For details, please see the section entitled "Objects of the Issue" on page 91 Our Company will not receive any proceeds from the Offer for Sale

Allocation to Bidders in all categories, except the Retail Portion and the Anchor Investor Portion, if any, shall be made on a proportionate basis.

(1) The Fresh Issue has been authorised by the Board pursuant to its resolutions passed on March 9, 2015 and March 26, 2015 and the Shareholders pursuant to the resolutions passed on March 9, 2015 and March 24, 2015.

*(2) Out of the 3,151,000 Equity Shares being offered for sale by the Nirmal Family Trust in the Offer for Sale, 2,700,000 Equity Shares have been held by them for a period of at least one year as on the date of the Draft Red Herring Prospectus (the "**Eligible Shares**") and 451,000 Equity Shares are a part of the bonus shares issued on the Eligible Shares. Up to 6,580,000 Equity Shares, up to 23,000 Equity Shares, and up to 4,952,000 Equity Shares being offered for sale in the Offer for Sale by IABF, REAL, and Proparco, respectively are eligible for the Offer for Sale in accordance with the SEBI Regulations. The Offer for Sale has been authorised by (a) IABF pursuant to a resolution passed by its board of directors at its meeting held on March 24, 2015; (b) REAL pursuant to a resolution passed by its investment committee at its meeting held on March 24, 2015; (c) Proparco pursuant to a confirmation letter from its managing director dated March 25, 2015; and (d) Nirmal Family Trust pursuant to its resolution dated March 16, 2015.*

(3) Under-subscription, if any, in any category, except in the QIB category, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and Selling Shareholders, in consultation with the

Lead Managers and the Designated Stock Exchange.

(4) *Our Company and the Selling Shareholders may, in consultation with the Lead Managers, allocate up to 60 % of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. For details, please see the section entitled "Issue Procedure" on page 437.*

(5) *Subject to valid Bids being received at, or above, the Issue Price.*

(6) *A discount on the Issue price may be offered by our Company and the Selling Shareholders in consultation with the Lead Managers to the Retail Individual Bidders in terms of the SEBI Regulations. The Price Band, minimum Bid Lot, and the Retail Discount will be decided by our Company and the Selling Shareholders in consultation with the Lead Managers and will be advertised at least five Working Days prior to the Bid/Issue Opening Date. Retail Individual Bidders can avail the Retail Discount at the time of making the Bid. Retail Individual Bidders shall make the payment towards their Bid net of Retail Discount, i.e., Bid Amount less Retail Discount, at the time of making the Bid.*

    Retail Individual Bidders bidding at the Cut-Off Price shall ensure payment at the Cap Price less Retail Discount, at the time of making the Bid. Retail Individual Bidders, who are not bidding at Cut-Off Price, should ensure that the Bid price per Equity Share (within the Price Band) before adjusting for the Retail Discount, shall be mentioned in the Bid cum Application Form.

GENERAL INFORMATION

Our Company was incorporated as Prabhat Dairy Private Limited on November 25, 1998 at Ahmednagar, as a private limited company under the Companies Act, 1956. Our Company was converted into a public limited company and consequently, the name of our Company was changed to Prabhat Dairy Limited. A fresh certificate of incorporation pursuant to the conversion and change of name was issued by the RoC on March 19, 2015.

For details of the business of our Company, please see the section entitled "Our Business" on page 126.

Registered Office of our Company

121/2A At Post Ranjankholrahata
Shrirampur
Ahmednagar 413 720
Tel.: +9124 2264 5500
Fax.: +9124 2226 5816

Corporate Office of our Company

Plot No. D-37/4
TTC MIDC Industrial Area
Turbhe
Navi Mumbai 400 705
Tel: +9122 4128 7700
Fax: +9122 4128 7777

Corporate Identity Number: U15203PN1998PLC013068

Address of the RoC

Our Company is registered with the Registrar of Companies, Pune, Maharashtra and situated at the following address:
PMT Building
Pune Stock Exchange
3rd Floor, Deccan Gymkhana
Pune 411 004

Board of Directors

The Board of our Company comprises the following:

Name	Designation	DIN	Address
Sarangdhar Ramchandra Nirmal	Executive Chairman and Managing Director	00035234	Nirmal Nagar at Post Rajankhol, Taluka Shrirampur, District Ahmednagar 413 720
Vivek Sarangdhar Nirmal	Executive and Joint Managing Director	00820923	Nirmal Nagar at Post, Rajankhol, Taluka Shrirampur, District Ahmednagar 413 720
Ashok Sinha	Non-executive and Independent Director	00299600	13 Yayati, Sector 58A, Nerul West, Palm Beach Road, Navi Mumbai 400 706
Seemantinee Khot	Non-executive and Independent Director	07026548	1104, Woodland Avenue, Survey No. 36 Part, Gananjay Society, Kothrud, Pune 411 038
Rajesh Kumar Srivastava*	Non-executive and Nominee Director	00302223	S - 376, Ground Floor, Panchshila Park, New Delhi 110 017

Name	Designation	DIN	Address
Raphael Gabriel Roger Plihon	Non-executive and Nominee Director	06814236	13 Rue Armand Carrel, Paris 75019
Udayan Bose	Non-executive and Independent Director	00004533	34A, Sterling Apartments, Peddar Road, Mumbai 400 026
Omprakash Venkatswamy Bundellu	Non-executive and Independent Director	00032950	16/61, Ashiyana, Off Link Road, Oshiwara, Mumbai 400 102

**Rahul Rai is an alternate director in place of Rajesh Kumar Srivastava.*

For further details of our Directors, please see the section entitled "Our Management" on page 158.

Company Secretary and Compliance Officer

Priya Nagmoti is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

Priya Nagmoti
Plot No. D-37/4
TTC MIDC Industrial Area
Turbhe
Navi Mumbai 400 705
Tel: +9122 4128 7700
Fax: +9122 4128 7777
E-mail: investor@prabhatdairy.in

Chief Financial Officer

Keyur Shah is the Chief Financial Officer of our Company. His contact details are as follows:

Keyur Shah
Plot No. D-37/4
TTC MIDC Industrial Area
Turbhe
Navi Mumbai 400 705
Tel: +9122 4128 7700
Fax: +9122 4128 7777
E-mail: keyur.shah@prabhatfresh.net

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund orders.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, application number, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the entity and centre where the Bid cum Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB and the Syndicate Members at the Specified Locations with whom the Bid cum Application Form was submitted. In addition to the information indicated above, the ASBA Bidder should also specify the Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations where the Bid cum Application Form was submitted by the ASBA Bidder.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the Bidders shall also enclose the acknowledgment from the Registered Broker in addition to the documents / information mentioned hereinabove.

Global Co-ordinators and Book Running Lead Managers

Edelweiss Financial Services Limited
14th Floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai 400 098
Tel: +9122 4009 4400
Fax: +9122 4086 3610
E-mail: prabhat.ipo@edelweissfin.com
Investor Grievance E-mail:
customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Vivek Kumar/ Amit Sood
SEBI Registration No.: INM0000010650

Macquarie Capital Securities (India) Private Limited*
92, Level 9, 2 North Avenue,
Maker Maxity,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051
Tel**:** +9122 6720 4000
Fax**:** +9122 6720 4301
E-mail**:** pdpl.ipo@macquarie.com
Investor Grievance E-mail:
investor.complaints@macquarie.com
Website:
http://www.macquarie.com/in/about/disclosures/india-list-of-offer-documents
Contact Person: Vaibhav Bagri
SEBI Registration No.: INM000010932
* *formerly Macquarie Capital (India) Private Limited*

Book Running Lead Manager

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202, Maker Tower "E"
Cuffe Parade
Mumbai 400 005
Tel: +9122 2217 8300
Fax: +9122 2218 8332
E-mail: prabhat.ipo@sbicaps.com
Investor grievance E-mail:
Investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Shikha Agarwal/ Nikhil Bhiwapurkar
SEBI Registration No.: INM000003531

Registrar to the Issue

Karvy Computershare Private Limited
Karvy Selenium, Tower B
Plot number 31 & 32 Gachibowli
Financial District, Nanakramguda
Hyderabad 500 032
Tel: +9140 6716 2222
Fax: +9140 2343 1551
Email: prabhat.ipo@karvy.com
Website: https://karisma.karvy.com
Contact Person: M. Muralikrishna
SEBI Registration No.: INR000000221

Syndicate Members

Edelweiss Securities Limited
2nd Floor, M. B. Towers,
Plot No. 5, Road No. 2,
Banjara Hills,
Hyderabad 500 034
Tel: +91 22 6747 1342
Fax: +91 22 6747 1347
E-mail: prabhat.ipo@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Prakash Boricha

SBICAP Securities Limited
Mafatlal Chambers, C Wing
2nd Floor, N M Joshi Marg
Lower Parel
Mumbai - 400 013
Maharashtra, India
Tel: +91 22 4227 3300/ +91 93246 34624
Fax: +91 22 4227 3390
E-mail: archana.dedhia@sbicapsec.com
Website: www.sbismart.com

SEBI Registration No.: INB011193332(BSE); INB231193310 (NSE); INB261193396 (MCX-SX)

Contact Person: Archana Dedhia
SEBI Registration No.: INB11053031(BSE); INB231052938 (NSE)

Indian Legal Counsel to the Issue

Cyril Amarchand Mangaldas
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Tel: +9122 2496 4455
Fax: +9122 2496 3666

International Legal Counsel to the Lead Managers

Squire Patton Boggs Singapore LLP
10 Collyer Quay
#03-01/02
Ocean Financial Centre
Singapore 049 315
Tel: + 65 6922 8668
Fax: + 65 6922 8650

Indian Legal Counsel to the Investor Selling Shareholders

J. Sagar Associates
Vakils House
18, Sprott Road, Ballard Estate
Mumbai 400 001
Tel: +9122 4341 8600
Fax: +9122 4341 8617

Statutory Auditors

B S R & Co. LLP, Chartered Accountants
701-703, 7th Floor
Godrej Castlemaine
Next to Ruby Hall Clinic
Bund Garden Road
Pune 411 001
Tel: +9120 3050 4000
Fax: +9122 3050 4100
E-mail: juzerm@bsraffiliates.com
Firm Registration No.: 101248W/W-100022

Bankers to the Issue

Escrow Collection Banks

IndusInd Bank Limited
Cash Management Services
4th Floor, PNA House
Plot No.57 & 57/1
Road No.17
Near SRL Diagnostic Centre
MIDC, Andheri (E)
Mumbai 400 093
Tel: +91 22 6106 9234
Fax: +91 22 6623 8021

Yes Bank Limited
YES BANK Tower
IFC 2, 8th Floor
Elphinstone (W)
Senapati Bapat Marg
Mumbai 400 013
Tel: +91 22 33477374/ +91 22 3347 7259
Fax: +91 22 2421 4504
E-mail: dlbtiservices@yesbank.in
Website: www.yesbank.in

E-mail: suresh.esaki@indusind.com
Website: www.indusind.com
Contact Person: Suresh Esaki
SEBI Registration No.: INBI00000002

Contact Person: Alok Srivastava/ Shankar Vichare
SEBI Registration No.: INBI00000935

HDFC Bank Limited
FIG - OPS Department
Lodha – I, Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
E-mail: uday.dixit@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Uday Dixit
SEBI Registration No.: INBI00000063

ICICI Bank Limited
Capital Markets Division, 1st Floor
122, Mistry Bhavan
Dinshaw Vaccha Road
Backbay Reclamation, Churchgate
Mumbai 400 020
Tel: +91 22 2285 9922
Fax: +91 22 2261 1138
E-mail: rishav.bagrecha@icicibank.com
Website: www.icicibank.com
Contact Person: Rishav Bagrecha
SEBI Registration No.: INBI00000004

Refund Bank

IndusInd Bank Limited
Cash Management Services
4th Floor, PNA House
Plot No.57 & 57/1
Road No.17
Near SRL Diagnostic Centre
MIDC, Andheri (E)
Mumbai 400093
Tel: +91 22 6106 9234
Fax: +91 22 6623 8021
E-mail: suresh.esaki@indusind.com
Website: www.indusind.com
Contact Person: Suresh Esaki
SEBI Registration No.: INBI00000002

Bankers / Lenders to our Company

Societe Generale
Peninsula Business Park, 19th Floor, Tower A
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +9122 6630 9502
Fax: +9122 2204 5459
E-mail: cyrus.mehta@socgen.com
Website: www.societegenerale.com
Contact Person: Cyrus Mehta

ICICI Bank Limited
21A Westend Riverview
Nagras Road, Aundh
Pune 411 007
Tel: +9120 6900 0830
E-mail: vikram.singhdeo@icicibank.com/
priti.sabnis@icicibank.com
Website: www.icicibank.com
Contact Person: Vikram Singhdeo

Rabobank International
20/F, Tower A, Peninsula Business Park,
Lower Parel
Mumbai 400 013
Tel: +9122 2481 7700
Fax: +9122 2481 7979
E-mail: india@rabobank.com
Website: www.rabobank.com
Contact Person: Pratik Dalal

IndusInd Bank Limited
IndusInd Bank, Pune Camp Branch
2401, Gen. Thimmayya Road
Cantonment
Pune 411 001
Tel: +9120 3046 1620
E-mail: rabindra.patro@indusind.com
Website: www.indusind.com
Contact Person: Rabindra Patro

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For details of the Designated Branches which shall collect Bid cum Application Forms from the ASBA Bidders, please refer to the above-mentioned link. Further, the branches of the SCSBs where the Syndicate at the Specified Locations could submit the Bid cum Application Form is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.

Registered Brokers

Bidders can submit Bid cum Application Forms in the Issue using the stock broker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors namely, B S R & Co. LLP, Chartered Accountants, to include its name as an expert under Section 26 of the Companies Act, 2013 in this Red Herring Prospectus in relation to the examination reports dated June 24, 2015 on the on the Restated Standalone Financial Statements and the Restated Consolidated Financial Statements and the statement of tax benefits dated June 24, 2015, included in this Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Red Herring Prospectus.

Further, our Company has received written consents from (i) Flavi Dairy Solutions in relation to the installed/ production capacity, the information relating to historical production and capacity utilisation dated July 10, 2015 included in the section entitled "Our Business" on page 126; (ii) and Sterling Engineers & Boilers Private Limited in relation to the reports on 3MW Captive Power Facility dated July 14, 2015, included in the section entitled "Objects of the Issue" on page 91, respectively, to include their names as an expert under Section 26 of the Companies Act, 2013 in this Red Herring Prospectus and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus.

Monitoring Agency

Since the proceeds from the Fresh Issue does not exceed ₹ 5,000 million, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Inter-se Allocation of Responsibilities:

The following table sets forth the inter-se allocation of responsibilities for various activities among the Lead Managers for the Issue:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	Edelweiss, Macquarie and SBICAP	Edelweiss
2.	Due diligence of our Company's operations/ management/ business plans/ legal etc. Drafting and finalization of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus and all statutory advertisements. The Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the SEBI, Stock Exchanges and RoC including obtaining in-principle listing approvals, SEBI observations on the Draft Red Herring Prospectus and RoC filing of the Red Herring Prospectus and	Edelweiss, Macquarie and SBICAP	Edelweiss

Sr. No.	Activities	Responsibility	Co-ordinator
	Prospectus.		
3.	Drafting and approval of all publicity material other than statutory advertisements as mentioned above including corporate advertisement, brochure, corporate film, etc.	Edelweiss, Macquarie and SBICAP	SBICAP
4.	Appointment of other intermediaries namely, Registrar and Bankers to the Offer, printers, advertising agency, IPO Grading Agency, etc.	Edelweiss, Macquarie and SBICAP	Edelweiss
5.	International institutional marketing of the Offer, which will cover, *inter alia*: • Preparation of road show presentation and FAQs; • Finalising the list and division of investors for one to one meetings; and • Finalising road show schedule and investor meeting schedules.	Edelweiss, Macquarie and SBICAP	Macquarie
6.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Finalising the list and division of investors for one to one meetings; and • Finalising road show schedule and investor meeting schedules.	Edelweiss, Macquarie and SBICAP	Edelweiss
7.	Non-institutional marketing of the Offer, which will cover, *inter alia*: • Finalising the list and division of investors for one to one meetings; and • Finalising road show schedule and investor meeting schedules.	Edelweiss, Macquarie and SBICAP	Edelweiss
8.	Retail marketing of the Offer, which will cover, *inter alia*: • Finalising media, marketing and PR strategy; • Finalising centers for holding conference for brokers, etc; • Finalising bidding/ collection centers; and • Deciding on the quantum of the issue material and follow up on distribution of publicity and issue materials including form, prospectus, etc.	Edelweiss, Macquarie and SBICAP	SBICAP
9.	Co-ordination with Stock Exchanges for 1% security deposit and book building software, bidding terminals and mock trading.	Edelweiss, Macquarie and SBICAP	SBICAP
10.	Finalisation of Offer Price in consultation with our Company and the Selling Shareholders.	Edelweiss, Macquarie and SBICAP	Edelweiss
11.	The post Bidding activities management of escrow accounts, co-ordination of non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc. The post-Offer	Edelweiss, Macquarie and	Edelweiss

Sr. No.	Activities	Responsibility	Co-ordinator
	activities will involve essential follow up steps, which include the finalization of Basis of Allotment, dispatch of refunds, demat delivery of shares, finalization of listing and trading of instruments with the various agencies connected with the work such as the Registrar to the Offer and Bankers to the Offer and the bank handling refund business. The Lead Managers shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company.	SBICAP	

Credit Rating

As this is an issue of Equity Shares, there is no credit rating for the Issue.

Trustees

As this is an issue of Equity Shares, the appointment of trustees is not required.

Book Building Process

The book building, in the context of the Issue, refers to the process of collection of Bids on the basis of this Red Herring Prospectus within the Price Band, which will be decided by our Company and the Selling Shareholders, in consultation with the Lead Managers, and advertised at least five Working Days prior to the Bid/ Issue Opening Date. The Issue Price shall be determined by our Company and the Selling Shareholders in consultation with the Lead Managers after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholders;
- the Lead Managers;
- the Syndicate Members;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Issue; and
- the Escrow Collection Bank(s).

The Issue is being made through the Book Building Process wherein 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders in consultation with the Lead Managers may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. Under subscription if any, in any category, except in the QIB category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Lead Managers and the Designated Stock Exchange.

QIBs (excluding Anchor Investors) and Non-Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders have the option to participate through the ASBA

process. Anchor Investors are not permitted to participate through the ASBA process.

In accordance with the SEBI Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Issue Period and withdraw their Bids until finalisation of the Basis of Allotment. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period. Allocation to the Anchor Investors will be on a discretionary basis. For further details, please see the section entitled "Issue Procedure" on page 437.

Our Company and the Selling Shareholders will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for the Issue. In this regard, our Company and the Selling Shareholders have appointed the Lead Managers to manage the Issue and procure purchases for the Issue.

The Book Building Process is subject to change from time to time and Bidders are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building Process and Price Discovery Process

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at bidding centres during the bidding period. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.7%
1,000	23	1,500	50.0%
1,500	22	3,000	100.0%
2,000	21	5,000	166.7%
2,500	20	7,500	250.0%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, *i.e.*, ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, *i.e.*, at or below ₹ 22.00. All bids at or above the issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by Bidders for Bidding:

1. Check eligibility for making a Bid (please see the section entitled "Issue Procedure – Who Can Bid?" on page 438);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (please see the section entitled "Issue Procedure" on page 437);

4. Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the Bid cum Application Form;

5. Bids by QIBs (except Anchor Investors) and the Non-Institutional Bidders shall be submitted only through the ASBA process;

6. Bids by non-ASBA Bidders will have to be submitted to the Syndicate (or their authorised agents) at the bidding centers or the Registered Brokers at the Broker Centers; and

7. Bids by ASBA Bidders will have to be submitted to the Designated Branches or the Syndicate in the Specified Locations or the Registered Brokers in physical form. It may also be submitted in electronic form to the Designated Branches of the SCSBs only. ASBA Bidders should ensure that the specified bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the Bid cum Application Form submitted by the ASBA Bidders is not rejected.

Notwithstanding the foregoing, the Issue is also subject to obtaining: (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Lead Managers will be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC.).

Name, address, telephone number, fax number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in millions)
[●]	[●]	[●]

The above-mentioned is indicative underwriting and will be finalised after pricing and actual allocation in accordance with the SEBI Regulations.

In the opinion of the Board of Directors (based on certificates provided by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board or IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchases for, or purchase the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Red Herring Prospectus and will be executed after the determination of the Issue Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Red Herring Prospectus is set forth below:

(In ₹, except share data)

		Aggregate value at face value	Aggregate value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	100,000,000 Equity Shares	1,000,000,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	71,428,710 Equity Shares	714,287,100	
C	**PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS**		
	Up to [●] Equity Shares		
	Of which		
	Fresh Issue of up to [●] Equity Shares(1)	[●]	3,000,000,000
	Offer for Sale of up to 14,706,000 Equity Shares(2)	Up to 147,060,000	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares	[●]	[●]
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	988,513,925	
	After the Issue	[●]	

(1) The Fresh Issue has been authorised by the Board of Directors pursuant to resolutions dated March 9, 2015 and March 26, 2015 and the Shareholders pursuant to resolutions March 9, 2015 and March 24, 2015, respectively.

(2) The Offer for Sale has been authorised by (a) IABF pursuant to a resolution passed by its board of directors at its meeting held on March 24, 2015; (b) REAL pursuant to a resolution passed by its investment committee at its meeting held on March 24, 2015; (c) Proparco pursuant to a confirmation letter from their managing director dated March 25, 2015; and (d) Nirmal Family Trust pursuant to its resolution dated March 16, 2015.

Changes in the Authorised Share Capital

Please see the section entitled "History and Certain Corporate Matters" on page 150 for details of the changes in the authorised share capital.

Notes to the Capital Structure

1. **Equity Share Capital History of our Company**

(a) *The history of the equity share capital of our Company is provided in the following table:*

Date of Allotment of Equity Shares	No. of Equity Shares Allotted	Face value (₹)	Issue Price (₹)	Reason for allotment	Consideration	Cumulative No. of Equity Shares	Cumulative paid-up Equity capital (₹)	Cumulative securities premium (₹)
November 25, 1998	100	100	100	Initial subscribers to the Memorandum	Cash	100	10,000	0
January 13, 2000	39,845	100	100	Preferential allotment	Cash	39,945	3,994,500	0
March 1, 2001	10,055	100	100	Preferential allotment	Cash	50,000	5,000,000	0
September 29, 2010	1,600,000	100	100	Preferential allotment	Cash	1,650,000	165,000,000	0
February 25, 2011	1,340,000	100	100	Preferential allotment	Cash	2,990,000	299,000,000	0
September 28, 2011	In accordance with Sections 100 to 104 of the Companies Act, 1956, our Company reduced its capital by reducing 100 equity shares of ₹ 100 each to 100 equity shares of ₹ 1 each.							
April 27, 2012	27,010,000	1	11.10	Preferential allotment	Cash	30,000,000	30,000,000	272,801,000
March 9, 2015	17,619,147	1	-	Conversion of 24,137,932 0.01% Compulsorily	Cash	47,619,147	47,619,147	1,655,181,885

Date of Allotment of Equity Shares	No. of Equity Shares Allotted	Face value (₹)	Issue Price (₹)	Reason for allotment	Consideration	Cumulative No. of Equity Shares	Cumulative paid-up Equity capital (₹)	Cumulative securities premium (₹)
				Convertible Preference Shares held by IABF, REAL and Proparco				
March 9, 2015	Pursuant to the resolution of the Shareholders, our Company consolidated its Equity Share capital by consolidating 10 equity shares of ₹ 1 each into one equity share of ₹10 each and any fraction of shares in excess of 0.5 be rounded off to the next higher number.							
March 12, 2015	66,666,796	10	-	Bonus issue	Other than cash[(1)]	71,428,710	714,287,100	988,513,925

(1) *These Equity Shares were allotted to the Shareholders on account of a bonus issue in the ratio of 14:1 undertaken pursuant to the resolutions of the Board and the Shareholders dated March 9, 2015 and allotted on March 12, 2015.*

(b) *The history of the preference share capital of our Company is provided in the following table:*

(i). 2% Redeemable Non-cumulative Preference Shares

Date of Allotment	No. of Preference Shares Allotted	Face value (₹)	Issue Price (₹)	Consideration	Cumulative No. of Preference Shares	Cumulative paid-up preference capital (₹)	Cumulative preference share premium (₹)
March 28, 2005	6,000	100	1,100	Cash	6,000	600,000	6,000,000
March 16, 2012	20	100	100	Cash	6,020	602,000	6,000,000
March 16, 2012*	(6,020)	100	-	-	0	0	-

* *All the outstanding 2% Redeemable Non-cumulative Preference Shares were redeemed by our Company.*

(ii). 0.01% Compulsorily Convertible Preference Shares

Date of Allotment	No. of Preference Shares Allotted	Face value (₹)	Issue Price (₹)	Consideration	Cumulative No. of Preference Shares	Cumulative paid-up preference capital (₹)	Cumulative preference share premium (₹)
September 28, 2012	13,793,104	10	58	Cash	13,793,104	137,931,040	662,068,992
June 7, 2013	10,344,828	10	58	Cash	24,137,932	241,379,320	1,158,620,736
March 9, 2015*	(24,137,932)	10	-	-	0	0	-

* *All outstanding 0.01% Compulsorily Convertible Preference Shares were converted into Equity Shares by the Board pursuant to their resolution dated March 9, 2015.*

The table set out below provide the details of conversion of 0.01% Compulsorily Convertible Preference Shares:

Sr. No.	Name of the Shareholder	Amount invested (in ₹)	No. of 0.01% compulsorily convertible preference shares of ₹ 10 each	No. of equity shares of ₹1 each allotted	Conversion price (in ₹)	Conversion ratio
1.	India Agri Business Fund Ltd.	797,200,000	13,744,828	10,825,932	73.64	0.7876:1
2.	REAL Trust	2,800,000	48,276	38,024	73.64	0.7876:1
3.	Societe De Promotion Et De Participation Pour La Cooperation Economique	600,000,000	10,344,828	6,755,191	88.82	0.6530:1
	Total	**1,400,000,000**	**24,137,932**	**17,619,147**		

(c) *The details of the Equity Shares allotted for consideration other than cash is provided in the following table:*

Date of allotment of the Equity Shares	Name of the allottee	Number of the Equity Shares	Face value (₹)	Issue price (₹)	Reasons for allotment	Benefits accrued to our Company
March 12, 2015	Equity Shareholders of our Company	66,666,796	10	-	Bonus issue in the ratio of 14:1 authorised by our shareholders through a resolution passed on March 9, 2015	-

2. **History of the Equity Share Capital held by our Promoters**

As on the date of this Red Herring Prospectus, our Promoters hold 42,750,000 Equity Shares, constituting 59.85% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters' shareholding is set out below.

(a) *Build-up of our Promoters' shareholding in our Company*

Set forth below is the build-up of the shareholding of our Promoters since incorporation of our Company:

(i). ***Nirmal Family Trust***

Date of the Transaction	Nature of Transaction	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue Price /Transfer Price per Equity Share (₹)	Source of funds
April 16, 2012	Transfer from 20 Shareholders of our Company	740,000	By way of gift	1	-	Gift
April 27, 2012	Allotment	26,260,000	Cash	1	11.10	Own funds
March 9, 2015	Pursuant to the resolution of the Shareholders, our Company consolidated its Equity Share capital by consolidating 10 equity shares of ₹ 1 each into one equity share of ₹10 each and any fraction of shares in excess of 0.5 be rounded off to the next higher number.					
		2,700,000	-	10	-	-
March 12, 2015*	Bonus issue in the ratio of 14:1	37,800,000	Other than cash	10	-	Not applicable
Total		**40,500,000**				

* *These Equity Shares were allotted to the Shareholders on account of a bonus issue in the ratio of 14:1 undertaken pursuant to the resolutions of the Board and the Shareholders dated March 9, 2015 and allotted on March 12, 2015.*

(ii). ***Sarangdhar Ramchandra Nirmal***

Date of the Transaction	Nature of Transaction	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Source of funds
November 25, 1998	Subscription to the Memorandum	40	Cash	100	100	Own funds
January 13, 2000	Allotment	15,870	Cash	100	100	Own funds
June 27, 2003	Transfer from six Shareholders	1,050	Cash	100	100	Own funds and loan
September 29, 2010	Allotment	604,730	Cash	100	100	Own funds and loan
February 25, 2011	Allotment	447,235	Cash	100	100	Own funds and loan
April 16, 2012	Transfer to Nirmal Family Trust	(318,925)	By way of gift	1	-	Gift
March 9, 2015	Pursuant to the resolution of the Shareholders, our Company consolidated its Equity Share capital by consolidating 10 equity shares of ₹ 1 each into one equity share of ₹10 each and any fraction of shares in excess of 0.5 be rounded off to the next higher number.					
		75,000	-	10	-	-
March 12,	Bonus issue	1,050,000	Other than cash	10	-	Not applicable

Date of the Transaction	Nature of Transaction	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Source of funds
2015*	in the ratio of 14:1					
Total		**1,125,000**				

* *These Equity Shares were allotted to the Shareholders on account of a bonus issue in the ratio of 14:1 undertaken pursuant to the resolutions of the Board and the Shareholders dated March 9, 2015 and allotted on March 12, 2015.*

(iii). ***Vivek Sarangdhar Nirmal***

Date of the Transaction	Nature of Transaction	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Source of funds
April 27, 2012	Allotment	750,000	Cash	1	11.10	Own funds and loan
March 9, 2015	Pursuant to the resolution of the Shareholders, our Company consolidated its Equity Share capital by consolidating 10 equity shares of ₹ 1 each into one equity share of ₹10 each and any fraction of shares in excess of 0.5 be rounded off to the next higher number.					
		75,000	-	10	-	-
March 9, 2015*	Bonus issue in the ratio of 14:1	1,050,000	Other than cash	10	-	Not applicable
Total		**1,125,000**				

* *These Equity Shares were allotted to the Shareholders on account of a bonus issue in the ratio of 14:1 undertaken pursuant to the resolutions of the Board and the Shareholders dated March 9, 2015 and allotted on March 12, 2015.*

All the Equity Shares held by the Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. As of the date of this Red Herring Prospectus, none of the Equity Shares held by the Promoters were pledged.

(b) *Details of Promoter's contribution and lock-in*:

Pursuant to the SEBI Regulations, an aggregate of 20% of the fully diluted post-Issue Equity Share capital of our Company held by our Promoters shall be locked in as minimum Promoters' contribution for a period of three years from the date of Allotment and our Promoters' shareholding in excess of 20% shall be locked in for a period of one year. The details of the Equity Shares which are eligible for such lock-in for a period of three years from the date of Allotment are set out in the following table:

Name of the Promoter	No. of Equity Shares	Face Value (₹)	Percentage (%) of	
			pre-Issue paid-up capital	post-Issue paid-up capital
Nirmal Family Trust	40,500,000	10	56.70	[●]
Sarangdhar Ramachandra Nirmal	1,125,000	10	1.57	[●]
Vivek Sarangdhar Nirmal	1,125,000	10	1.57	[●]
Less the Equity Shares being offered in the Offer for Sale by the Nirmal Family Trust	(3,151,000)			
Total	**39,599,000**	**-**	**55.44**	**[●]**

For details of the build-up of our Promoters' shareholding, please see the section entitled "- Build-up of our Promoters' shareholding in our Company" on page 81.

The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI Regulations. Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI Regulations. In this connection, we confirm the following:

(i). The Equity Shares offered for Promoters' contribution have not been acquired in the last three years (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or (b) resulting from a bonus issue out of revaluation reserves or unrealised profits of our Company or bonus issue against Equity Shares which are ineligible for computation of Promoter's contribution;

(ii). The Promoter’s contribution does not include any Equity Shares acquired during the preceding one year and at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

(iii). Our Company has not been formed by the conversion of a partnership firm into a Company;

(iv). The Equity Shares held by the Promoter and offered for Promoter’s contribution are not subject to any pledge; and

(v). All the Equity Shares of our Company held by the Promoter are held in dematerialised form.

The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of three years from the date of Allotment are set out in the following table:

Name of the Promoter	Date of Transaction and when made fully paid-up	Nature of Transaction	No. of Equity Shares	Face Value (₹)	Issue/acquisition price per Equity Share (₹)	No. of Equity Shares locked-in	Percentage of post-Issue paid-up capital (%)
[●]	[●]	[●]	[●]	[●]	[●]	[●]	20.00
Total						[●]	20.00

The minimum Promoters’ contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as ‘promoter’ under the SEBI Regulations. The Equity Shares that are being locked-in for a period of three years from the date of Allotment in the Issue are not ineligible for computation of Promoters’ contribution in terms of Regulation 33 of SEBI Regulations.

Other requirements in respect of lock-in:

In addition to 20% of the fully diluted post-Issue shareholding of our Company held by our Promoters and locked-in for three years as specified above and the Equity Shares subscribed to and Allotted pursuant to the Offer for Sale, the entire pre-Issue equity share capital of our Company, will be locked-in for a period of one year from the date of Allotment.

The Equity Shares held by our Promoters which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions for the purpose of financing one or more of the objects of the Issue and pledge of the Equity Shares is one of the terms of the sanction of such loans.

The Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

The Equity Shares held by our Promoters which are locked-in may be transferred to and amongst the Promoter Group entities or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment in the Issue may be transferred to any other person holding the Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations.

Lock-in of the Equity Shares to be Allotted, if any, to the Anchor Investors

Any Equity Shares allotted to Anchor Investors Portion shall be locked-in for a period of 30 days from the date of Allotment.

3. **Shareholding of our Promoters and Promoter Group in our Company**

Sr. No.	Name of the Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	%	No. of Equity Shares	%
1.	Nirmal Family Trust	40,500,000*	56.70	[●]	[●]
2.	Sarangdhar Ramchandra Nirmal	1,125,000	1.57	1,125,000	[●]
3.	Vivek Sarangdhar Nirmal	1,125,000	1.57	1,125,000	[●]
4.	Kishor Ramchandra Nirmal	1,125,000	1.57	1,125,000	[●]

* *Up to 3,151,000 Equity Shares held by Nirmal Family Trust are proposed to be offered for sale in this Issue pursuant to resolution of the Nirmal Family Trust dated March 16, 2015.*

4. **Details of the build-up of Investor Selling Shareholders' shareholding in our Company**

(i). IABF

Date of the Transaction	No. of Equity Shares	Nature of Transaction	Nature of Consideration	Face Value (₹)	Issue Price /Transfer Price per Equity Share (₹)
March 9, 2015	10,825,932	Conversion of 13,744,828 0.01% Compulsorily Convertible Preference Shares	Cash	1	See note 1
March 9, 2015	Pursuant to the resolution of the Shareholders, our Company consolidated its Equity Share capital by consolidating 10 equity shares of ₹ 1 each into one equity share of ₹10 each and any fraction of shares in excess of 0.5 be rounded off to the next higher number.				
	1,082,593	-	-	10	-
March 9, 2015	15,156,302	Bonus issue in the ratio of 14:1	Other than cash	10	-
Total	**16,238,895**				

Note 1: 13,744,828 0.01% Compulsorily Convertible Preference Shares were allotted to IABF on September 28, 2012 for an aggregate consideration of ₹ 797.20 million. No further amounts were payable upon conversion.

(ii). REAL

Date of the Transaction	No. of Equity Shares	Nature of Transaction	Nature of Consideration	Face Value (₹)	Issue Price /Transfer Price per Equity Share (₹)
March 9, 2015	38,024	Conversion of 48,276 0.01% Compulsorily Convertible Preference Shares	Cash	1	See note 1
March 9, 2015	Pursuant to the resolution of the Shareholders, our Company consolidated its Equity Share capital by consolidating 10 equity shares of ₹ 1 each into one equity share of ₹10 each and any fraction of shares in excess of 0.5 be rounded off to the next higher number.				
	3,803	-	-	10	-
March 9, 2015	53,228	Bonus issue in the ratio of 14:1	Other than cash	10	-

Date of the Transaction	No. of Equity Shares	Nature of Transaction	Nature of Consideration	Face Value (₹)	Issue Price /Transfer Price per Equity Share (₹)
Total	**57,030**				

Note 1: 48,276 0.01% Compulsorily Convertible Preference Shares were allotted to REAL on September 28, 2012 for an aggregate consideration of ₹ 2.80 million. No further amounts were payable upon conversion.

(iii). Proparco

Date of the Transaction	No. of Equity Shares	Nature of Transaction	Nature of Consideration	Face Value (₹)	Issue Price /Transfer Price per Equity Share (₹)
March 9, 2015	6,755,191	Conversion of 10,344,828 0.01% Compulsorily Convertible Preference Shares	Cash	1	See note 1
March 9, 2015	Pursuant to the resolution of the Shareholders, our Company consolidated its Equity Share capital by consolidating 10 equity shares of ₹ 1 each into one equity share of ₹10 each and any fraction of shares in excess of 0.5 be rounded off to the next higher number.				
	675,519	-	-	10	-
March 9, 2015	9,457,266	Bonus issue in the ratio of 14:1	Other than cash	10	-
Total	**10,132,785**				

Note 1: 10,344,828 0.01% Compulsorily Convertible Preference Shares were allotted to Proparco on June 7, 2013 for an aggregate consideration of ₹ 600.00 million. No further amounts were payable upon conversion.

5. **Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of filing of this Red Herring Prospectus:

Category Code	Category of Shareholder	Number of Shareholders	Pre-Issue				Shares Pledged or otherwise encumbered	
			Total Number of Shares	Number of Shares held in Dematerialised form	Total Shareholding as a percentage of total number of shares			
					As a Percentage of (A+B)	As a Percentage of (A+B+C)	No. of Shares	As a Percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
(A)	**Promoter and Promoter Group**							
A.1	**Indian**							
(a)	Individual / HUF	3	3,375,000	3,375,000	4.72	4.72	-	-
(b)	Central / State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	0	-	-	-	-	-	-
(e)	Trust	1	40,500,000	40,500,000	56.70	56.70	-	-
	Sub Total (A)(1):	**4**	**43,875,000**	**43,875,000**	**61.42**	**61.42**	-	-
A.2	**Foreign**							
(a)	Individual(Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
	Sub Total (A)(2):	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1) + (A)(2)	**4**	**43,875,000**	**43,875,000**	**61.42**	**61.42**	-	-
(B)	**Public shareholding**							
B.1	**Institutions**							
(a)	Mutual Funds / UTI	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-
(c)	Central / State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors/ Foreign Portfolio Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
	Sub Total (B)(1):	-	-	-	-	-	-	-
B.2	**Non-Institutions**							
(a)	Bodies Corporate	2	26,371,680	26,371,680	36.92	36.92	-	-
(b)	Individual	1	1,125,000	1,125,000	1.57	1.57	-	-
(i)	Individual Shareholders Holding Nominal	-	-	-	-	-	-	-

Category Code	Category of Shareholder	Number of Shareholders	Pre-Issue				Shares Pledged or otherwise encumbered	
			Total Number of Shares	Number of Shares held in Dematerialised form	Total Shareholding as a percentage of total number of shares			
					As a Percentage of (A+B)	As a Percentage of (A+B+C)	No. of Shares	As a Percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
	Share Capital upto ₹1 lakh							
(ii)	Individual Shareholders Holding Nominal Share Capital in excess of ₹1 lakh	1	1,125,000	1,125,000	1.57	1.57	-	-
(c)	Trust	1	57,030	57,030	0.08	0.08		
	Sub Total (B)(2):	**4**	**27,553,710**	**27,553,710**	**38.58**	**38.58**	**-**	**-**
	Total (B)=(B)(1) + (B)(2)	**4**	**27,553,710**	**27,553,710**	**38.58**	**38.58**	**-**	**-**
	Total (A) + (B)	**8**	**71,428,710**	**71,428,710**	**100.00%**	**100.00%**	**-**	**-**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	-	-	-	-	-	-	-
(i)	Promoter and Promoter Group	-	-	-	-	-	-	-
(ii)	Public	-	-	-	-	-	-	-
	Total (A) + (B) + (C)	**8**	**71,428,710**	**71,428,710**	**100.00%**	**100.00%**	**-**	**-**

Note: The post-Issue shareholding pattern of our Company will be provided after finalisation of the Issue Price. This may be subject to further changes after Allotment.

6. Except as provided below, there are no public Shareholders holding more than 1% of the pre-Issue paid up capital of our Company:

Sr. No.	Name of the Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	%	No. of Equity Shares	%
1.	IABF	16,238,895[(1)]	22.73	[●]	[●]
2.	Proparco	10,132,785[(2)]	14.19	[●]	[●]
3.	Arvind Jagannath Nirmal	1,125,000	1.57	1,125,000	[●]

(1) Up to 6,580,000 Equity Shares held by IABF are proposed to be offered for sale in this Issue pursuant to resolution passed by its board of directors dated March 24, 2015.

(2) Up to 4,952,000 Equity Shares held by Proparco are proposed to be offered for sale in this Issue pursuant to a confirmation letter from the managing director dated March 25, 2015.

7. The list of top 10 Shareholders of our Company and the number of Equity Shares held by them are set forth below:

(a) The top 10 Shareholders as on the date of filing, and 10 days prior to the date of filing, of this Red Herring Prospectus are as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	Nirmal Family Trust	40,500,000	56.70
2.	IABF	16,238,895	22.73
3.	Proparco	10,132,785	14.19
4.	Sarangdhar Ramchandra Nirmal	1,125,000	1.57
5.	Kishor Ramchandra Nirmal	1,125,000	1.57
6.	Arvind Jagannath Nirmal	1,125,000	1.57
7.	Vivek Sarangdhar Nirmal	1,125,000	1.57
8.	REAL	57,030	0.08
	Total	**71,428,710**	**100.00**

(b) The top 10 Shareholders two years prior to the date of filing of this Red Herring Prospectus are as follows:

Sr. No.	Name of the Shareholder	No. of equity shares*	Percentage (%)
1.	Nirmal Family Trust	27,000,000	90.00
2.	Sarangdhar Ramchandra Nirmal	750,000	2.50
3.	Kishor Ramchandra Nirmal	750,000	2.50
4.	Arvind Jagannath Nirmal	750,000	2.50
5.	Vivek Sarangdhar Nirmal	750,000	2.50
	Total	**30,000,000**	**100.00**

* *The equity shares are of face value of ₹1 each.*

8. As on the date of this Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.

9. As on the date of this Red Herring Prospectus, our Company does not have an employee stock option plan.

10. Except as stated in the section entitled "Our Management" on page 158, none of our Directors or key management personnel hold any Equity Shares in our Company.

11. None of our Promoters, Promoter Group or Directors have purchased/subscribed or sold any securities of our Company within three years immediately preceding the date of filing this Red Herring Prospectus with the RoC, which in aggregate is equal to or greater than 1% of pre-Issue capital of our Company.

12. As on the date of this Red Herring Prospectus, the Lead Managers and their respective associates (in

accordance with the definition of “associate company” as provided under Section 2(6) of the Companies Act, 2013) do not hold any Equity Shares in our Company.

13. Except for the Equity Shares issued pursuant to conversion of 0.01% Compulsorily Convertible Preference Shares on March 9, 2015, as of the date of this Red Herring Prospectus, no Equity Shares have been issued by our Company at a price that may be lower than the Issue Price during the last one year. For details, please see the section entitled “– Equity Share Capital History of our Company” on page 79.

14. None of the members of our Promoter Group, our Promoters, the Directors of the Promoters, or our Directors and their immediate relatives have purchased or sold any Equity Shares during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

15. None of the members of our Promoter Group, our Promoters, the Directors of the Promoters, or our Directors and their immediate relatives have purchased or sold any equity shares of any of our Subsidiaries, during the period of six months immediately preceding the date of filing of this Red Herring Prospectus with the RoC.

16. As of the date of the filing of this Red Herring Prospectus, the total number of our Shareholders is eight.

17. Neither our Company nor any of our Directors have entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person. Further, the Lead Managers have not made any buy-back and/or standby arrangements for purchase of Equity Shares from any person.

18. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares as on the date of this Red Herring Prospectus.

19. Our Company has not issued any Equity Shares out of its revaluation reserves.

20. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use of Equity Shares as consideration for acquisitions or participations in such joint ventures.

21. All Equity Shares allotted pursuant to the Issue will be fully paid up at the time of Allotment and there are no partly paid up Equity Shares as on the date of this Red Herring Prospectus.

22. The Issue is being made through the Book Building Process wherein 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders in consultation with the Lead Managers may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. Under subscription if any, in any category, except in the QIB category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Lead Managers and the Designated Stock Exchange.

23. A discount on the Issue Price may be offered by the Company and the Selling Shareholders in consultation with the Lead Managers to the Retail Individual Bidders in terms of the SEBI Regulations. The Price Band, minimum Bid Lot, and the Retail Discount and will be decided by our Company and the Selling Shareholders in consultation with the Lead Managers and will be advertised at least five

Working Days prior to the Bid/Issue Opening Date. Retail Individual Bidders can avail the Retail Discount at the time of making the Bid. Retail Individual Bidders shall make the payment towards their Bid net of Retail Discount, i.e., Bid Amount less Retail Discount, at the time of making the Bid.

24. Any oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot.

25. Except for the sale of Equity Shares by Nirmal Family Trust through the Offer for Sale, our Promoters, Promoter Group and Group Companies will not participate in the Issue.

26. There have been no financial arrangements whereby our Promoter Group, the Directors of the Promoters, our Directors and their relatives have financed the purchase by any other person of securities of our Company, during a period of six months preceding the date of filing of the Draft Red Herring Prospectus.

27. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (or securities convertible into or exchangeable, directly or indirectly into Equity Shares).

28. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

29. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

The Offer for Sale

Our Company will not receive any proceeds of the Offer for Sale.

The Fresh Issue

The Net Proceeds from the Fresh Issue will be utilised towards the following objects:

1. Part pre-payment of loans availed by our Company and its wholly owned subsidiary, SAIPL;

2. To meet capital expenditure; and

3. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing business activities and the activities for which funds are being raised by us through this Issue.

The details of the Net Proceeds are set forth in the following table:

Particulars(1)		Estimated Amount (In ₹million)
Gross proceeds of the Fresh Issue		3,000
Less:	Issue expenses(2)	([●])
Net Proceeds		**[●]**

(1) To be determined on finalization of the Issue Price and updated in the Prospectus prior to the filing with the Registrar of Companies.
(2) Other than the listing fee (which shall be borne by our Company), all other expenses for the Issue shall be shared amongst the Selling Shareholders and the Company, in proportion to the Equity Shares being offered by them in the Issue.

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Particulars	Amount (In ₹million)
Part pre-payment of loans availed by our Company and its wholly owned subsidiary, SAIPL	1,850.00
To meet capital expenditure	350.68
General corporate purposes(1)	[●]
Total	**[●]**

(1) To be determined on finalization of the Issue Price and updated in the Prospectus prior to filing with the Registrar of Companies.

The proposed objects of the Issue as set out above will be funded entirely from the Net Proceeds and internal accruals. Accordingly, our Company is not required to make any other firm arrangements of finance through verifiable means. The fund requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest/ exchange rate fluctuations. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management. In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws.

Some of the current estimates of capital expenditure are, amongst other, based on the project report and the quotations obtained by our Company. However, the quotations are valid for the period as specified in the section entitled "– Details of Utilisation of Net Proceeds – To meet capital expenditure" on page 93. Accordingly, the estimated cost may vary if we obtain fresh quotations and if there is an increase in the requirements of funds for the proposed activities, such additional funds, will be met through means available to our Company, including internal accruals. Additionally, it may also require us to reschedule or revise the planned expenditure and any such revision or rescheduling would be undertaken at the discretion of our Company's management in accordance with applicable law. If the actual utilisation towards any of the proposed activities is lower than estimated, then such balance will be used for future growth opportunities including, funding existing objects (if required) and general corporate purposes.

Utilisation of the Net Proceeds

(In ₹million)

Sr. No.	Particulars	Schedule of Utilisation		
		Fiscal 2016	Fiscal 2017	Total
1.	Part pre-payment of loans availed by our Company and its wholly owned subsidiary, SAIPL	1,850.00	0.00	1,850.00
2.	To meet capital expenditure	213.63	137.05	350.68
3.	General Corporate Purposes	[●]	[●]	[●]
4.	Issue Expenses	[●]	[●]	[●]
Total		[●]	[●]	[●]

Details of Utilisation of Net Proceeds

The details of utilisation of the Net Proceeds are set forth herein below:

1. Part pre-payment of loans availed by our Company and its wholly owned subsidiary, SAIPL

As of June 30, 2015, we had outstanding term loans aggregating ₹2,300 million. For details of our outstanding term loans, please see the section entitled "Financial Indebtedness" on page 346. Our Company and Prabhat Nutritious & Frozen Food Industries Private Limited, an erstwhile subsidiary of our Company which was amalgamated into our Company with effect from September 11, 2014, had availed the original loans amounting to ₹730.00 million ("**Company's Original Loans**") for the purposes of meeting capital expenditures including setting-up and expansion of manufacturing facilities, purchasing land and upgradation of technology of existing plant and machinery. Our Company's Original Loans were utilised for: (i) expansion of the milk processing plant and packaging facility at its manufacturing facilities at Shrirampur and Navi Mumbai; (ii) upgradation of the technology of existing plant and machinery and utilities at its manufacturing facility in Shrirampur; (iii) acquisition of land at its manufacturing facility in Navi Mumbai; and (iv) setting up of milk processing plants and various milk products manufacturing plant at its Navi Mumbai facility.

Our Company's subsidiary, SAIPL had availed the original loans amounting to ₹1,569.00 million ("**SAIPL's Original Loans**") for the purposes of meeting various capital expenditures including setting-up and expansion of manufacturing facilities, backward integration of infrastructure and setting-up of storage for finished goods. SAIPL's Original Loans were utilised for setting-up of various milk product manufacturing facilities, milk processing facilities and utilities at its manufacturing facility in Shrirampur, Ahmednagar.

The Company's Original Loans and SAIPL's Original Loans were utilised for the purposes for which they were availed.

Our Company proposes to utilize an estimated amount of ₹ 1,850.00 million from the Net Proceeds towards part pre-payment of the loans availed by our Company and its wholly owned subsidiary, SAIPL. We may repay or refinance some of our existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part repayment/ pre-payment of any such refinanced loans or additional loan facilities obtained by it. However, the aggregate amount to be utilised from the Net Proceeds towards repayment/ pre-payment of loans (including re-financed or additional loans availed, if any), in part or full, would not exceed ₹1,850.00 million.

The part repayment/ pre-payment will help reduce our outstanding indebtedness, assist us in maintaining a favourable debt-equity ratio, and enable utilization of our accruals for further investment in business growth and expansion. In addition, we believe that our leverage capacity will improve to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

The following table provides details of the loan availed by our Company and SAIPL which are proposed to be partly prepaid to the extent of ₹1,850 million from the Net Proceeds:

Sr. No.	Name of the Lender	Date of the Loan Agreement	Amount (in ₹ million)			Purpose[3]	Repayment Schedule	Pre-payment clause (if any)[4]
			Sanctioned	Outstanding[1] [2]	Proposed to be repaid/ prepaid from the Net Proceeds			
1.	***Loans availed by our Company***					Refinancing the existing term loans, meeting capital expenditure, long term work capital requirement, transaction expenses, and incurring expenditure in relation to brand building and marketing.	63 un-equated instalments commencing from April 2015.	Pre-payment can be undertaken of a minimum amount of ₹50 million and in multiples thereof, subject to a pre-payment charges aggregating to 2% of the prepaid amount.
	Indostar Capital Finance Limited	July 2, 2014	900	864	450			
2.	***Loans availed by SAIPL***							
	Indostar Capital Finance Limited	July 2, 2014	1,500	1,436	1,400			

(1) As at June 30, 2015.

(2) As certified by S P A K & Co., Chartered Accountants through its certificate dated July 14, 2015.

(3) Our internal auditor, Vaibhav S Parjane & Co., Chartered Accountants through its certificate dated March 27, 2015, has further confirmed that these borrowings have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents and that none of the borrowings that are intended to be repaid through utilisation of the Net Proceeds have been utilized for any payments to, or repayment / refinancing of any loans obtained from, Promoter Group or the Group Companies of our Company.

(4) Payment of pre-payment penalty, if any, shall be made out of Net Proceeds of the Issue. In the event that the Net Proceeds of the Issue are not sufficient for the payment of the pre-payment penalty, then such amounts shall be paid from the internal accruals of our Company.

As set out in the table above, a portion of the Net Proceeds are proposed to be infused by our Company into SAIPL for pre-payment of SAIPL's outstanding term loan. Such infusion would be undertaken by way of subscription to the equity shares of SAIPL. The quantum of Net Proceeds that will be utilized for repayment or pre-payment of loans shall not exceed ₹1,850.00 million.

2. *To meet capital expenditure*

Our Company proposes to utilise ₹350.68 million towards meeting capital expenditure, subject to receipt of relevant approvals, consents, and licenses, for: (i) construction of 3 MW co-generation captive power facility, by our subsidiary, SAIPL, and (ii) enhanced automation of some of the existing manufacturing processes at the facilities of our subsidiary, SAIPL.

Particulars	Amount (In ₹ million)		
	Fiscal 2016	Fiscal 2017	Total
Construction of a 3 MW co-generation captive power facility	149.93	49.75	199.68
Enhanced automation of some of the existing manufacturing processes at our facilities	63.70	87.30	151.00
Total	**213.63**	**137.05**	**350.68**

As set out in the table above, a portion of the Net Proceeds are proposed to be infused by our Company into SAIPL to meet capital expenditure. Such infusion would be undertaken by way of subscription to the equity shares of SAIPL. The quantum of Net Proceeds that will be utilized for meeting capital expenditure shall not exceed ₹350.68 million.

Means of Finance

The following table sets forth the total expenditure expected to be incurred on our projects, amount proposed to be financed from Net Proceeds of this Issue, and other means of financing:

(In ₹ million)

Particulars	Total Estimated Expenditure	Amount Deployed	Amount proposed to be financed from Net Proceeds
Installation of 3 MW co-generation captive power facility	199.68	0.00	199.68
Enhanced automation of some of the existing manufacturing processes at the facilities of our subsidiary, SAIPL	151.00	0.00	151.00
Total	**350.68**	**0.00**	**350.68**

A. ***Installation of 3 MW co-generation captive power facility by our subsidiary, SAIPL (the "CPF")***

The CPF is proposed to be established at our existing manufacturing facilities located at Shrirampur (District Ahmednagar) by our subsidiary, SAIPL. The CPF will simultaneously produce electricity and steam for utilization at our manufacturing facilities. It will utilize local and imported coal as the fuel, which is currently proposed to be obtained from coal trading entities. The CPF is proposed to be installed in accordance with the following schedule of implementation:

Sr. No.	Particulars	Estimated Date of Completion/ Status
1.	Basic process engineering	August 30, 2015
2.	Civil, mechanical, electrical, and instrumentation basic engineering	October 10, 2015
3.	Procurement of equipment	October 31, 2015
4.	Piping engineering and design	November 25, 2015
5.	Installation and erection of electrical equipment	September 15, 2016
6.	Trial run and testing	October 10, 2016
7.	Commissioning	October 29, 2016

Cost of the CPF:

Based on the project report dated July 14, 2015 issued by Sterling Engineers & Boilers Private Limited, the break-up of the estimated costs for construction and development of the CPF is as follows:

Sr. No.	Particulars	Amount (In ₹ million)
1.	**Civil works**	
1.1.	Power house	11.53
1.2.	Foundation of the turbine	2.74
1.3.	Foundation of the boiler and related equipment	2.69
1.4.	Ash and coal handling system	3.46
1.5.	Shed and foundation for the water de-mineralization plant	1.45
1.6.	Chimney	3.34
2.	**Plant and machinery**	
2.1.	3 MW turbo generator set and accessories	72.87
2.2.	Erection and commissioning of 3 MW turbo generator set and accessories	13.68
2.3.	Boiler with a capacity of 25 tonnes per hour	78.83
2.4.	Coal handling system	9.10
	Total cost	199.68

On the basis of quotation dated July 13, 2015 provided by Triveni Engineering & Industries Ltd. the 3 MW turbo generator set and accessories are expected to cost ₹63.50 million (exclusive of taxes) and its cost of erection and commissioning is expected to be ₹12.00 million (exclusive of taxes).

On the basis of quotation dated January 23, 2015 provided by Cethar Vessels Limited, the 25 tonnes per hour boiler is expected to cost ₹68.70 million (exclusive of taxes and cost of transportation and transit insurance, but including the cost of installation, erection, and commissioning).

On the basis of quotation dated July 14, 2015 provided by Globe Engineering Company, coal handling plant (suitable for 25 tonnes per hour boiler) is expected to cost ₹9.09 million (inclusive of taxes and cost of erection commissioning and excluding packing, forwarding, transportation and transit insurance charges.

B. Enhanced automation of some of the existing manufacturing processes at the facilities of our subsidiary, SAIPL

Our Company proposes to increase the automation levels of the some of the existing manufacturing processes at the facilities of our subsidiary, SAIPL, located at Shrirampur (District Ahmednagar). Our Company would infuse funds from the Net Proceeds in SAIPL for enhanced automation by way of subscription to the equity shares of SAIPL.

To complete enhanced automation, SAIPL is proposing to award a contract on turnkey basis for design, engineering, supply, installation, and commissioning of field instrumentation, erection hardware, and automation. The key aspects of this project would include:

(i). enhanced automation of milk reception and transfer to raw milk storage tanker;

(ii). enhanced automation of milk processing/ pasteurization and transfer to horizontal milk storage tanker;

(iii). enhanced automation of packaging of milk;

(iv). installation of supervisory control and data acquisition system; and

(v). installation of automated clean in place system.

The equipment required for enhanced automation includes temperature sensors and transmitters, storage level sensors, engineering cum operating station, and computer hardware and licensed software. Based on the quotation dated February 20, 2015 from Ditap-V Automation Pvt. Ltd., the estimated cost of automation would be approximately ₹151.00 million, exclusive of transportation, transit insurance, and taxes. The schedule of implementation of enhanced automation of some of the existing manufacturing processes at our facilities is set out in the following table:

Sr. No.	Particulars	Estimated Date of Completion/ Status
1.	Basic process engineering	September 15, 2015
2.	Issue of purchase order	October 15, 2015
3.	Material receipt at site	March 31, 2016
4.	Erection at site	May 15, 2016
5.	Logic development	June 8, 2016
6.	Trial run and testing	July 8, 2016
7.	Commissioning	July 31, 2016

3. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include meeting exigencies faced, and expenses incurred, by our

Company in the ordinary course of business. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any.

Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The Issue expenses consist of underwriting fees, selling commission, fees payable to the Lead Managers, legal counsels, Bankers to the Issue including processing fee to the SCSBs for processing ASBA Bid cum Application Forms procured by the Syndicate Members and submitted to the SCSBs and Registrar to the Issue, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. The break-up for the Issue expenses is as follows:

Activity	Estimated expenses(1) (in ₹ million)	As a % of the total estimated Issue expenses(1)	As a % of the total Issue size(1)
Lead Managers' fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs(2) and Bankers to the Issue	[●]	[●]	[●]
Brokerage and selling commission for Registered Brokers	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Other advisors to the Issue	[●]	[●]	[●]
Others			
• Listing fees, SEBI filing fees, book building software fees	[●]	[●]	[●]
• Printing and stationary	[●]	[●]	[●]
• Advertising and marketing expenses	[●]	[●]	[●]
• Miscellaneous	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

(1) *Amounts will be finalized at the time of filing the Prospectus and on determination of Issue Price and other details.*

(2) *The SCSBs would be entitled to a processing fee of ₹10 (excluding service tax) per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate or the Registered Brokers and submitted to the SCSBs.*

Note: Other than the listing fee (which shall be borne by our Company), all other expenses for the Issue shall be shared amongst the Selling Shareholders and the Company, in proportion to the Equity Shares being offered by them in the Issue.

Interim use of proceeds

The Net Proceeds of the Issue pending utilization for the purposes stated in this section, shall be deposited only in scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for any investment in the equity markets.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

Since the proceeds from the Fresh Issue does not exceed ₹ 5,000 million, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our

Board will monitor the utilisation of the proceeds of the Issue. The Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to clause 49 of the Equity Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee of the Board of Directors the uses and applications of the Issue Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee of the Board of Directors. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with clause 43A of the Equity Listing Agreement, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee of the Board of Directors.

Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in the vernacular language of the jurisdiction where the Registered Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

Appraising Entity

None of the objects of the Issue for which the Net Proceeds will be utilized have been appraised.

Other Confirmations

Except for the proceeds received by Nirmal Family Trust through the Offer for Sale, no part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, Group Companies, the Directors, associates or Key Management Personnel.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Selling Shareholders and the Lead Managers on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is [●] times the face value. The Floor Price is [●] the face value and the Cap Price is [●] the face value.

Bidders are requested to please see sections entitled "Risk Factors", "Our Business", and "Financial Statements" on pages 19, 126 and 183, respectively, to make an informed investment decision.

Qualitative Factors

We believe that some of the qualitative factors which form the basis for computing the Issue Price are as follows:

- Robust milk procurement system;
- Integrated business model and cost efficient operations;
- Growing brand visibility;
- Strong relationship with reputed institutional customers;
- Highly automated and advanced production facilities;
- Stringent quality control;
- Strong track record of growth and financial performance; and
- Experienced management team.

For further details, please see the section entitled "Our Business - Competitive Strengths" on page 127.

Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements. For details, please see the section entitled "Financial Statements" on page 183.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. **Basic and Diluted Earnings Per Share ("EPS"):**

As per Restated Standalone Financial Statements of our Company, as adjusted for the change in share capital:

Financial Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Fiscal, 2013	0.70	0.59	1
Fiscal, 2014	0.56	0.37	2
Fiscal, 2015	0.83	0.54	3
Weighted Average	0.72	0.49	

As per Restated Consolidated Financial Statements of our Company, as adjusted for the change in share capital:

Financial Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Fiscal, 2013	3.34	2.83	1
Fiscal, 2014	4.62	3.00	2
Fiscal, 2015	4.51	2.95	3
Weighted Average	4.35	2.95	

Notes:

(1) The face value of each Equity Share is ₹ 10.

(2) Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 'Earnings per Share' notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended).

(3) The above statement should be read with significant accounting policies and notes on restated financial information as appearing in the Restated Summary Statements.

(4) Basic EPS (₹) is restated profit after tax attributable to equity shareholders for the year divided by weighted average number of Equity Shares outstanding during the year.

(5) Diluted EPS (₹) is restated profit after tax attributable to equity shareholders (before preference dividend) for the year divided by weighted average dilutive number of Equity Shares outstanding during the year.

2. Price/Earning ("P/E") ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price band (no. of times)
Based on basic EPS as per the Restated Standalone Financial Statements for Fiscal, 2015	**[●]**	**[●]**
Based on diluted EPS as per the Restated Standalone Financial Statements for Fiscal, 2015	**[●]**	**[●]**
Based on basic EPS as per the Restated Consolidated Financial Statements for Fiscal, 2015	**[●]**	**[●]**
Based on diluted EPS as per the Restated Consolidated Financial Statements for Fiscal, 2015	**[●]**	**[●]**

Industry P/E ratio*:

Particulars	P/E
Highest	160.0
Lowest	5.2
Average	23.5

**Source: Capital Market (Magazine), Issue: July 20, 2015 – August 2, 2015 (for the Industry Average) Industry considered is "Food Processing – Indian"*

3. Return on Net Worth ("RoNW")

As per the Restated Standalone Financial Statements, as adjusted for changes in share capital:

Particulars	RoNW (%)	Weight
Fiscal, 2013	1.77	1
Fiscal, 2014	1.10	2
Fiscal, 2015	1.65	3
Weighted Average	1.49	

As per the Restated Consolidated Financial Statements, as adjusted for changes in share capital:

Particulars	RoNW (%)	Weight
Fiscal, 2013	5.92	1
Fiscal, 2014	6.53	2
Fiscal, 2015	6.22	3
Weighted Average	6.27	

Notes:

(1) Return on net worth (%) is restated profit after tax attributable to equity shareholders for the year divided by net worth at the end of the year

4. Minimum Return on Increased Net Worth after the Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2015:

Particulars	At Floor Price	At Cap Price
To maintain pre-Issue basic EPS		
Restated Standalone Financial Statements	[●]%	[●]%
Restated Consolidated Financial Statements	[●]%	[●]%
To maintain pre-Issue diluted EPS		
Restated Standalone Financial Statements	[●]%	[●]%
Restated Consolidated Financial Statements	[●]%	[●]%

5. Net Asset Value per Equity Share of face value of ₹ 10 each

NAV(1)	Restated Consolidated (₹)	Restated Standalone (₹)
As on March 31, 2015	47.40	32.94
After the Issue	[●]	[●]

(1) Net Asset Value per Equity Share represents Net Worth at the end of the year as per the Restated Summary Statements, divided by the number of Equity Shares outstanding at the end of the year.

6. Comparison of Accounting Ratios with Listed Industry Peers

Name of Company	Standalone / Consolidated	Face Value (Rs. Per share)	EPS (₹)		NAV (₹per share)	P/E(3)	RONW (%)
			Basic	Diluted			
Prabhat Dairy Limited(1)	Consolidated	10	4.51	2.95	47.40	NA	6.22
Peer Group							
Hatsun Agro Product Limited(2)	Standalone	1	3.62	3.62	20.37	113.01	17.68

(1) Based on Restated Consolidated Financial Summary Statements for the year ended March 31, 2015
(2) Source: Audited Financial Results for the year ending March 31, 2015 as available at www.bseindia.com
(3) P/E ratio based on closing market price as on August 14, 2015 available on www.nseindia.com and using Basic EPS

7. Comparison of Profitability Margins with Listed Industry Peers

Name of Company	Standalone / Consolidated	Face Value (₹ Per share)	EBITDA Margin[3] (In %)			PAT Margin[4] (In %)			Return on Net Worth[5] (In %)		
			Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2015	Fiscal 2014	Fiscal 2013
Prabhat Dairy Limited(1)	Consolidated(1)	10	10.24	10.69	11.47	2.10	2.42	2.19	6.22	6.53	5.92
Peer Group											
Hatsun Agro Product Limited(2)	Standalone	1	5.72	7.44	6.97	1.09	3.26	2.06	17.68	45.54	34.48

(1) Based on Restated Consolidated Financial Statements for the year ended March 31, 2015, March 31,2014, and March 31, 2013
(2) Source: Audited Financial Results for the year ending March 31, 2015 as available at www.bseindia.com
(3) EBITDA Margin = EBITDA / Total Revenue
(4) PAT Margin = Profit after Tax / Total Revenue
(5) Return on Net Worth = Profit after Tax / Net Worth

The peer group above has been determined on the basis of listed public companies comparable in size to our Company whose business portfolio is comparable with our Company's business.

The Issue Price of ₹ [●] has been determined by our Company and Selling Shareholders in consultation with the Lead Managers, on the basis of the demand from investors for the Equity Shares through the Book Building Process. Our Company and the Managers believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the sections entitled "Risk Factors", "Our Business" and "Financial Statements" on pages 19, 126 and 183, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "Risk Factors" and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

The Board of Directors
Prabhat Dairy Limited
Gut No. 121/2 B to 121/4
At Ranjankhol, P.O. – Tilaknagar
Taluka Rahata
Ahmednagar 413 720

Dear Sirs,

Sub: Statement of possible Tax Benefits

In accordance with the existing provisions of the Income Tax Act, 1961 currently in force in India, the following possible tax benefits may be available to Prabhat Dairy Limited ("**Company**") and to the shareholders of the Company. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. No assurance is given that the revenue authorities will concur with the views expressed herein.

The amendments in Finance Act, 2014 have been incorporated to the extent relevant in the enclosed annexure.

The benefits discussed in the enclosed statement are neither exhaustive nor are they conclusive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i) the Company or its shareholders will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

Yours sincerely,

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

Juzer Miyajiwala
Partner
Membership No.: 047483
June 24, 2015

STATEMENT OF TAX BENEFITS

1. Special Tax Benefits available to the Company under the Income Tax Act, 1961 ('the Act')

1.1 Subject to the fulfillment of conditions, the Company is entitled to claim deduction under Section 80IB (11A) of the Act, with respect to its manufacturing plants situated at D-37/4, TTC Industrial Estate, Turbhe, Vashi, Navi Mumbai . The amount of deduction available is 100% of the profits and gains derived from the aforesaid business, for first five years and 30% of the profits and gains for next five years, in such a manner that total period of deduction does not exceed ten consecutive years.

The Company is eligible for deduction under this section since it is in the business of processing, preservation and packaging of dairy products.

1.2 In connection with the above, the operations of the Company were commenced during the FY 2011-2012 and the Company is eligible to claim under deduction under section 80IB(11A) of the Act. The amount of deduction available is 100% of the profits and gains derived from the aforesaid business, for first five years and 30% of the profits and gains for next five years, in such a manner that total period of deduction does not exceed ten consecutive years.

Accordingly, the Company will be eligible to claim 100% deduction upto FY 2015-16 and from FY 2016-17 to 2020-21, the Company is eligible to claim 30% deduction of the profits and gains derived from the above business.

1.3 Subject to the fulfillment of conditions, the Company's subsidiary Sunfresh Agro Industries Private Limited (SAIPL) is entitled to claim deduction under Section 80IB (11A) of the Act, with respect to its Unit II, situated at Gut No 121/5 to 10. The amount of deduction available is 100% of the profits and gains derived from the aforesaid business, for first five years and 30% of the profits and gains for next five years, in such a manner that total period of deduction does not exceed ten consecutive years.

SAIPL is eligible for deduction under this section since it is in the business of processing, preservation and packaging of dairy products.

The operation of Unit II commenced during the year 10 April 2011 and deduction under section 80IB (11A) of the Act was claimed from financial year (FY) 2011-12. Accordingly, SAIPL will eligible to claim 100% deduction upto FY 2015-16 and from FY 2016-17 to 2020-21, SAIPL is eligible to claim 30% deduction of the profits and gains derived from the above business.

1.4 Subject to the fulfillment of conditions, the Company is entitled to claim deduction under section 35CCC of a sum equal to one and one-half times of any expenditure incurred on agricultural extension project for training, education and guidance of farmers and the said activity is notified by the Central Board of Direct Taxes vide its notification no. 38/2013 dated 30th May 2013 in accordance with the guidelines as may be prescribed. In this regard, Ministry of Corporate Affairs has approved the application submitted by the Company for the approval of the project; subject to submission of additional information and compliances.

1.5 The Company will be entitled for further deduction by way of additional depreciation @ 20% (i.e. Clause (iia) of section 32(1) of the Income Tax Act, 1961) on new plant and machinery acquired and installed after 31st March 2005.

1.6 The Company will be entitled to amortize preliminary expenditure, being expenditure incurred on public issue of shares, under section 35D of the Act, subject to the limit specified in section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive assessment years beginning with the assessment year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed or the new unit commences production or operation.

2. Special Tax Benefits available to the Shareholders of the Company

Nil

3. General Tax Benefits available to the Company under the Income Tax Act, 1961

3.1 As per Section 32AC(1) of the Income Tax Act, 1961, where an assessee, being a company,—

(a) is engaged in the business of manufacture of an article or thing and
(b) invests a sum of more than Rs.100 crores in new assets (plant or machinery) as specified in Sect ion 32AC,

during the period beginning from 1st April, 2013 and ending on 31st March, 2015, then, the assessee shall be allowed—

(i) for assessment year 2014-15, a deduction of 15% of aggregate amount of actual cost of new assets acquired and installed during the financial year 2013-14, if the cost of such assets exceeds Rs.100 crores;
(ii) for assessment year 2015-16, a deduction of 15% of aggregate amount of actual cost of new assets, acquired and installed during the period beginning on 1st April, 2013 and ending on 31st March, 2015, as reduced by the deduction allowed, if any, for assessment year 2014-15.

As per Section 32AC (1A) of the Income Tax Act, 1961, where an assessee, being a company, engaged in the business of manufacture or production of article or thing, acquires and installs new assets and the amount of actual cost of such new assets acquired and installed during any previous year exceeds 25 crores, then there shall be allowed a deduction of a sum equal to 15% of the actual cost of such new assets for the assessment year relevant to that previous year.

No deduction under Section 32AC (1A) of the Income Tax Act, 1961 shall be allowed for any assessment year commencing on or after the 1st day of April , 2018 i.e. assessment year 2018-19.

Also no deduction under Section 32AC (1A) shall be allowed for the assessment year 2015-16 to the assessee, which is eligible to claim deduction under section 32AC(1) of the Income Tax Act, 1961 for the said assessment year.

However there is a restriction on the transfer of plant or machinery for a period of 5 years, in respect of any assessee who is eligible to deduction under Section 32AC(1) and 32AC(1A). However, this restriction shall not apply in a case of amalgamation or demerger but shall continue to apply to the amalgamated company or resulting company, as the case may be.

The benefit under this clause is available to Sunfresh Agro Industries Private limited, which is a step down subsidiary of Prabhat Dairy Limited. The benefit under this clause will be available only if the investment in eligible assets crosses the threshold limit as defined above and within the period mentioned above.

3.2 Under section 32 of the Act, the deduction for depreciation will be available at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patents, trademarks, copy rights, know how, licenses, franchise or any other business or commercial rights of similar nature.

3.3 Income earned by the Company by way of dividend referred to in Section 115-O of the Income Tax Act, 1961 received from domestic companies is exempt from tax under section 10(34) of the Act. However, as per section 94(7) of the Act, losses arising from sale / transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

Any income received by the Company from distribution made by any mutual fund specified under section 10(23D) of the Act or from the administrator of the specified undertaking or from the administrator of specified company referred to in Section 10(35) of the Act, is exempt from tax in the hands of the Company under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.

3.4 Section 115BBD of Income-tax Act provides for taxation of gross dividends received by an Indian company from a specified foreign company (in which it has shareholding of 26% or more) at the rate of 15% if such dividend is included in the total income.

3.5 As per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, and is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/ redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.

3.6 Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Act in accordance with and subject to the conditions and limits as may be specified in notifications.

3.7 Long-term capital gain on sale of equity shares or units of an equity oriented mutual fund will be exempt from tax under section 10(38) of the Act provided that the transaction of such sale is chargeable to Securities Transaction Tax (“**STT”**). However, when the company is liable to tax on book profits under section 115JB of the Act, the said income is required to be included in book profits and taken into account in computing the book profit tax payable under section 115 JB.

3.8 In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed index factor, resulting into reduced taxable income.

3.9 In accordance with the provisions of section 112 of the Act, long-term capital gains on transfer of capital assets other than bonds or debentures (excluding capital indexed bonds issued by the Government), transfer of which is not subject to STT, is chargeable to tax at the rate of 20% plus applicable surcharge, education cess and secondary & higher education cess (‘Education Cess’).

However, where tax on long term capital gains arising on sale of listed securities or unit of mutual fund specified in section 10(23D) of the Act or zero coupon bond, calculated at the rate of 20% with cost indexation benefit exceeds the tax calculated at the rate of 10% without cost indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and Education Cess).

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains arising from the transfer of any long-term capital asset shall not be taxable, provided that the Company has at any time within a period of six months after the date of such transfer, invested the whole of capital gains in any long-term specified asset.

However, if such long-term specified asset is transferred or converted into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier shall become chargeable to tax as long term capital gains in the year in which such long-term specified asset is transferred or converted into money. Section 54EC also provides that the investment made by an assessee in the long term specified asset, out of capital gains arising from the transfer of one or more original asset or assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year shall not exceed INR 5 million. Further, if only a portion of capital gains is so invested, then the exemption is available proportionately.

For the purpose of section 54EC, long term specified assets means any bond redeemable after three years and issued by:

i) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988; or
ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

3.10 Under Section 111A of the Act, short-term capital gain on sale of equity shares or units of an equity oriented mutual fund shall be chargeable to tax at the rate of 15% (plus applicable surcharge and Education Cess) provided that transaction of such sale is chargeable to STT.

3.11 According to the provisions of section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ("MAT") paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit which can be carried forward is equal to the difference between MAT paid by the Company for one assessment year and tax computed as per normal provisions of the Act for that assessment year. MAT Tax credit, which can be allowed shall be the difference of the tax paid for any assessment year under Section 115JB(1) and the amount of tax payable as per normal provisions of the Act for that assessment year. MAT credit can be carried forward for the purpose of set off up to 10 years succeeding the year in which the MAT credit is allowable.

3.12 As per Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that section.

3.13 In case of loss under the head "Profit and Gains from Business or Profession" except loss from speculation business, it can be set-off against incomes of other head of sources except income under the head "Income from salary" and the excess remaining loss, if any, after set -off can be carried forward for set-off - against business income of the next eight Assessment Years.

3.14 Under section 32(2) of the Act, the unabsorbed depreciation arising due to absence/ insufficiency of profits or gains chargeable to tax can be carried forward. The amount is allowed to be carried forward and set off for the succeeding years until the amount is exhausted without any time limit.

3.15 As per the provisions of section 80G of the Act, the deduction will be available in respect of donations to various charitable institutions and funds covered under that section, subject to fulfillment of the conditions specified therein.

3.16 As per The Finance Act, 2013 a new section was introduced i.e. Section 115QA of the Act. As per the said section, a company will have to pay 20% tax on 'distributed income' on buy-back of shares (not being shares listed on recognised stock exchange). Distributed income has been defined to mean consideration paid by the said company for purchase of its own shares as reduced by the amount which was received by the Indian unlisted company at the time of issue of such shares.

4. Benefits available to all Shareholders

4.1 According to the provisions of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by a domestic company) received on shares of the Company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

4.2 Shares of the Company held as Capital assets for a period of more than twelve months preceding the date of transfer will be treated as a long-term capital asset. Capital gains arising on transfer of long-term capital assets, being equity shares in a company, on which STT is paid, is exempt under section 10(38) of the Act whereas short-term capital gains arising from similar transaction shall be subject to tax under section 111A of the Act at the rate of 15% (plus applicable surcharge and Education Cess).

4.3 The benefit of exempt ion from tax under section 10(38) of the Act on long -term capital gains will not be available where no STT is paid. In such cases, long-term capital gains on sale or transfer of listed securities would be chargeable to tax (plus applicable surcharge and Education Cess) at lower of 20% (with cost indexation benefit) or at a concessional rate of 10% (without considering cost indexation benefit) in accordance with the provisions of section 112 of the Act. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed Index factor, resulting into reduced taxable income.

4.4 The Finance Act, 2012 has amended the chapter of Securities Transaction Tax [Chapter VII of Finance Act (No 2) of 2004]. As per the amendment, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the said Chapter. Accordingly, STT is leviable on sale of shares under an offer for sale to the public in an initial public offer and the LTCG arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act.

4.5 As per the Finance Act, 2013, any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

4.6 As per section 54-EC of the Act, subject to the conditions specified therein, tax on capital gains arising from transfer of long-term capital asset shall not be taxable, provided that the Shareholder has at any time, within a period of six months from the date of transfer, invested the whole of capital gains in any specified long-term asset. However, if such long-term asset is transferred or converted into money within a period of three years from the date of its acquisition, amount of capital gains exempted earlier shall become chargeable to tax as long term capital gains in the year in which such long-term asset is transferred or converted into money. Section 54EC also provides that the investment made by an assessee in the long term specified asset, out of capital gains arising from the transfer of one or more original ass et or assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year shall not exceed INR 5 million. Where the whole of capital gains is not invested in long term specified asset, then exemption would be proportional to the amount of capital gains invested in long term specified asset.

For the purpose of section 54EC, long term specified assets referred to herein above means any bond redeemable after three years and issued by:

i) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988; or
ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

4.7 According to the provisions of section 54-F of the Act and subject to the conditions specified therein, long-term capital gains arising to an individual or a Hindu Undivided Family ("HUF") on transfer of shares of the company on which STT is not payable, shall not be chargeable to tax, provided that the net consideration is utilized for either of the following:
i) Purchase of one residential house in India within a period of one year before or two years after the date of transfer of such long term capital assets; or
ii) Construction of one residential house in India within a period of three years after the date of transfer of the long-term capital asset.

Such benefit will not be available if the individual-
- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

Further, if only a portion of the net consideration is so invested, then the exemption is available proportionately. However, if the residential house in which investment is made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

4.8 Under section 56(2)(vii) If an individual or HUF receives any property, which includes shares, without consideration, the aggregate fair market value of which exceeds Rs. 50,000, the whole of the fair market value of such property will be considered as income in the hands of the recipient. Similarly, if an individual or HUF receives any property, which includes shares, for consideration which is less than the fair market value of the property by an amount exceeding Rs. 50,000, the fair market value of such property as exceeds the consideration will be considered as income in the hands of the recipient.

4.9 As per the provision of Section 71(3), if there is a loss under the head "Capital Gains", it cannot be set - off with the income under any other head. As per section 74 of the Act, short term capital loss suffered during the year is allowed to be set-off against short-term capital gains as well as long term capital gains of the same year. Balance loss, if any, can be carried forward for eight years for claiming set -off against subsequent years' short term as well as long-term capital gains of subsequent years. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, can be carried forward and set –off against long-term capital gains only.

4.10 Under section 36(1)(xv) of the Act, STT paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

5. Benefits available to Non - Resident Shareholders

5.1 Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on the shares of the Company would be exempt from income tax in the hands of shareholders.

5.2 Under section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

5.3 The Finance Act, 2012 has amended the chapter of Securities Transaction Tax [Chapter VII of Finance Act (No 2) of 2004]. As per the amendment, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the said Chapter. Accordingly, STT(Securities Transaction Tax) is leviable on sale of shares under an offer for sale to the public in an initial public offer and the Long Term Capital Gains arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act.

5.4 As per section 54-EC of the Act, subject to the conditions specified therein, tax on capital gains arising from transfer of long-term capital asset shall not be taxable, provided that the Shareholder has at any time, within a period of six months from the date of transfer, invested the whole of capital gains in any specified long –term asset. However, if such long-term asset is transferred or converted into money within a period of three years from the date of its acquisition, amount of capital gains exempted earlier shall become chargeable to tax as long term capital gains in the year in which such long-term asset is transferred or converted into money. Section 54EC also provides that the investment made by an assessee in the long term specified asset, out of capital gains arising from the transfer of one or more original asset or assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year shall not exceed INR 5 million. Where the whole of capital gains is not invested in long term specified asset, then exemption would be proportional to the amount of capital gains invested in long term specified asset.

For the purpose of section 54EC, long term specified assets referred to herein above means any bond redeemable after three years and issued by:

i) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
ii) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

5.5 According to the provisions of section 54-F of the Act and subject to the conditions specified therein, long-term capital gains arising to an individual or a Hindu Undivided Family on transfer of shares of the company on which STT is not payable, shall not be chargeable to tax, provided that the net consideration is utilized for either of the following:

i) Purchase of one residential house in India within a period of one year before or two years after the date of transfer of such long term capital assets; or
ii) Construction of one residential house in India within a period of three years after the date of transfer of the long-term capital asset.

Such benefit will not be available if the individual
i) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
ii) purchases another residential house within a period of one year after the date of transfer of the shares; or
iii) constructs another residential house within a period of three years after the date of transfer of the shares; and
iv) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

Further, if only a portion of the net consideration is so invested, then the exemption is available proportionately. However, if the residential house in which investment is made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

5.6 Any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

5.7 Under section 111A of the Act and other relevant provisions of the Act, short -term capital gains arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

5.8 Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company, would be subject to tax at the rate of 20 percent (plus applicable surcharge, education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge, education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

5.9 As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

As per provisions of section 90(4) of the Act, a non-resident, shall not be entitled to claim any relief under DTAA, unless a certificate of his being a resident in any country outside India or specified territory outside India, as the case may be has been obtained by him from the government of that country or specified territory. In other words, the non-resident tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate from the government of their country of residence.

In addition, as per the provisions of section 90(5) of the Act, a non-resident shall also provide prescribed documents.

5.10 Non-Resident Indian("**NRIs**") (as defined in Section 115C(e) of the Act) shareholders who have subscribed to shares in an Indian company in convertible foreign exchange, can exercise the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits:

a) In accordance with and subject to the provisions of section 115D read with section 115E of the Act, long term capital gains arising on transfer of shares in an Indian company acquired out of convertible foreign exchange, are taxable at the rate of 10% (plus applicable surcharge and education cess). Cost indexation benefit and deduction under Chapter VI -A, will not be available but with protection against foreign currency fluctuation under the first proviso to section 48 of the

Act. Further, income from investment or income from long term capital gains of an asset other than Specified Asset as defined in 115C(f) (which includes shares, debentures, deposits of an Indian company and other prescribed securities/ assets) will be chargeable to tax at the rate of 20%.

b) In accordance with and subject to the provisions of section 115F of the Act, long term capital gains arising on sale of shares in an Indian company held by a NRI shareholder and purchased out of convertible foreign exchange shall not be chargeable to income tax, if the entire net consideration is invested for a period of three years in any savings certificates specified under section 10(4B) or specified assets as defined in section 115C(f) (which includes shares, debentures, deposits of an Indian company and other prescribed securities/ assets) of the Act. In case the whole of sales consideration is not invested in prescribed savings certificates or specified assets, proportionate capital gains would be liable to tax.

   Such exemption is available provided investment in savings certificates/ specified assets are made within a period of six months from the date of transfer of shares. However, if such savings certificates or specified assets are transferred or converted (otherwise than by way of transfer) into money within three years from the date of acquisition, the amount so exempted will be chargeable to tax under the head 'Capital Gains' in the year when such assets/ certificates are transferred.

c) As per section 115G of the Act, a NRI Shareholder would not be required to file a return of income under section 139(1) of the Act, where the total income consists only of investment income and/or long-term capital gains as defined under section 115C of the Act and tax deductible at source has been deducted from such income as per provisions of Chapter XVIIB of the Act.

d) According to the provisions of section 115H of the Act, where, a NRI shareholder in any previous year, becomes assessable as a resident in India in any subsequent assessment year, he may furnish a declaration in writing to the assessing officer, along with his return of income for that assessment year filed under section 139 of the Act, to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from specified assets for that yea r and subsequent assessment years until such assets are converted into money. However, this option is not available in respect of shares in an Indian company.

e) As per the provision of section 115I of Act, an NRI Shareholder may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII – A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

6. Benefits available to Foreign Institutional Investors ('FIIs')

6.1 In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs). Capital gains arising in the hands of FIIs on sale of shares are governed by Section 115AD of the Act. According to the provisions of section 115AD of the Act, long-term capital gains arising on transfer of shares held by FIIs are taxable at the rate of 10% (plus applicable surcharge and education cess). Short term capital gains on transfer of shares are taxable at the rate of 15% (plus applicable surcharge and education cess) provided that the transaction is subject to levy of STT. In other cases, Short Term capital gains would be liable to tax at 30% (plus applicable surcharge and education cess). Cost indexation benefits are not available to FIIs. Further, the provisions of the first proviso of section 48 of the Act will not apply.

6.2 In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to STT.

6.3 In accordance with and subject to the provisions of section 115AD read with section 196D(2) of the Act, no deduction of tax at source is applicable on payment in respect of capital gains arising to a FII from the transfer of the equity shares in an Indian company.

6.4 Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company other than the sale referred to in section 10(38) of the Act is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (up to a maximum limit of Rs. 5.0 million) for a minimum period of three years.

6.5 As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

6.6 In the case of all non-resident shareholders, the aforesaid tax rates are subject to the benefits, if any, available under the double taxation avoidance agreements signed by India with the country of which the non –resident shareholder may be a tax resident, subject to fulfillment of conditions prescribed there under.

6.7 As per the Finance Act, 2013 any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders as per section 10(34A) of the Act.

7. Benefits available to Mutual Funds

Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Company) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

8. Venture Capital Companies/Funds

In terms of section 10(23FB) of the I.T. Act, income of:-

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax.

Exemption available under the Act is subject to investment in a domestic company whose shares are not listed and which is engaged in certain 'specified' business/ industry.

According to Section 115U of the Act, any income accruing or arising to or received by a person from his investment in venture capital companies/ funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the Venture Capital Undertaking.

Further, as per Section 115U(5) of the Act, the income accruing or arising to or received by the Venture Capital Company/Funds from investments made in a Venture Capital Undertaking if not paid or credited to a person (who has made investments in a Venture Capital Company/ Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year

9. Gift Tax

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, gift of shares will not attract gift tax in the hands of the shareholders.

10. Tax Deduction at source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (other than long-term capital gains exempt under section 10(38) of the IT Act), may be liable to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty. Accordingly, income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

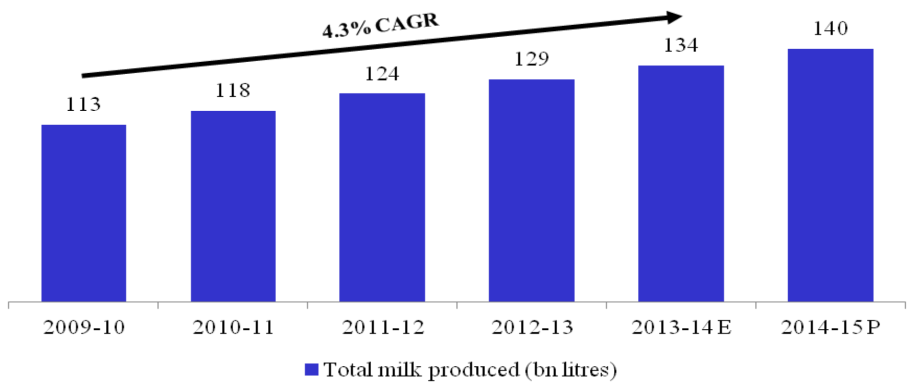
Unless noted otherwise, the information in this section is derived from "Assessment of Dairy and Milk Products Industry, CRISIL, March 2015" (the "CRISIL Report 2015") as well as other government publications and industry sources. Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

The following discussion includes various excerpts from the CRISIL Report 2015. In connection with the CRISIL Report 2015, CRISIL Research, a division of CRISIL Limited (CRISIL) states in the CRISIL Report 2015 that it has taken due care and caution in preparing the CRISIL Report 2015 based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / CRISIL Report 2015 and is not responsible for any errors or omissions or for the results obtained from the use of Data / CRISIL Report 2015. The CRISIL Report 2015 further states that such report is not a recommendation to invest / disinvest in any company covered in such report. It also states that it accepts no liability whatsoever to the subscribers / users / transmitters/ distributors of such report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report 2015 are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of the CRISIL Report 2015 may be published/reproduced in any form without CRISIL's prior written approval.

Introduction

India is among the fastest growing dairy markets in the world and has become the largest global producer of milk, since Fiscal 2013. Domestic milk production grew at 4.3% CAGR, to nearly 134 billion litres in Fiscal 2014, from 113 billion litres in Fiscal 2010. The growth in milk production in India outpaced other large milk producing nations such as United States of America and China, which grew at 2-3% CAGR in the past five years. Milk production is growing at a rate of 4.3% while consumption is growing at 5% leaving a gap between demand and supply. (*Source: CRISIL Report 2015*)

Trend in total Milk Production in India



Note: E – Estimated; P – Projected
Source: National Dairy Development Board (NDDB), Industry, CRISIL Research

In order to meet this rapid growing demand and to increase milk production in the country, the Union Government has started a central scheme, National Dairy Plan – Phase 1, for the period starting from Fiscal 2012 to Fiscal 2017. The main objective of the scheme is to provide rural milk producers with greater access to the organized milk-processing sector and to bridge the gap between the demand and supply of milk in the country.

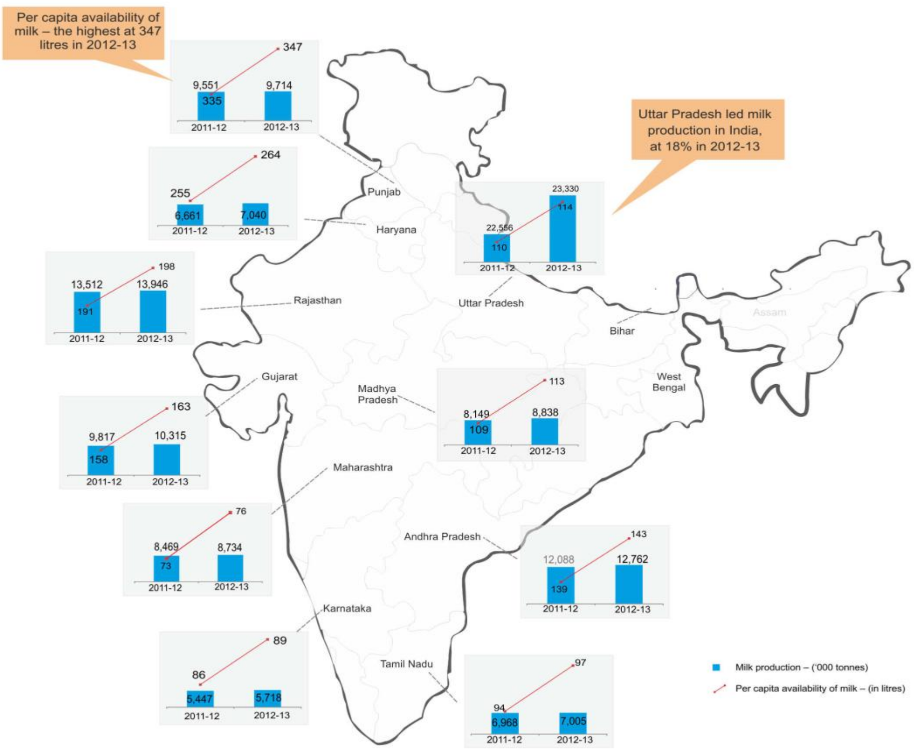
Milk production in India

Historical milk production and future estimates

According to the Annual Report of National Dairy Development Board for Fiscal 2014, India continued to be the largest milk producing nation in the world, with an estimated milk production of 134 billion litres for the Fiscal 2014, an increase of 3.9% over the previous Fiscal 2013. The estimated per capita availability of milk increased to 302 grams per day which is more than the world average of 294 grams per day. Additionally, the per capita availability of milk in developed countries was estimated at 831 grams per day and in Asia it was estimated at 186 grams per day. The dairy cooperatives procured about 12.5 million tonnes of milk in Fiscal 2014 as compared to 12.2 million tonnes in Fiscal 2013, registering a growth of 2.5%. Liquid milk marketing by the cooperatives stood at 11 million tonnes in Fiscal 2014 as compared to 10.4 million tonnes in Fiscal 2013, registering an increase of about 5.8%. In addition, the wholesale price indices of fodder and cotton seed oil cakes increased by more than 10% in Fiscal 2014. In order to offset the high input cost for milk production, the cooperatives paid a higher procurement price to milk producers in Fiscal 2014. (*Source: National Dairy Development Board's Annual Report 2013-14*, *available at http://www.nddb.org/ndpi/English/Publications/NDP%20Brochure-Eng-single%20page).pdf*)

Region wise milk production

The Indian states of Uttar Pradesh, Rajasthan, Andhra Pradesh, Gujarat, Punjab, Maharashtra, Madhya Pradesh, Haryana and Tamil Nadu together accounted for over 75% of milk produced in Fiscal 2013. The per capita availability of milk was the highest in Punjab, at around 347 litres per person per year in Fiscal 2013. In the same period, Haryana, Rajasthan, Gujarat, Andhra Pradesh, Uttar Pradesh and Madhya Pradesh were ranked among the leading states, where per capita milk consumption exceeded the national average of 106 litres per person per year. (*Source: CRISIL Report 2015*)



Growing preference for cow milk

While the share of buffalo milk in the country's total milk production continues to be higher (over 53% in Fiscal 2013), there is a growing preference for cow milk on the back of increasing health awareness and changing demographics especially in the urban areas. Cow milk contains lower fat content as compared to buffalo milk and hence appeals to the health conscious youth population. (*Source: CRISIL Report 2015*)

Comparison of cow and buffalo milk

Parameter	Buffalo	Cow
Domestic milk consumption	High	Moderate
Global milk consumption	Low	High
Fat content in milk	7-7.5%	3.5-4%
Water content in milk	80-85%	85-90%
Cost of milk*	₹ 52-54/litre	₹ 36-40/litre
Cost per animal	₹ 80,000-100,000	₹ 60,000-70,000
Yield per animal per return	1.7 tonnes of milk per animal	1.2 tonnes of milk per animal

**Cost of whole milk to end customers.*

Source: FAO, Industry, NDDB, CRISIL Research

India's share in the Global Market

The International Dairy Situation, Food and Agricultural Organization (FAO) reported 0.7% increase in milk production from 762 million tonnes in 2012 to 767 million tonnes in 2013. International prices of dairy commodities which were relatively high in the early part of Fiscal 2014, declined in middle of the year but increased substantially by the end of the year. With reduced availability of milk powder stocks due to drought in the Oceania region, price of milk powder witnessed an increase of more than 40% in Fiscal 2014 as compared to Fiscal 2013. Taking advantage of high prices and low stock levels, India exported about 0.17 million tonnes of milk powder, including milk powder equivalent of casein. (*Source: National Dairy Development Board's Annual Report 2013-14, available at http://www.nddb.org/ndpi/English/Publications/NDP%20Brochure-Eng-single%20page).pdf*)

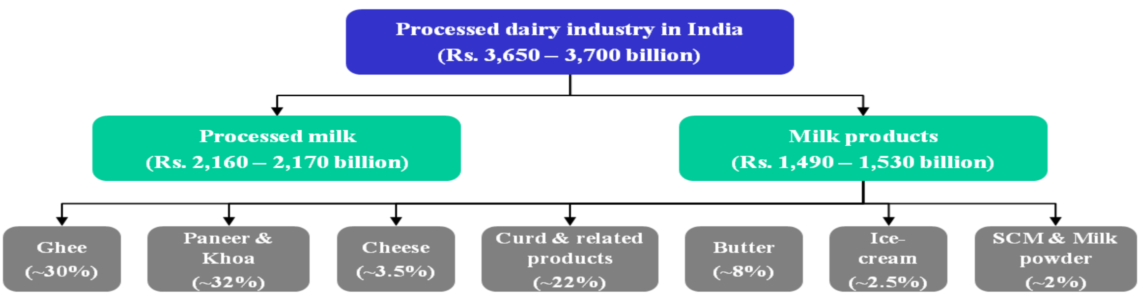
India and the US were the leading producers of milk, accounting for around 17% and 12% share, respectively in 2012. India was the highest consumer as well, with an aggregate demand (milk as well as milk products) of 118-120 billion litres in 2012. Other major consumers included the US, China, Pakistan and Russia. (*Source: CRISIL Report 2015*)

In addition to the above, the worlds largest milk exporters were New Zealand and countries based in the EU, while the major importers were China and Russia in Fiscal 2012.

Indian Dairy Industry

Currently, about 42% of the total milk produced in India is purchased by consumers directly from milk farmers in a raw form. The remaining 58% goes for processing and is sold as processed milk and milk products like curd, yogurt, buttermilk, lassi, butter, ghee, ice cream, frozen desserts, cheese, paneer, khoa and milk powder (including skimmed and whole). (*Source: CRISIL Report 2015*)

Classification of Indian dairy and milk products industry (2013-14)



Source: CRISIL Research

The processed dairy industry in India was estimated to be around ₹3,650-3,700 billion, out of which milk products accounted for around ₹1,490-1,530 billion. Paneer and khoa (32%), ghee (30%) and curd products (22%) account for the major portion of the milk products segment.

The processed milk and milk products segment is expected to record about 12-13% CAGR between Fiscal 2014 and Fiscal 2017. Growth will be driven by several factors such as changing lifestyle of consumers, growth in the food services industry, increasing urbanisation, rising need for convenience, better health awareness among end-users, etc. Sensing higher demand for processed milk and milk products, several domestic and global players forayed into different value added segments (leading to higher margins) to gain a higher market share. (*Source: CRISIL Report 2015*)

While demand for processed milk grew by 5.3% CAGR in Fiscal 2010 to Fiscal 2014, realisations rose by about 9-10% CAGR in the same period. Higher realisations could be attributed to rise in milk prices and growth in consumption of flavoured milk and tetra pack milk. As a result, the processed milk segment recorded 14-15% CAGR, reaching ₹2,160-2,170 billion in Fiscal 2014, from about ₹1,250 billion in Fiscal 2010 (*Source: CRISIL Report 2015*).

Milk prices are expected to rise by 7-8% CAGR over the next three years, primarily driven by an increase in fodder prices, which in turn, are expected to be driven by a similar rise in minimum support prices of key crops. Overall, the segment is expected to grow by 12-13% CAGR, in terms of value, from Fiscal 2014 to Fiscal 2017 to reach ₹3,090-3,100 billion. (*Source: CRISIL Report 2015*)

Different Business Models: Co-operatives versus Private companies

Co-operative

Co-operative business model is a fully integrated business model across the supply and value chain. It is the most widely used model in Indian dairy and milk products industry. Under the co-operative business model, dairy farmers present in villages and towns supply milk to local Village Collection Centres (VCC). Local co-operative societies organize a milk collection mechanism and collect milk at each VCC by measuring the quantity and determining quality of milk in an open forum, on a daily basis. Quality is ascertained through the fat content present in the milk, using various technological devices.

Milk supplied to the VCCs is cooled using chillers. This chilled milk is transported from the VCC to the district unions where the milk is processed. This processed milk is then transported to the regional milk federation factories where a number of value-added dairy and milk products are manufactured and branded. Depending on the demand, these branded products are transported to different wholesale and retail stores in a particular region. In most cases, payments to farmers and agents in the supply chain are made through direct transfers to their respective bank accounts, and are based on the fat content in the milk. Since this model is driven by farmers, prices paid to farmers by the co-operative set the base for milk prices in that particular region.

The payments for milk procured are made through two tranches to farmers:

First tranche: Based on the quality and quantity of the milk, co-operatives make the first payment within 15 days of procuring the milk, and that would be based on the prevailing market price for the milk.

Second tranche*:* Based on the sale of the various value-added products manufactured during the year, the earnings are adjusted for the different fixed and variable costs and the remaining profits are paid to the farmers. These profits are distributed amongst the farmers on the basis of their shareholding in the cooperative.

Private company

The private companies operate in either or a combination of various business models: (i) forward integrated; (ii) fully integrated; (iii) supplier of Ingredients; and (iv) contract manufacturing.

The fully integrated business model is very similar to the co-operative business model. The major difference lies in the structure of payment to the dairy farmers. In the fully integrated private company business model, the farmer is paid only once, as opposed to dual payments made in the co-operative model. However, the private company pays the farmer 10-15% higher than what is paid by co-operatives as the initial payment, to incentivise farmers to supply milk. (*Source: CRISIL Report 2015*)

In the forward integrated business model, the private company does not deal directly with the dairy farmers. Instead, the company procures milk (processed/ unprocessed) through other routes such as village collection centres, franchisee chilling centres, bulk private coolers, district union factories and regional co-operative federation factories. Companies, working on this model, usually get into higher value-added products and exports, as the cost of procuring milk usually ranges between ₹32-34 per litre for cow milk and ₹44-46 per litre for buffalo milk and at such cost, it becomes non-remunerative to enter the high volume pouched milk segment.

Given the fragmented landscape of the Indian dairy farmers (in terms of smaller animal holdings), most of the private companies prefer forward integration rather than becoming a fully integrated company. The latter requires building a strong procurement system (at the farmer level) and further undertaking production of value-added products. Within the corporate segment, few companies have been successful in establishing themselves as fully integrated players such as Prabhat Dairy and Parag Milk Foods. On the other hand, the entry barriers are fewer in case of forward integration as building a strong raw material procurement platform is not required. However, we understand that those working on the fully integrated model have been successful in establishing their brand and are relatively well placed to face the competition in the market.

Under the supplier of ingredients model, companies supply key ingredients such as processed milk and other intermediary products manufactured out of processed milk to the manufacturers of consumer foods (including chocolates, confectionaries, bakery items, snack foods, etc.). Manufacturers such as Britannia, Nestle, Cadbury, Dominos, etc., depend on small and mid-sized dairy companies for the supply of these vital ingredients. These companies place greater emphasis on quality, reliability and timeliness of delivery of these inputs by the dairy players. Thus, it becomes essential for companies which supply key ingredients to large consumer food players to have an efficient procurement supply chain to match their quality needs at competitive prices. Processed milk, milk powder and sweetened condensed milk constitute a majority proportion of the overall market of ingredients supply.

Mid-sized and regional dairy companies, generally, operate across multiple models such as dedicated supplier of ingredients, contract manufacturing for large dairy companies etc. This enables them to gain credibility in terms of quality & health standards and market positioning in the industry. These companies are likely to further establish their own brand in the milk products segment while continuing to be a dedicated supplier of key ingredients for large customers.

With changing consumer lifestyles, favourable demographics and increasing urbanisation the demand for consumer foods is rapidly increasing which in turn will boost the demand for milk and milk products ingredients. CRISIL Research estimates the market size of the consumer foods industry in India at ₹850 billion in 2013-14. It is believed that the industry will continue to grow at a healthy pace over the medium term, driven by a number of macroeconomic, demographic and social factors. This is expected to have a positive impact on those involved in the supply of key milk related ingredients.

Contract manufacturing model is not used widely in Indian dairy and milk products industry. As per CRISIL Report 2015, manufacturing through the contract model, which accounts for 5-10% of the overall industry's production, is prevalent in cases where a large company (either a co-operative or a private company) wants to expand its product bouquet without incurring significant capital expenditure. For example, Britannia and Mother Dairy partly produce dairy and milk products in this manner. (*Source: CRISIL Report 2015*)

B2B versus B2C Segments

Companies in the milk and milk products market, generally, evolve from being a mere contract manufacturer to establishing themselves as a full-fledged brand. Those working on the forward integrated model do not enjoy the pricing advantage while procuring raw milk in comparison to those using the fully integrated model, as discussed in section above. Further, there is a price differential even amongst the fully integrated players depending upon whether they operate under the co-operative (such as Amul, Mother Dairy etc.) or the corporate route (Parag Milk Foods, Heritage Foods, Prabhat Dairy etc.)

The growth of the B2B segment is driven by the continuous demand for consistent quality milk and milk products which serve as vital inputs in the manufacturing of end products such as biscuits, confectionaries, etc. The expected healthy growth in the consumer foods industry shall augur well for dairy companies who operate in the B2B segment.

In case of fully integrated private companies, the companies typically enter into processed milk segment while gradually establishing their brand in the market. At the same time, they serve as suppliers of processed milk and other milk variants to either larger players or end users such consumer foods industry. This helps them to achieve market credibility primarily in terms of quality, taste and other related aspects. Further, they expand into other value added products under their own brand name. As business grows, the companies focus on increasing the proportion of manufacturing towards B2C segment being a supplier to selected companies in the B2B segment.

On the other hand, a forward integrated company directly enters into the value added milk products segment under their brand name. They operate primarily in the B2C segment in the high yielding products such as ice creams, cheese, yogurt, etc.

The profitability in B2C model is usually higher than B2B model across the similar product line. For example, the margins in sweet and condensed milk and milk powder are lower in B2B at around 5-7% as compared to approximately 20% in case of B2C.

Prabhat Dairy, Parag Milk Foods (Gowardhan) etc. are examples of companies which have progressed from B2B model to B2C model over the past few years while continuing to be a dedicated supplier to larger companies (as a contract manufacturer).

The profitability of companies operating in dairy and milk products industry in India varies on the extent of value addition. Higher value-added products in the product portfolio results in better operating margins but at the cost of RoCE in the short term due to higher capital requirement (machinery, branding, advertisement, etc.). However, they are likely to give relatively higher returns over the long term. (*Source: CRISIL Report 2015*)

Product-wise Analysis

Ghee

The market for ghee, the second-largest segment after processed milk, expanded by 13-14% CAGR to ₹455-460 billion in Fiscal 2014, from around ₹275 billion in Fiscal 2010. In terms of volume, the growth is estimated around 3% CAGR. Growing preference of households (mainly in urban areas) for processed ghee, instead of home-made ghee, led to the evolution of the ghee segment in India. However, growth over the past five years, of 13-14% in CAGR terms, was mainly driven by realisations. Realisations rose by about 10-11% CAGR mainly due to a 9-10% CAGR rise in milk prices, in the same period.

As per the CRISIL Report 2015, the industry sources indicate that growth in consumption has slowed down in the past 1-2 years. Even over the near term, consumption of ghee is expected to grow at a slower pace, as diet-conscious consumers are shifting away from ghee. Organized companies like Amul and Parag Milk Foods are making efforts to reposition ghee as a healthy product by launching promotional campaigns focusing on purity of the product. For example, Amul, which is the largest company in the organized segment, changed its tag line for Amul products from 'Utterly Butterly Delicious' to 'Health-a-licious'. Companies like Amul, Parag Milk Foods and Prabhat Dairy produce cow ghee which is considered healthier due to its lower fat content and it appeals to the health conscious youth population. Also cow ghee is used for medicinal purposes.

With demand for toned and skimmed cow milk on the rise, the demand for branded ghee is expected to increase as ghee cannot be prepared using toned/ skimmed milk. Realisations in this segment are directly linked to milk prices and are thus expected to increase by about 7-8% CAGR until Fiscal 2017. Thus, in terms of value, the overall segment is estimated to grow at about 9-10% CAGR until Fiscal 2017.

Unorganized players are prominent in ghee segment, where organized players account for just 10 per cent of the entire ghee segment. Perishable nature of the product, lack of proper infrastructure and price competition from local players are major issues faced by organized brands, operating on a pan-India level. Major organized players in the ghee segment include Amul, Parag Milk Foods, Prabhat Dairy, Chitale, Dynamix, CavinKare, etc. (*Source: CRISIL Report 2015*)

Paneer

The size of domestic paneer segment has expanded at about 15% CAGR to ₹240-245 billion in Fiscal 2014, from about ₹136 billion in Fiscal 2010 and about 5% CAGR in terms of volume. Growth can be attributed to rising demand from the food services industry, which as per the industry interactions grew by about 25% CAGR over the past five years. Higher milk prices drove up realisations by about 10% in CAGR terms.

Paneer volumes are expected to record about 5-6% CAGR until Fiscal 2017, backed by rising demand from the food services industry, with changing tastes and preferences of consumers. Quick Service Restaurants (QSRs) are estimated to grow by about 26% CAGR until Fiscal 2017. The key demand drivers for paneer include the rise in domestic travel and frequency of out-of-home food consumption. About 50-60% of total paneer consumption is driven by bulk sales. Household demand is also increasing as paneer is increasingly perceived as an easy-to-cook ingredient. Realisations in this segment are linked to movements in milk prices and are estimated to record about 7-8% CAGR, until Fiscal 2017. The overall growth in the paneer segment is expected to be about 13-14% in terms of CAGR, over the next three years.

There is a growing demand for paneer (cottage cheese) in the international market too. In order to meet the export requirement companies such as Amul, Prabhat Dairy, and Britannia have been engaging in the production of paneer which will have an increased shelf life. (*Source: CRISIL Report 2015*)

Cheese

Cheese is the fastest growing segment in the domestic dairy and milk products industry. The cheese market grew by around 20% CAGR, to reach ₹50-55 billion in Fiscal 2014, from ₹26 billion in Fiscal 2010. Growth was mainly driven by the urban population, which accounted for about 80-90% of total cheese consumption in India.

Bulk sales have grown at a faster pace, with emergence of food service formats. Thus, with rising demand from the food service industry, growth in disposable incomes and consumption of fast/instant food gaining ground in India, consumption of cheese is expected to continue to grow at a faster pace. The consumption is expected to grow at around 10% until Fiscal 2017. Changing lifestyles of consumers, who prefer to eat out more often, and increasing consumption of fast foods such as pizzas, pastas, burgers, etc. will support growth in this segment.

Realisations are estimated to grow by about 10-11% CAGR until Fiscal 2017. Though it would be partly driven by higher milk prices, a change in product mix, with increasing share of pizza cheese, cheese spreads, cheese slices, etc., will also support realisations. Overall growth in the segment would be about 20-21% CAGR in terms of value until Fiscal 2017.

Among the value-added dairy products, the cheese segment is most promising, both in terms of consumer demand and business profitability. Traditionally, India has not been a cheese-consuming nation as consumers' tastes were skewed towards a softer Indian variant of cheese - paneer. However, in recent years, demand for cheese has seen a very healthy growth rate, thus attracting both domestic and foreign players.

Since cheese is a highly competitive segment with presence of domestic as well as global companies, players have launched a variety of products in order to give wide range of options to the consumers. In hypermarkets, there are a variety of products available like cheese blocks and cheese cubes, salted and ready-to-eat cheese cubes, cheese spread which was introduced as a substitute for butter; cheese slices which are used as stuffing for sandwiches; pizza cheese used as topping on pizzas which are fast becoming the preferred fast food in Indian metros. Larger players like Amul and Britannia have also introduced a low calorie version of cheese called slim cheese. Also the pricing of these value added products is on the higher side thus enabling players to improve realisations. For example, a Britannia cheese block of 400 gms is priced at around ₹230, while Britannia Pizza cheese block of 400 gms at ₹240 and Britannia cheese slices weighing 400 gms at ₹280. (*Source: CRISIL Report 2015*)

Curd and related products

Size of the domestic curd and yogurt segment expanded to ₹215-220 billion in Fiscal 2014 from around ₹120 billion in Fiscal 2010, recording a CAGR of 15-16%. In terms of volume, the segment grew at about 7-8% CAGR, in the same period. Growth can be attributed to a gradual shift in consumption pattern, over the years. The market is evolving from loose curd available at local shops to plain and flavoured packaged curd and drinkable, flavoured and frozen yogurt.

According to CRISIL Report 2015, industry sources indicate that notwithstanding a rise in prices, consumption has grown at a faster pace in the past two years, as compared to a long-term growth trajectory of about 7-8%. Going forward, consumption is expected to grow at a stronger rate and volumes could rise by about 8-9%, until Fiscal 2017. Change in consumer lifestyle, led by growing urbanisation, increasing nuclear families, need for convenience, and good taste and quality of packaged curd are expected to drive demand, especially in the branded market.

Growth in realisations would draw support from both, rise in milk prices and an altered product mix. For example, players like Amul, Danone, Nestle, etc. have introduced low fat versions of packaged curd, along with flavoured curd. While flavoured curd is priced at about 10 to 15% premium over plain packaged curd, low fat versions of packaged curd are priced at about 20% premium. Thus, at an overall level, the segment is expected to grow at about 14-15% CAGR, in terms of value until Fiscal 2017. Traditionally, in terms of volume, loose curd sales exceed that of packaged and branded curd, mainly because loose curd is available at a more affordable price. The branded curd market, mainly driven by demand from urban areas, is estimated to have a very low share of about 15%, in volume terms. However, with demand for packaged curd and yogurt increasing at a faster pace, since the past few years, and as processing cost of curd is lowest among the value-added dairy products, it has attracted both domestic and foreign companies.

The buttermilk and lassi segment has expanded at about 10-11 per cent CAGR to ₹ 110-115 billion in 2013-14, from Rs 90 billion in 2011-12. Buttermilk, in particular, has been considered a healthy beverage in India since ages, but sales have been largely confined to the unorganized sector. Lassi is largely consumed in the northern region along with daily meals, and is also catered mainly by the unorganized players. The segment is expected to continue growing at about 10-11 per cent CAGR between 2013-14 and 2016-17, similar to the trend in the past. (*Source: CRISIL Report 2015*)

Ice-cream

Ice cream is one of the fastest growing segments in the domestic dairy and milk products industry. Between Fiscal 2010 and Fiscal 2014, the segment grew at about 20-22% CAGR in terms of value to ₹35-40 billion, from ₹15-20 billion and about 7-8% CAGR in terms of volumes. An 11% CAGR rise in milk prices increased realisations by about 13-14 % CAGR in the same period.

As per the CRISIL Report 2015, industry sources indicate that ice cream consumption has grown at a faster pace in the past two years, despite price hikes, as compared to the long term growth trajectory of 7-8% CAGR. Consumption is likely to grow further, with the segment expected to record about 10% CAGR, until Fiscal 2017. Rise in consumption in the non-summer months, growth in urbanisation, disposable incomes and out-of-home food consumption, improved cold chain infrastructure and emergence of modern format retail facilities are key growth drivers for this segment.

Realisations will grow on the back of both, higher milk prices and a better product mix, with players launching premium versions. Thus, the segment is expected to record an overall growth of about 19-20% CAGR in terms of value, until Fiscal 2017. (*Source: CRISIL Report 2015*)

Milk powder

Market size of the milk powder segment, which is directly consumed in India, is estimated at ₹25-27 billion in Fiscal 2014. A significant portion of the milk powder produced is exported or used as an intermediate in manufacturing dairy and other value added products such as confectionary, bakery products, etc. Owing to adequate availability of milk in India, we are well placed to cater to the increasing demand for milk powder from milk scarce countries such as Italy, Germany, Belgium, Portugal etc. While the domestic consumption of milk powder has increased at a healthy CAGR of 15-16% over the past few years, the export market has expanded manifold.

Going ahead, the market for milk powder is expected to continue to grow at a healthy and steady annual average rate of about 15% driven by growing preference (higher shelf life) by households and industrial consumption. (*Source: CRISIL Report 2015*)

Sweetened condensed milk

Sweetened condensed milk (SCM) is sold both as a finished product and as a vital ingredient for the manufacturing of certain consumer foods (such as chocolates, confectionaries, bakery products, etc.). SCM is gaining popularity as it serves as a ready to use processed milk to prepare sweets. Some of the key companies in this segment include Nestle (Brand: Milkmaid), Amul (Brand: Mithai Mate) and Prabhat Dairy (Brand: Milk Magic). The demand for SCM (as a finished product) is believed to increase in the long term mainly in the urban areas.

SCM is also widely used as an ingredient in chocolate and confectionary business. Dairy players act as dedicated suppliers of SCM to major manufacturers of consumer foods, for instance, Prabhat Dairy is the leading supplier of sweetened condensed milk to Mondelez International, a chocolate manufacturing company. On the back of expected growth in the consumer foods industry, the outlook for SCM remains positive in the long term.

Companies such as Mondelez International (Cadbury), Heinz (Complan) and GSK Consumer (Horlicks) enter into contracts with corporates in dairy and milk products industry to provide them with consistent quality of ingredients such as processed milk, sweet and condensed milk, milk powder etc. under the ingredient supply model of business. (*Source: CRISIL Report 2015*)

Major dairy players

Pan India Level

Gujarat Co-Operative Milk Marketing Federation (GCMMF)

Gujarat Co-operative Milk Marketing Federation (GCMMF), established in 1973, is India's largest dairy products marketing organization. GCMMF is also the apex marketing federation of 16 district co-operative milk unions in Gujarat. Products of its member unions are marketed and distributed under the brand, Amul. GCMMF is also the largest exporter of dairy products in India.

Amul is the leading dairy products brand in India, with key products including butter, milk powders, cheese, cream and ultra-heat treatment milk. Amul is also the largest 'pouch milk' brand in Asia.

National Dairy Development Board of India

Mother Dairy was commissioned in 1974 as a wholly owned subsidiary of the National Dairy Development Board (NDDB). It was an initiative under Operation Flood, the world's biggest dairy development program launched to make India a milk sufficient nation. Over the years, Mother Dairy has contributed significantly in achieving this objective through a series of innovations and programs. Today, it manufactures, markets & sells milk and milk products including cultured products, ice creams, paneer and ghee under the "Mother Dairy" brand. It also has a diversified portfolio with products in edible oils, fruits & vegetables, frozen vegetables, processed food like fruit juices, jams, pickles etc. to meet the daily requirements of every household.

Mother Dairy, over the last many years, has created a market leadership position for itself in branded milk segment in Delhi & NCR through a robust network of its booth and retail channels. It has also expanded its reach to other regions in North, South, East and West with its offering of Milk and Milk products pegging it among the few companies to own such a vast channel of distribution in India.

Mother Dairy sources a significant part of its requirement of liquid milk from dairy co-operatives and village level farmer centric organizations.

Nestlé

Nestlé is the world's leading nutrition, health and wellness Company. Nestlé started its operation in India in 1961 at Moga, Punjab.

The portfolio of dairy products includes Nestlé a+ milk, Nestlé Slim milk, Nestlé a+ Dahi, MilkMaid and Nestlé Everyday Dairy Whitener. Nestlé MilkMaid leads the sweetened condensed milk category in India with a dominant market share. It was the first Nestlé brand to be available in the country and celebrated its 100 years in India in 2012.

Regional Players

Parag Milk Foods Private Limited

Parag Milk Foods Private Limited (Parag), incorporated in 1992, has a well established position in the domestic milk products market. It operates under the brands "Gowardhan" and "Go", apart from catering to diverse institutional clients. The company has a wide portfolio of milk products including processed milk, cheese, skimmed milk powder, ghee, butter etc. Parag has manufacturing facilities at Manchar, Pune (Maharashtra) and Palamner (Andhra Pradesh).

Heritage Foods Limited

Heritage Foods Limited, which was incorporated in 1993, manufactures and sells packaged milk and milk products, under the 'Heritage' brand. It has presence across Andhra Pradesh, Tamil Nadu, Karnataka, Kerala and Maharashtra, and is one of the largest dairy companies in South India. Apart from milk and milk products, it also has value-added products such as sweets and ice-creams, under its product portfolio.

Tirumala Milk Products Private Limited

Tirumala Milk Products Private Limited (Tirumala) was incorporated in 1998. It produces and sells milk and milk products under the 'Tirumala' brand in Andhra Pradesh, Tamil Nadu and Karnataka.

In January 2014, French dairy group Groupe Lactalis SA acquired 100% stake in Tirumala.

Creamline Dairy Products Limited

Creamline Dairy Products Limited (Creamline Dairy), which was incorporated in 1986, processes and sells milk, butter, ghee, ice-cream, and other milk-related products under the brand 'Jersey'. Creamline Dairy’s established market position is supported by its wide network of agents supplying milk. It is also among the largest suppliers of milk in the private sector in Andhra Pradesh.

Key drivers of growth

Some of the major growth drivers for the dairy and milk products industry in India are as follows:

- *Rising share of high-margin milk products*: With high-margin milk products accounting for 15-20% of the total milk produced in India, greater value-addition by companies driven by the rise in urbanisation and change in consumer lifestyle is likely to drive up player-wise growth rates.

- *Government incentives via priority lending status and National Dairy Plan*: CRISIL Research believes that according priority lending status to the dairy industry and improving supply through the National Dairy Plan are incentives provided by the government to attract investments from more companies, thus enabling the sector to grow at a strong pace.

- *Favourable demographic trends*: Rising trends in urbanisation, migration across the country, number of working women and disposable incomes has increased consumers' access to packaged dairy products.

- *Innovations, better quality across price points*: Companies are increasingly innovating and manufacturing products across all price points to cater to consumers, with varying tastes and preferences. This, coupled with enhanced packaging, longer shelf-life and better quality of products, will drive further penetration of processed milk products and thereby, support long-term growth.

- *Improvement in supply chain infrastructure*: With cold storage facilities, transportation and other critical supply chain infrastructure improving across India, companies will be able to manufacture and sell more products, over the medium term. This would help increase the penetration of processed milk products in towns and villages, thus driving growth of the dairy and milk products industry, over the next 3-4 years.

Regulatory environment

Some of the key regulations which affect the consumer foods industry are as follows:

Food Safety and Standards Regulations Act, 2006

Food Safety and Standards Regulations was set up to consolidate the laws relating to food and to establish Food Safety and Standards Authority of India (FSSAI). As a temporary measure, the standards, safety requirements and other provisions of the repealed Acts and Orders will continue to be in force until new rules and regulations are put in place under the Food Safety and Standards Act, 2006.

The main aim of FSSAI is to lay down science based standards for food products and regulate their manufacturing, storage, distribution, sale and import, to ensure availability of safe and healthy food for consumption.

Prevention of Food Adulteration Act, 1954

This Act specifies that the manufacturer of the food product is responsible for adequate packaging of food and its safety. As per the Act, the food can be termed adulterated if:

- The packaging material is inappropriate and renders the food injurious to health.
- The product has been packed or preserved under unhygienic conditions, due to which food has become contaminated or is injurious to health
- This Act further imposes the practice of mentioning the date of expiry on all food item packets.

Bureau of Indian Standards (BIS)

BIS is responsible for not only the formulation of Indian standards in the processed foods sector but also their implementation through promotion and through voluntary and third party certification systems. BIS generally covers raw materials permitted and their quality parameters; hygienic conditions under which products are manufactured and packaging and labelling requirements. Certain items like food colours/additives, vanaspati, and containers for packing, milk powder and condensed milk require compulsory certification from BIS. Manufacturers complying with these standards receive the "ISI" mark, which can be exhibited on product packages.

Standard Weights and Measures Act, 1976

To protect the interests of the consumers, this legislation specifies units and measures that need to be followed and displayed on packaged products by manufacturing companies. This legislation also lays down various norms to be followed by companies, at the time of packaging the product.

Agricultural Grading & Marking (AGMARK) Rules

These rules specify conditions that agricultural products need to fulfil, to be eligible for an AGMARK certification. It further specifies the type of package that can be used for packaging various agricultural products and makes it mandatory to label certain declarations on these product packs. Certain food products classified under these rules are edible nuts, ghee, honey, pulses, spices and condiments and vegetable oil.

Government Schemes

National Dairy Plan

National Dairy Plan is Central Sector scheme for the promotion of dairy and milk products industry. The objective of National Dairy Plan is to improve milk productivity of milch animals so that the demand and supply balance is sustained over the long run and provide rural milk farmers with greater access to the organized sector. The first phase of National Dairy Plan is for the period of 5 years from Fiscal 2012 to fiscal 2017. The plan covers 14 major milk producing states of India.

The NDP Phase-I will be implemented with a total investment of ₹22.4 billion in which International Development Agency will have 70% share, NDDB and its subsidiaries will have a share of 9% and rest will be shared by various End Implementing Agencies (EIAs) in all major states.

The implementation of NDP Phase-I will be overseen by Nation Steering Committee chaired by the Secretary, Department of Animal Husbandry Dairying and Fisheries (DADF), Government of India (GOI) and project steering committee headed by the Mission Director of NDP Phase-I.

The following is a brief outline of the various other schemes floated by the government of India to aid the growth of the dairy industry in the country:

Key government schemes for dairy industry

Scheme/Parameter	Details
Priority lending status for banks	The sector has this status since 1999
Technology upgradation	40% subsidy in general areas and 50% subsidy in difficult areas for machinery in all segments subject to a maximum of ₹ 10 million of total cost
Foreign Director Investment (FDI)	100% FDI permitted in dairy products
Import of equipments	5% FDI permitted in dairy products
Excise duty exempted products	Products manufactured by SSI units (exemption limit raised to ₹ 150 million from ₹ 10 million)
National Mission on Food Processing	State government will set up the large scale food processing units/parks, and the Centre will provide technological and logistical support. Also plans to setup various nodal agencies that will test quality of the dairy product and ensure that any food processing unit will have to register with it, in order to operate.
MRTP, FEMA regulations	MRTP (Monopolies & Restrictive Trade Practices Act) rules and FEMA (Foreign Exchange) Management Act are relaxed to encourage investment and expansion by large corporates

(Source: Ministry of Food Processing Industries (MOFPI)

Key Risks / Challenges and Mitigants

The companies operating in the dairy and milk products industry in India face the following major risks:

- **Volatility in milk prices:** Adverse environmental conditions like weak monsoons usually push up prices of major crops that are used as fodder and cattle feed. This affects productivity of milch animals, and hence, leads to a sharp rise in milk prices. Although cattle-related diseases have not been a major issue in India so far, the dairy and milk products industry remains exposed to this key risk (more visible in global markets). Corporates can help mitigate this risk by providing knowledge and training to dairy farmers about proper health and hygiene care of animals.

- **Sharp rise in MSPs of major crops which constitute feed and fodder for cattle**: A sharp rise in the Minimum Support Prices (MSPs) of major crops such as jowar, bajra, maize, wheat, paddy and sugarcane results in a proportionate rise in the prices of feed and fodder for cattle. Farmers pass on these price hikes to the milk and milk products segments. This poses a major risk for companies, as they might not be able to completely pass on the rise in milk prices to end-consumers. Companies can partly mitigate this risk by backward integrating (tying up with farmers) and provision of quality fodder which will help controlling the raw material cost.

- **Perishability of products**: All processed milk products are perishable, with most of them having an extremely low shelf life. Ability to manufacture products using superior technologies, availability of cold storage facilities across geographies, and use of packaging materials that can increase shelf life, can help companies largely mitigate such risks.

- **Greater share of low value-products in overall sales**: If low value-added products such as milk and ghee etc. account for a large proportion of a company's sales, then the company is exposed to both low EBITDA margins of 4-5% and high competition, predominantly arising from co-operatives in the relevant region. This could lower the companies' pricing power and reduce scope for generating greater revenues over the long run. Hence, companies typically diversify into several high value-added products such as cheese and ice-cream to mitigate this risk.

- **Fragmentation limits the scale of operation:** The supply side of dairy and milk products in India is highly fragmented. A survey of "Operation Flood" *(Operation Flood had created a national milk grid linking milk producers throughout India with consumers in over 700 towns and cities, reducing seasonal and regional price variations. The bedrock of Operation Flood has been village milk producer's co-operatives, which procure milk and provide inputs and services, making modern management and technology available to members)* showed that 72% of households having milch animals had only one or two animals each. Also the per annum yield of milch animals (cow yield is 1.2 tonnes per animal and buffalo yield is 1.7 tonnes per animal) is much lower than other milk producing nations such as USA, Germany, New Zealand etc.

  Thus, it becomes inevitable to build a strong and seamless procurement system and have a wider portfolio of products in order to establish their brand in the market. Further, fragmentation also prevents MNCs from entering into the Indian market unless they set up a strong fully integrated procurement system.

The issues / challenges outlined above relate to the overall industry (including co-operatives and corporates). Additionally, the dominance of co-operatives in the industry limits the pricing power of private companies. However, few companies have mitigated this risk by backward integrating and procuring milk directly from the farmers in regions where the co-operatives do not have a large presence. Companies are also looking at expanding their range of products, geographic presence and deploying superior technology. This risk shall further reduce with the entry of new fully integrated corporates over the long term. (*Source: CRISIL Report 2015*)

OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled "Forward-Looking Statements" on page 18 for a discussion of the risks and uncertainties related to those statements and also the section titled "Risk Factors" on page 19 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our Fiscal year ends on March 31 of each year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year.

In this section, a reference to the "Company" means Prabhat Dairy Limited. Unless the context otherwise requires, references to "we", "us" or "our" refers to Prabhat Dairy Limited and its subsidiaries on a consolidated basis. Unless otherwise indicated, financial information included herein are based on our Restated Standalone Financial Statements for Fiscal 2011 and our Restated Consolidated Financial Statements for Fiscals 2012, 2013, 2014 and 2015 included in this Red Herring Prospectus beginning on pages 183 and 260, respectively. Our Company did not have any subsidiaries in Fiscal 2011, and accordingly consolidated financial statements have only been prepared since Fiscal 2012.

Overview

We are an integrated milk and dairy products company in India catering to institutional as well as retail customers. We produce fresh, dry, frozen, cultured and fermented dairy products, including pasteurized milk, flavoured milk, sweetened condensed milk, ultra-pasteurised or ultra-high temperature (UHT) milk, yoghurt, dairy whitener, clarified butter (ghee), milk powder, ingredients for baby foods, lassi and chaas. We have recently commenced commercial production of cheese, paneer and shrikhand in Fiscal 2016. We sell our products under our retail consumer brands as well as ingredient products or as co-manufactured products to a number of institutional and multinational companies. As of June 30, 2015, we had an aggregate milk processing capacity of 1.5 million litres per day.

Our integrated business model encompasses almost all aspects of the dairy industry value chain, including cattle feed supply, engaging with farmers on cattle health and milk production, procurement of raw milk, and the production, supply and sale of a range of processed milk and dairy products. We believe that our integrated business model enables us to leverage the dairy industry value chain, ensure efficiency in costs and operating margins and exercise more control over the production process resulting in quality products.

In Fiscal 2013, 2014 and 2015, sales of institutional products represented 85.42%, 85.29% and 75.76%, respectively, of our sale of finished goods (net) in such periods, while sales of retail consumer products represented 14.58%, 14.71% and 24.24%, respectively, of our sale of finished goods (net) in such periods. While sales of institutional products have historically contributed to a majority of our revenues, we have significantly grown our retail consumer products business in the past few years, and expect the retail business to contribute an increasing proportion of total sales in the future while we continue grow our institutional products business.

Institutional Products: We produce a range of milk and dairy products including milk-based specialty ingredient products and co-manufactured products for a large number of Indian and multinational companies. Our specialty ingredient products are used in the production of other milk and food products by our institutional customers, while co-manufactured products are those products which are sold by our institutional customers under their own brands.

- *Specialty Ingredient Products*: Our specialty ingredient products include nutrition supplements and formulations for baby food, sweetened condensed milk, partially skimmed milk, skimmed milk powder, skimmed milk preparations, full cream milk powder and specialty milk powder for various reputed consumer product companies including Mondelez India Foods Private Limited (formerly Cadbury India Limited) and Abbott Healthcare Private Limited.

- *Co-manufactured Products*: Our co-manufactured products include specialty milk powders, curd (dahi), clarified butter (ghee), dairy whiteners, yogurts, processed and concentrated milk, and ice creams for various institutional customers including Britannia Industries Limited, Mother Dairy Fruit & Vegetable Private Limited and Heritage Foods Limited.

Retail Consumer Products: Our retail consumer products include pasteurized milk, UHT milk, flavoured milk, sweetened condensed milk, dairy whitener, milk powder, lassi, curd (dahi), chaas and clarified butter (ghee) sold under the Prabhat, Flava and Milk Magic brands. Over the years, we have developed a large distribution network to market and distribute our retail consumer products across India. As of June 30, 2015, our distributor network included more than 350 distributors through which we serve a large number of retail outlets. In addition, we have also established a dedicated marketing and distribution team for marketing our retail products. We procure a majority of our raw milk requirements directly from milk farmers and registered milk vendors in the State of Maharashtra, a significant cow milk producing region in India. Our direct procurement model enables us to control costs and ensure quality of the raw milk procured by us. We engage a large number of procurement partners, called "Prabhat Mitras", to co-ordinate the milk procurement process with milk farmers and registered milk vendors. These procurement partners are involved in educating farmers on cattle breeding, cattle feed and medication, cattle finance and insurance, as well as the delivery and storage of milk at our collection centres. We also work closely with a number of veterinary doctors and para-veterinary workers, called "Pashu Mitras" who assist farmers with cattle medication, de-worming, vaccination and other cattle health initiatives. As of June 30, 2015, our milk collection facilities included more than 450 milk collection centres, over 15 milk chilling plants and over 85 bulk milk coolers. Our milk collection facilities have automatic milk testing equipment and specialized storage facilities, to test, collect and store raw milk at these milk collection facilities before being transported to our production facilities.

We have established large, automated production facilities with advanced equipment at Shrirampur (Ahmednagar) and at Navi Mumbai, with an aggregate milk processing capacity of 1.5 million litres per day. These facilities are in close proximity to our milk procurement region as well as target market. We have recently added production capacities for several new dairy products including mozzarella cheese, cheddar cheese, processed cheese, cottage cheese (paneer) and shrikhand and have commenced production of these products in Fiscal 2016. For further information on our production capacities, please see "Our Business – Production Capacity" on page 136.

We have received several quality certifications relating to our products and production facilities, including certifications from the Food Safety and Standards Authority of India (FSSAI) for certain of our products; the AGMARK quality certification for ghee and butter; the IS 1166:1986 certification for condensed milk, partly skimmed and skimmed condensed milk. We have also received "Halal" certifications for skimmed milk powder, whole milk powder, dairy whitener, sweetened condensed milk and UHT milk.

Our total revenue increased at a CAGR of 36.71% from ₹ 2,868.21 million in Fiscal 2011 to ₹ 10,017.38 million in Fiscal 2015, while our profit after tax increased at a CAGR of 22.06% from ₹ 94.81 million in Fiscal 2011 to ₹ 210.45 million in Fiscal 2015. In the same period, our EBITDA increased at a CAGR of 48.00% from ₹ 213.75 million in Fiscal 2011 to ₹ 1,025.50 million in Fiscal 2015. CAGR information above relating to total income, profit after tax and EBITDA are based on our Restated Standalone Financial Statements for Fiscal 2011 and our Restated Consolidated Financial Statements for Fiscal 2012, 2013, 2014 and 2015. Our total revenue in Fiscal 2012, 2013, 2014 and 2015 was ₹ 4,838.21 million, ₹ 6,419.39 million, ₹ 8,576.58 million and ₹ 10,017.38 million, respectively. Our EBITDA in Fiscal 2012, 2013, 2014 and 2015 was ₹ 494.58 million, ₹ 736.14 million, ₹ 917.22 million and ₹1,025.50 million, respectively, while our profit after tax, in such periods was ₹ 95.13 million, ₹ 140.66 million, ₹ 207.79 million and ₹ 210.45 million, respectively.

Competitive Strengths

We believe we have the following competitive strengths:

Robust milk procurement system

In the relative absence of large scale cattle breeding and dairy farming operations in India, we believe that our milk procurement model and relationship with milk farmers and registered milk vendors, through continued engagement, knowledge and infrastructure support, has enabled us to contain raw milk costs and ensure supply of quality raw milk. We procure a majority of our raw milk requirements directly from milk farmers and registered milk vendors in Ahmednagar, Pune, Nashik and adjoining districts in the State of Maharashtra, which is among the largest milk producing States in India. We also procure raw milk from certain contract milk suppliers with whom we have been able to negotiate competitive prices. We engage extensively with milk farmers by educating them on cattle breeding, cattle feed, nutrition and medication, cattle insurance and financing, and also provide training on milking, storage and delivery of milk to our collection centres. We also partner with a number of Pashu Mitras who assist milk farmers with cattle medication, de-worming, vaccination and other cattle welfare initiatives. In addition, we have also introduced automated milk testing facilities that provide transparency to the pricing of milk purchased by us. As of June 30, 2015, our milk collection facilities included more than 450 milk collection centres, over 15 milk chilling plants and over 85 bulk milk coolers. We believe that this continuous engagement and established relationship with milk farmers and registered milk vendors, together with the welfare activities undertaken by us, enable consistent procurement of quality raw milk for our operations.

Integrated business model and cost efficient operations

We have an integrated business model which encompasses a combination of activities including co-manufacturing and supply of ingredients for specific milk products. We believe our integrated operations, together with our quality control measures, large scale operations and efficient management systems optimize our cost structure and ensure quality products.

- *Cattle feed and cattle welfare:* We engage closely with milk farmers and provide assistance in relation to cattle breeding, nutrition and medication, as well as veterinary and para-veterinary support. We also supply quality cattle feed to farmers to improve milk yields. We believe these measures contribute to better health of cattle and ensure quality milk supply.

- *Procurement of raw milk:* We procure a significant proportion of our milk requirements directly from milk farmers and registered milk vendors. We also procure some of our requirements from contract milk suppliers. We believe that our continued engagement with dairy farmers, transparency in milk pricing and other welfare activities undertaken by us have enabled us to develop a strong relationship with such farmers over the years, ensuring continued association and procurement of raw milk at competitive prices.

- *Low transportation and handling costs:* Long distance transportation and handling of raw milk, without spoilage or any substantive loss of nutritional value, involves significant costs. Our primary production facilities at Shrirampur and Navi Mumbai are located in Maharashtra which is one of the major milk producing states in India. In addition such facilities are also located near our principal institutional customers and retail consumer markets. The strategic location of our facilities enables us to minimise transportation and handling costs.

- *Diversified product portfolio*: Our product portfolio includes a range of retail consumer products as well as specialty ingredient products and co-manufactured products for institutional customers. Our wide range of products and ability to manufacture quality specialty ingredient products enable us to cater to evolving consumer trends and serve a larger product portfolio of our institutional customers.

- *Large capacity multi-product facilities*: Our production facilities at Shrirampur and Navi Mumbai produce a wide range of products. The multi-product nature of our production facilities, together with our large scale operations, enables us to reduce manufacturing costs. For further information, please see the section entitled "Our Business - Production Capacity" on page 136. Our common facilities and equipment, including utilities, boilers, refrigeration facilities, storage facilities, cleaning and maintenance facilities also enable us to reduce per unit production costs due to economies of scale.

- *Advanced production facilities and IT infrastructure*: We have established automated production facilities at our Shrirampur and Navi Mumbai facilities equipped with advanced technology which ensures operational efficiencies including lower production losses, strict quality control and ability to process large orders. In addition, our technology infrastructure connects our procurement and production processes. We also use computerized milk testing facilities and comprehensive enterprise management programs covering production, sales, finance, purchase, stores, inventory, storage and payroll functions.

- *Marketing and distribution for retail consumer products:* We sell our retail consumer products under our Prabhat, Flava and Milk Magic brands. We market our products across a wide range of product segments and consumer groups and engage in a variety of marketing and promotional activities. We also have a large distribution network which included, as of June 30, 2015, more than 350 distributors. In addition, our retail consumer products are distributed in the Mumbai metropolitan area and nearby cities and towns to a large number of retail outlets through more than 100 Prabhat mini stockists as of June 30, 2015.

Growing brand visibility

We believe we have developed one of the leading brands in the dairy products industry in India with strong consumer recognition, particularly in the State of Maharashtra. Our marketing efforts have enabled us to receive the award for "Asia's fastest growing marketing brands – FMCG sector" at the World Consulting and Research Corporation leaders summit in 2014. We offer a diverse portfolio of retail consumer products targeted at various consumer segments and this, we believe, enables us to cater to the changing preferences of our retail customers. We have also established a strong retail distribution network to cover our targeted markets and customers, including third-party distributors. Our distribution network also includes our distribution partners, Prabhat mini stockists who distribute our products to a large number of retail outlets in Mumbai and other cities.

Strong relationship with reputed institutional customers

We are one of the leading suppliers in India of specialty ingredient products to reputed consumer product companies such as milk powder for baby food to Abbott Healthcare Private Limited and sweetened condensed milk to Mondelez India Foods Private Limited. We also supply co-manufactured products including specialty milk powders, curd (dahi), clarified butter (ghee), dairy whiteners, yogurts, processed and concentrated milk, and ice creams to various institutional customers including Britannia Industries Limited, Mother Dairy Fruit & Vegetable Private Limited and Heritage Foods Limited.

We believe that our advanced equipment, large scale operations and stringent quality control processes have enabled us to develop strong relationships with our institutional customers over the years. For example, we have been recognised by Abbott Nutrition India as a "Most Trusted Partner" in 2012 in recognition of our outstanding contribution.

Highly automated and advanced production facilities

Our manufacturing facilities at Shrirampur and Navi Mumbai are equipped with advanced equipment and modern technology. For example, our utilities such as refrigeration facilities involve vapour absorption mechanism for greater efficiency, and the electricity supply at our facilities is equipped with express feeder connections to ensure uninterrupted supply of power. In addition, our boilers include variable fluid bed designs to improve fuel efficiencies. In order to ensure uninterrupted supply of hot water at specified temperatures for various activities including process heating and plant sanitation, we use direct steam injection technology, which provides a cost-effective method to heat water and other fluids by injecting steam directly into the fluid. We have also installed homogenisers, separators and centralized cleaning units at our facilities. In addition, our integrated technology infrastructure connects our milk collection facilities, production facilities and branches for real time control over production process and operating data. We have also implemented automated milk testing facilities and advanced integrated business management software relating to production, sales, finance, purchase, stores, inventory, storage and payroll functions. We believe that our modern equipment, trained work force, stringent operational and quality control procedures, integrated information technology infrastructure and managerial expertise result in greater operational efficiencies as well as compliance with quality and hygiene standards.

Stringent quality control

We believe that we are a highly quality focused company. We are committed to maintain quality and food safety at all steps of the milk processing chain from procurement of milk to dispatch of finished products. We have established a dedicated internal quality control team which has the responsibility to ensure compliance with good manufacturing practices (GMP) guidelines of relevant governing agencies in India.

We have received several quality certifications for our products and production facilities, including certification from Food Safety and Standards Authority of India (FSSAI) for pasteurized milk, flavoured milk, butter, ghee and fermented milk products, AGMARK quality certification by the Government of India for ghee and butter, and 'Halal' certification for UHT and flavoured milk products, skimmed milk powder, whole milk powder, dairy whitener, and sweetened condensed milk. We are also ISO 22000:2005 certified for pasteurized milk, flavoured milk and ghee.

Our commitment to quality has been recognized by the Industry, for instance we have been awarded the "CII National Awarded for Food Safety 2014" by the Confederation of Indian Industry for our strong commitment to good hygiene and manufacturing practices. Similarly, we have also been awarded for "Commitment to supplier quality expectations” in 2012 by Mondelez International.

Strong track record of growth and financial performance

We have established a strong track record of growth and financial performance with steady cash flows from our operations. Between Fiscal 2011 and 2015, our total revenue increased at a CAGR of 36.71%, our profit after tax increased at a CAGR of 22.06%, and our EBITDA increased at a CAGR of 48.00%. CAGR information above relating to total income, profit after tax and EBITDA are based on our Restated Standalone Financial Statements for Fiscal 2011 and our Restated Consolidated Financial Statements for Fiscal 2012, 2013, 2014 and 2015. Our total revenue in Fiscal 2012, 2013, 2014 and 2015 was ₹4,838.21 million, ₹6,419.39 million, ₹8,576.58 million and ₹10,017.38 million, respectively. Our EBITDA in Fiscal 2012, 2013, 2014 and 2015 was ₹494.58 million, ₹736.14 million, ₹917.22 million and ₹1,025.50 million, respectively, while our profit after tax, in such periods was ₹95.13 million, ₹140.66 million, ₹207.79 million and ₹210.45 million, respectively. As of March 31, 2015, our reserves and surplus was ₹2,671.11 million while our net worth was ₹ 3,385.39 million. Our debt to equity ratio as of March 31, 2015 was 1.22. In addition, most of our capital expenditure relating to the expansion and modernization of our production facilities at Shrirampur, including for our cheese, paneer (cottage cheese) and shrikhand production lines, have been completed. Our strong balance sheet, positive operating cash flows and established relationship with reputed financial investor(s) enable us to fund our strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations.

Experienced management team

Our Promoters, Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal have several years of experience in the milk and dairy products business. Their experience has played a significant role in strengthening our direct procurement model, particularly in developing strong relationships with milk farmers and registered milk vendors. In addition, we believe that our qualified and experienced management team provides us a significant competitive advantage and enables us to function effectively and efficiently. We believe that our extensive experience in the dairy industry (both in retail consumer products as well as in the institutional products category), advanced quality production processes, procurement model and supply chain management, finance, marketing, sales and research and development capabilities focused on product development are significant competitive advantages. We believe that our effective senior management team enables us to conceptualize and develop new products, effectively market our retail consumer products, and develop and maintain strong relationships with our institutional customers as well as our large network of dealers, distributors and stockists. For further information relating to our Promoters and our senior management, please see the sections entitled “Our Promoters and Promoter Group” and “Our Management” on pages 176 and 158 of this Red Herring Prospectus.

Business Strategies

Expand our retail consumer products business

While sales to our institutional customers have historically contributed a majority of our revenues, we have significantly grown our retail consumer products business in recent years and expect the retail business to contribute a larger proportion of our total sales in the future. We intend to leverage our established brands to expand our retail consumer product offerings, and also increase the availability of our Prabhat, Milk Magic and Flava branded products in both existing markets and new markets across India. We intend to achieve this through intensive marketing of our own consumer brands and significant expansion of our distribution network to promote our brand visibility. We also continue to evaluate potential sales growth for specific products and cost of distribution from time to time. We intend to significantly increase the number of Prabhat mini stockists in Mumbai as well as other existing and new markets in various states. We also intend to significantly grow our curd (dahi) distribution network in Pune, Nasik and Aurangabad.

Leverage relationship with institutional customers to further grow institutional sales

We have established strong relationships with various large dairy product multinational and Indian corporates and other institutional customers for the supply of specialty ingredient and co-manufactured products such as specialty milk powders, curd (dahi), clarified butter (ghee), dairy whiteners, yogurts, processed and concentrated milk, and frozen desserts such as ice creams and milk candies. Our institutional customers include Mondelez India Foods Private Limited, Abbott Healthcare Private Limited, Britannia Industries Limited, Mother Dairy Fruit & Vegetable Private Limited and Heritage Foods Limited. We intend to leverage our institutional relationships and quality certifications obtained from such institutional customers to further increase our product offerings and product sales volumes to these institutional customers and their affiliates in India and globally.

Increase our manufacturing capacities and develop capabilities for new products

As part of our growth strategy, we intend to continue to invest in increasing our manufacturing capacities for our existing dairy products and also develop manufacturing capabilities for new products, particularly high margin products with significant growth opportunities in India, such as cheese, shrikhand and paneer. We have implemented additional capacity expansion at our Shrirampur facility for the manufacture of mozzarella cheese, cheddar cheese, processed cheese, paneer (cottage cheese) and shrikhand. We believe these measures will result in significant additions to our existing product portfolio and capacities, and enable us to effectively capture the demand for such products among retail as well as institutional customers.

Improve capacity utilization and increase operational efficiencies

We continue to focus on further integrating our operations and improving capacity utilization at our production facilities by introducing additional product lines that enable us to effectively utilize dairy by-products and optimize product planning across various product categories. Higher capacity utilization results in greater production volumes and higher sales, and therefore allows us to spread fixed costs over a higher number of units sold, thereby increasing profit margins. For further information, please see the section entitled "Our Business - Production Capacity" on page 136.

We also continue to identify various strategic initiatives to improve our operational efficiencies and reduce operating costs. For example, we intend to set up a captive co-generation power facility to simultaneously produce electric power along with steam required for manufacturing process, from the same fuel, thereby reducing costs of fuel and power. For further information, please see the section entitled "Objects of the Issue" on page 91. We continue to focus on investing in automation, modern technology and equipment to continually upgrade our products including the quality of our products to address changing customer preferences as well as to improve operational efficiency. We continue to adopt best practices and standards across our production facilities, drawing on our management's expertise and experience in dairy plant management. We continue to target economies of scale to gain increased negotiating power on procurement and to realize cost savings through centralized deployment and management of production, maintenance, accounting and other support functions.

Further expand our direct milk procurement network

We currently procure a majority of our raw milk requirements from milk farmers and registered milk vendors in the State of Maharashtra, which is among the largest milk producing States in India. We also procure milk from contract milk suppliers in the region. Since our production volumes depend on the quality and quantity of raw milk we procure, we intend to further grow our direct milk procurement network by increasing the number of Prabhat Mitras, and increase our engagement with milk farmers by providing additional veterinary services and quality cattle feed. By increasing the volume of raw milk procured directly from milk farmers and registered milk vendors, we also expect to benefit from lower raw milk costs.

Expand our product portfolio and offer specialty products

We currently offer various milk and dairy products to our retail and institutional customers and intend to further expand the range of our product offerings to capitalize on the growth in demand for premium dairy products in India. In order to achieve this, we intend to:

- *Expand our product portfolio:* We have research capabilities at the Shrirampur facility to support our product development initiatives and will continue to focus on such initiatives to introduce new products based on consumer preferences and demand. We have further expanded our retail consumer product offering, and are planning to introduce high growth products such as mozzarella cheese, cheddar cheese, processed cheese, and paneer (cottage cheese). We have expanded our production facility at Shrirampur to this effect. We believe that such efforts will enable us to diversify our business as well as target growth opportunities across evolving product segments in the dairy industry. In addition, we intend to diversify and leverage our long standing relationships with our institutional customers to offer unique and diversified products that will differentiate us from our competitors. We also intend to increase our production capacities for products in which we believe there is significant demand from our customers such as shrikhand, lassi and chaas including different variants of such products.

- *Offer specialty ingredient products to niche customer segments:* Currently, we offer various dairy products to our institutional customers as well as our retail consumer customers. We intend to expand our offering to niche and specialized customer segments such as the food services industry in India. The Indian food service industry is growing rapidly, and we intend to identify business opportunities in this segment particularly the fast food industry. For example, we intend to establish dedicated supplier relationships with reputed fast food chains for the supply of mozzarella cheese, cheddar cheese, processed cheese, and paneer (cottage cheese) for use in such fast food chains. In addition, we intend to expand our portfolio of speciality products as well as supply such speciality products to other niche customers. For instance, currently we supply speciality ingredients for baby foods to Abbott Healthcare Private Limited.

Our Products

We produce fresh, dry, frozen, cultured and fermented dairy products, including pasteurized milk, flavoured milk, sweetened condensed milk, ultra-pasteurisation or ultra-high temperature (UHT) milk, yogurt, dairy whitener, clarified butter (ghee) and milk powder. In addition to a range of dairy products sold under our own retail consumer brands, we also sell various dairy products, either as specialty ingredient products or co-manufactured products, to a number of institutions including multinational companies.

Institutional Products

We produce a range of milk and dairy products including milk based specialty ingredient products and co-manufactured products for institutional and multinational companies. Our specialty ingredient products are used in the production of other milk and dairy products by our institutional customers, while co-manufactured products are those products which are sold by our institutional and multi-national customers under their own brands. In Fiscal 2013, 2014 2015, sales of institutional products represented 85.42%, 85.29% and 75.76%, respectively, of our sale of finished goods (net) in such periods.

Specialty Ingredient Products

We have entered into agreements with institutional customers for production of certain specialty ingredient products from raw milk which are used by the institutional customers for production of other dairy products sold under the customers' brand. These specialty ingredient products include sweetened condensed milk, partially skimmed milk sugar concentrate, skim milk powder, skimmed milk preparations, full cream milk powder and speciality milk powder for baby foods. These agreements are typically for a term of one or two years and are subject to renewal either by such customer or as may be mutually agreed between parties, and are subject to earlier termination by notice or for breach of any terms specified in the relevant agreement.

In addition, these agreements typically stipulate:

- the quality, quantity and specification of the specialty ingredient products to be manufactured;
- the consideration payable for the supply of such products, which typically stipulates a fixed cost per unit produced as well as certain variable costs;
- the manner in which such products are required to be delivered, including the hygiene and other considerations of the delivery vehicles. In certain circumstances, the delivery of the specialty ingredient products are required to be supported with our report confirming the product quality and specifications stipulated by the customer for such product. In the event of rejection of any consignment due to quality concerns or inability to meet product specifications, we are required to replace such consignment at our cost;
- obligation to procure appropriate quality of raw milk, use advanced production equipment and processes and strictly comply with product, process and quality control specifications stipulated by such customer;
- obligation to obtain all relevant approvals and licenses for the production of such products as well as to ensure compliance with all applicable regulations relating to the manufacture of such food products;
- obligation to indemnify the customer for any loss to the customer on account of any breach of the terms of the agreement;

- obligation to undertake periodic analysis and tests of the products as specified by the customer and facilitate inspection of the products by the customer;

- restrictions on subcontracting, delegating or otherwise dealing with the rights and obligations under such arrangements without the prior consent of the customer;

- restriction on transferring ownership of finished products and packaging and other materials supplied by the customer without the prior consent of the customer;

- waiver of any claim or right to any of the trademarks or patents or technical knowhow or trade secrets connected with any of confidential information and/ or know-how shared under the agreements; and

- manner and specification of packaging including the responsibility to either procure packaging materials or receive the same from the customer and maintain proper account of all packaging materials that are received from the customer.

Some of our institutional customers for speciality ingredient products include the following:

Customer	**Speciality Ingredient Products**
Mondelez India Foods Private Limited (formerly known as Cadbury India Limited)	Partially skimmed milk sugar concentrate; skim milk powder; skimmed milk preparations; full cream milk powder
Abbott Healthcare Private Limited	Speciality milk powder for baby food
Other multinational and Indian companies	Speciality milk powder and sweetened condensed milk

Co-manufactured Products

We have entered into agreements with certain institutional customers for the production and packaging of various dairy products such as specialty milk powders, curd (dahi), clarified butter (ghee), dairy whiteners, yogurts, processed and concentrated milk and ice creams in accordance with quality and other specifications (including packaging specifications) provided by the respective customers. These agreements are normally for a term ranging from one year to five years, and are subject to renewal on mutual agreement or earlier termination by notice or for breach of the relevant agreement.

In addition, the agreements typically stipulate:

- quality, quantity, and size of products to be manufactured and the process specifications;

- the consideration payable (which normally includes a fixed cost per unit produced and other variable costs for flavour ingredients, processing and additional services like certain quality incentives);

- our obligation to facilitate inspection of the products by the customer and/ or its representatives;

- responsibility for procurement of milk (which is typically our responsibility, or if the raw milk is supplied by the customer then the responsibility to ensure that milk is received and unloaded in the agreed manner to ensure safe handling);

- responsibility to ensure that adequate plant and machinery is available to fulfil our obligations under the relevant agreements;

- responsibility to dispose damaged products or products not in accordance with specifications at our own costs, the responsibility to ensure compliance with all applicable laws and obtain all relevant permits and licenses, and the responsibility to submit periodic reports about the process, products and other related details;

- transfer of ownership of the products, packaging and other materials supplied by the customers;

- manner of dealing with and use of confidential information and know-how;

- manner of storage of the products, manner and specification of packaging, and delivery of the products; and

- our liability for any third party claim about packing, quantity and/ or quality in relation to the products we produce for our customers.

Some of our institutional customers for co-manufactured products include the following:

Customer	Co-Manufactured Products
Heritage Foods Limited	dairy whitener; curd (dahi); butter milk
Britannia Industries Limited	Curd (dahi)
Britannia Dairy Private Limited	Clarified butter (ghee)
Mother Dairy Fruit & Vegetable Private Limited	Ice cream; milk ice; milk candies

Retail Consumer Products

We produce and sell a range of pasteurized milk and other dairy products to retail customers under our own brands, Prabhat, Milk Magic and Flava.

Brand	Products
Prabhat	Pasteurized milk, clarified butter, dairy whitener, skimmed milk powder, whole milk powder, curd, lassi and chaas
Milk Magic	Sweetened condensed milk
Flava	Flavoured milk

In Fiscal 2013, 2014 and 2015, sale of retail consumer products accounted for 14.58%, 14.71% and 24.24%, respectively, of our sale of finished goods (net) in such periods.

Our products with longer shelf life are also sold in regions outside the State of Maharashtra including in the states of Gujarat, Rajasthan, Goa, Madhya Pradesh, Himachal Pradesh, Jammu and Kashmir, West Bengal, Kerala and other north eastern states.

Our own branded retail consumer products consist of the following:

- *Pasteurized - pouch milk*

  We produce and market variety of pasteurized milk under the several brands. Pasteurization is generally adopted to reduce the risks of disease from microbial growth while preserving the nutrients of raw milk. Set forth below is certain information about our fresh milk products as of June 30, 2015:

Pouched milk	Features of the Product
Prabhat Gold	SNF content: (min) 8.5%; fat content: (min) 3.5%; and other features: homogenized, pasteurized and bactofused.
Prabhat Fresh	SNF content: 8.5%; fat content: 3.0%; and other features: homogenized, pasteurized and bactofused.
Prabhat Slim	SNF content: 9.0%; fat content: 1.5%; and other features: homogenized, pasteurized and bactofused.
Prabhat Tazaa	SNF content: 9.0%; fat content: 0.6%; and other features: homogenized, pasteurized and bactofused.

- *UHT milk*

  We produce and market UHT milk under the Prabhat Nutri-100 brand. Compared with our fresh milk products, our UHT milk products are sold in special tamper proof packaging, and have longer shelf life, and therefore we are able to sell our UHT milk in regions outside the state of Maharashtra including in the states of Gujarat, Rajasthan, Goa, Madhya Pradesh, Himachal Pradesh, Jammu and Kashmir, West Bengal, Kerala, Tamil Nadu, Karnataka and Assam.

- *Flavoured milk*

  Our flavoured milk products are made by blending raw milk with other ingredients. We use fresh milk for processing our flavoured milk and market flavoured milk under the Flava brand in seven different flavours: strawberry, mango, butterscotch, vanilla, elaichi, badam and pineapple.

- *Sweetened condensed milk*

  We sell sweetened condensed milk to retail customers under the Milk Magic brand. Our sweetened condensed milk is made out of fresh milk and sugar syrup.

- *Clarified butter (ghee)*

  Clarified butter (ghee) is produced and sold to retail customers under the Prabhat brand. The ghee is made from fresh milk, and sold in various packages like jars, pouches, sachet packs and tin packs.

- *Dairy whitener, Skimmed milk powder and Whole milk powder*

  We sell dairy whiteners, skimmed milk powder and whole milk powder under our Prabhat brand to retail customers in various packages. These products have longer shelf life, and therefore we are able to sell such products in regions outside the State of Maharashtra including in the States of Gujarat, Rajasthan, Goa, Madhya Pradesh, Himachal Pradesh, Jammu and Kashmir, West Bengal, Kerala and other north eastern States.

- *Curd (Dahi)*

  Dahi is produced and sold to retail customers under the Prabhat brand. It is made by blending pro-biotic lactic acid bacteria and raw milk, and is sold in pouches and cup packages. In addition, we also produce flavoured yoghurt.

- *Lassi*

  Sweet lassi is produced from fresh milk and sold to retail customers under the Prabhat brand during part of the year. Sweet lassi is sold in pouches and cup packages.

- *Chaas*

  Chaas is produced and sold to retail customers under the Prabhat brand during part of the year. The chaas is sold in pouch and cup packages.

- *Planned or New Retail Consumer Products*

  We have widened our portfolio of retail consumer products to include mozzarella cheese, cheddar cheese, processed cheese, cream cheese, paneer, ice cream, table butter, shrikhand and masala chaas. We have recently added significant production capacity for various kinds of cheese, paneer and shrikhand and commenced production in Fiscal 2016.

The following table provides information relating to our production volumes for the products specified below in Fiscal 2013, 2014 and 2015:

Product	**Fiscal**		
	2013	**2014**	**2015**
Pasteurized and Pouch Milk (in litres)	85,795,621	95,690,621	83,325,651
Milk Powders (Skimmed Milk Powder/ Whole Milk Powder/ Dairy Whiteners) (in kilograms)	4,649,372	11,442,065	13,100,956
Sweetened Condensed Milk (in litres)	31,145,307	36,997,157	33,965,251
Clarified Butter (Ghee) (in kilograms)	1,839,164	2,829,151	3,856,125

Product	Fiscal		
	2013	2014	2015
Flavored Milk (in litres)	574,069	634,078	238,255
Butter (in kilograms)	96,913	61,768	131,984
Ice Cream (in litres)	-	599,063	1,448,025
Curd (Flavored Yogurt, Pouch Curd) (in kilograms)	-	899,287	2,598,562
UHT Milk (in litres)	-	118,335	2,241,257
Cheese (Cheddar/ Mozzarella/Processed) (in kilograms)*	-	-	-
Paneer (in kilograms)*	-	-	-
Shrikhand (in kilograms)	-	-	-

Note: In addition, we also produce small amounts of lassi and chaas during part of the year. No separate production information for these products has been included above.

**As of June 30, 2015, we also had added installed capacity for the production of cheese, paneer and shrikhand and commenced commercial production in Fiscal 2016. For further information see “Our Business – Production capacity” on page 136.*

Production Facilities

We have established our production facilities at Shrirampur (Ahmednagar) and Navi Mumbai in the State of Maharashtra, India. As of June 30, 2015, we had an aggregate milk processing capacity of 1.5 million litres per day. We have adopted advanced technologies and processes to ensure operational efficiencies. For instance, utilities like refrigeration are run on vapour absorption mechanism (VAM) for greater efficiency, and electricity supply system at our facilities are equipped with express feeders connection (EFC) to ensure continuous availability of industrial grade power. Further, the boilers we operate at our facilities have variable frequency drives (VFD) to ensure energy efficiency. In addition, in order to ensure consistent availability of unlimited hot water at a particular temperature for process heating to plant sanitation, we have installed direct steam injection (DSI) technology, which provides a cost-effective method to heat water and other fluids by injecting steam directly into the fluid. We have also installed homogenisers and separators from reputed global suppliers, and centralized cleaning in place (CIP) units at most units within our production facilities. We have also implemented supervisory control and data acquisition (SCADA) automation systems at our production facilities to enable real-time monitoring of our operations, system modifications, troubleshooting, increasing equipment life and automatic report generation. We believe that these systems have contributed to significant savings on time and expenses by eliminating the need for personnel to visit each site for inspection, data collection, data entry or making adjustments.

SAIPL has on February 27, 2014 entered into a memorandum of understanding (“**MoU**”) with the Government of Maharashtra (“**GoM**”) that contemplates certain capital investments by SAIPL. The MoU contemplates that certain duty exemptions and incentives will be available to SAIPL based on the level of fixed capital investment made by SAIPL. The MoU contemplates an aggregate investment of ₹ 3,910.00 million for the establishment of a project for the manufacture of certain products specified in the MoU, which include dairy products manufactured by us. The duty exemptions and incentives contemplated under such MoU, include, among others, (i) electricity duty exemption for a period of 15 years from the date of commencement of commercial production; (ii) exemption from stamp duty; and (iii) subject to certain conditions, certain industrial promotion subsidies including VAT credits equivalent to the amount of eligible investments. We are required to make an investment of at least ₹ 2,500.00 million for our project to be classified as a "mega project" eligible for such industrial promotion subsidies. In Fiscal 2015, we have completed the requisite eligible investment in SAIPL and will be applying for an eligibility certificate from the relevant government authority.

Production Capacity

The following table sets forth information relating to the aggregate estimated installed production capacities (per day) of our production facilities for the products specified below, as of June 30, 2015:

Product	Production/ Processing Capacity		
	Shrirampur Facility	Navi Mumbai Facility	Total

Product	Production/ Processing Capacity		
	Shrirampur Facility	**Navi Mumbai Facility**	**Total**
Aggregate milk processing capacity (in litres per day)	1,100,000	400,000	1,500,000
Pasteurized and Pouch Milk (in litres per day)	200,000	300,000	500,000
Milk Powders (includes Skimmed Milk Powder/ Whole Milk Powder/ Dairy Whiteners) (in kilograms per day)	36,000	-	36,000
Condensed Milk (in kilograms per day)	180,000	-	180,000
Clarified Butter (Ghee) (in kilograms per day)	20,000	-	20,000
Flavored Milk (in litres per day)	15,000	-	15,000
Butter (in kilograms per day)	2,500	-	2,500
Ice Cream (in litres per day)	-	10,000	10,000
Curd (Flavored Yogurt, Pouch Curd) (in kilograms per day)	-	40,000	40,000
UHT Milk (in litres)	40,000	-	40,000
Cheese (Cheddar/ Mozzarella/Processed) (in kilograms per day)	20,000	-	20,000
Paneer (in kilograms per day)	5,000	-	5,000
Shrikhand (in kilograms per day)	5,000	-	5,000

Note: In addition, we also produce small amounts of Lassi and Chaas during part of the year. No separate production capacity information for such products has been included above.
Source: As certified by Flavi Dairy Solutions through its certificate dated July 10, 2015.

Capacity Utilization

We regularly monitor the performance of our production facilities through a number of performance indicators commonly used in the dairy industry. The following table provides information relating to the aggregate estimated capacity utilization rates of our production facilities for the products below in Fiscal 2013, 2014 and 2015. Capacity utilization has been calculated on the basis of the actual aggregate production of the relevant product during the relevant period, divided by the average aggregate installed production capacity for such product for such period, as adjusted for scheduled and unscheduled downtime.

Product	Fiscal		
	2013	**2014**	**2015**
Pasteurized and Pouch Milk (in litres)	47.01%	52.43%	45.66%
Milk Powders (Skimmed Milk Powder/ Whole Milk Powder/ Dairy Whiteners) (in kilograms)	35.38%	87.08%	99.70%
Sweetened Condensed Milk (in litres)	64.08%	76.13%	69.89%
Clarified Butter (Ghee) (in kilograms)	30.65%	47.15%	64.27%
Flavored Milk (in litres)	19.14%	21.14%	5.29%
Butter (in kilograms)	14.36%	9.15%	19.55%
Ice Cream (in litres)	-	22.19%	53.63%
Curd (Flavored Yogurt, Pouch Curd) (in kilograms)	-	8.33%	21.65%
UHT Milk (in litres)	-	1.10%	20.75%
Cheese (Cheddar/ Mozzarella/Processed) (in kilograms)	-	-	NIL
Paneer (in kilograms)	-	-	NIL
Shrikhand (in kilograms)	-	-	NIL

Note: In addition, we also produce small amounts of lassi and chaas during part of the year. No separate production or capacity utilization information for these products has been included above.
Source: As certified by Flavi Dairy Solutions through its certificate dated July 10, 2015.

Milk Procurement and Infrastructure

Raw Milk Procurement

We have over the years developed a unique cow milk procurement system that enables us to source raw milk directly from milk farmers and registered milk vendors in the state of Maharashtra, which is among the largest milk producing States in India. During Fiscal 2015, we procured approximately 328 million litres of raw milk for our production operations i.e. on an average we procured over 900,000 litres of milk daily for our operations. Our milk procurement model involves direct purchase of a significant majority of our raw milk requirements from milk farmers and registered milk vendors in this region. We also procure some of our raw milk requirements from contract milk suppliers. Our procurement model enables us to control our raw milk costs and exercise greater control over the quality of milk supplied. We engage a large number of procurement partners called "Prabhat Mitras", to coordinate our procurement process from the milk farmers and the registered milk vendors, as well as assist us in relation to the education of dairy farmers on cattle breeding, nutrition and medication, cattle insurance, assistance with cattle purchase financing, supplying cattle feed, as well as train and supervise the milking, storage and delivery of milk to our collection centres. We also partner with a number of veterinary doctors and para-veterinary workers called "Pashu Mitras", to assist milk farmers with cattle medication, de-worming, vaccination and other cattle welfare initiatives. We believe that this procurement model together with our strong long-term relationship with the milk farmers through continued engagement, knowledge and infrastructure support and transparent dealings, has enabled us to ensure continued association with milk farmers, reduced raw milk costs and ensures consistent supply of quality raw milk.

Raw milk from such sources is collected at our milk collection facilities, and is tested for quality through specialized automated machines. On completion of testing and quality approval procedures, the raw milk is transported to our production facilities at Shrirampur and Navi Mumbai. The price at which we purchase the milk is dependent on the quality of milk that is supplied to the milk collection facilities especially the fat contents in the raw milk supplied. Further, the details of milk procured, including quality, quantity, the manner of calculation of the consideration payable to each milk farmer, registered milk vendor and contract milk suppliers, the payment made to each milk farmer, registered milk vendor and contract milk supplier and other relevant details pertaining to the milk procurement process is uploaded real time into our centralized server. At the time of supply of the milk, the supplier is provided with a receipt containing details of the quantity, quality, and consideration payable to the milk farmer. Subsequently, based on such data, payments are made to the milk farmers, typically on a weekly basis. In addition we also plan to introduce a system whereby the consideration for the milk supplied to us by the farmers can be credited to the relevant farmer's bank accounts directly in the future.

Milk Collection Facilities

As of June 30, 2015, we had set up over 450 milk collection centres across our raw milk procurement area, and each such facility is equipped with advanced equipment for collection, testing, and storage of raw milk that is supplied by the milk farmers. Such facilities are operated by one or more employees or Prabhat Mitras who examine the milk before it is accepted.

Testing and Delivery

The raw milk supplied to our milk collection facilities by the milk farmers, registered milk vendors and contract milk suppliers is tested for quality by our staff at the milk collection facilities. Each milk collection facility is equipped with computerized weighing, quality testing and billing systems which ensure that the milk collection data including consideration payable to each of the milk farmers is uploaded real time on our internal server. Once approved and accepted, the raw milk is transported in specialized milk tanker vehicles to our production facilities in Shrirampur and Navi Mumbai.

Other Raw Materials

Our primary raw material is milk which we procure mainly from milk farmers. We also require sugar, flavours and other additives. We typically do not have long term supply arrangements with our suppliers and enter into annual contract only in certain cases. The price and supply of raw materials depend on various factors beyond our control, including economic conditions, competition, availability of quality suppliers, production levels, transportation costs, import duties, fuel prices, and trade restrictions. In order to maintain and manage our raw material requirements, we have a comprehensive inventory management system for raw materials and other consumables.

Further, we also require packaging materials such as plastic jars, glass bottles, and other materials for our dairy products and we do not typically enter into any long term supply agreements for such materials.

Power and Water

Our operations involve a significant amount of electricity as our raw materials including milk, and dairy products are required to be stored at specified temperatures and require significant refrigeration facilities. The production processes of certain of our dairy products also require significant power. We depend on State electricity supply for our power requirements and the electricity supply at our facilities is equipped with express feeder connections to ensure uninterrupted supply of power. We also use diesel generators to meet exigencies and to operate our plant during power failures.

In addition, availability of water is important in relation to our production processes. To ensure adequate supply of water, tube wells have been installed within our production facilities for supply of water in addition to the routine sources of water, and we have established an ultraviolet (UV) system to treat impurities in the water by removing bacteria, harmful minerals and other impurities.

Production Process

All our production processes begin with the procurement of milk which is tested for quality parameters before the same is sent to the relevant department for the production of our products. The brief production processes of some of our products are as follows:

Pasteurized Milk

Raw milk is procured and accepted by us based on quality parameters. The milk is then taken into the silos, passed through the water filtration system, and is pasteurized at a certain temperature. Simultaneously homogenization of this milk takes place, and this homogenized, pasteurized and standardized milk is transferred to the packaging section, where it is packed in different sizes of pouches and stored at a certain temperature. There are various varieties of pouched milk such as full cream milk, double toned milk, toned milk and skimmed milk.

UHT Milk

Pasteurized and standardised raw milk is fed to a sterilizer where milk is heated for a specified duration of time so as to kill all microorganisms. It is then cooled and aseptically packed in special layer packaging film into pouches of different sizes. These pouches are then kept under observation for certain days under incubation and then after quality assurance testing it is released for dispatch. This product has longer shelf life under certain conditions without any preservatives being added and does not require any refrigeration.

Flavoured Milk

Pasteurized and standardised raw milk is mixed with filtered sugar syrup together with colour and flavour and stored in a tank. Then this sweet flavoured milk is fed into bottle fillers and filled in glass bottles. Then these filled bottles are transferred to the bottle sterilizer and heated to a minimum temperature for a specified period of time so as to kill all microorganisms. After sterilization, the bottles are removed and stored in quarantine area for certain days for quality assurance analysis. Once the quality assurance analysis is cleared, it is then labelled and packed in boxes.

Whole / Skimmed Milk Powder

Pasteurized, standardised and whole / skimmed milk is subjected to evaporation as a result of which we get concentrated milk. This concentrated milk is fed to spray drying chamber at a certain temperature with the help of high pressure pump, and after multi-stage drying, the powder formation takes place. This powder is then cooled in 'vibro fluidized' bed dryer (VFBD) and then it is passed through mesh sieve and packed in paper bags in a particular manner so as to prevent addition of microbial load in the product. The bags are weighed, sealed, stitched and passed through a metal detector to verify any metal contamination in the product, and after quality assurance analysis it is released for dispatch.

Partially Skimmed Milk Sugar Concentrate

Pasteurized, standardised and skimmed raw milk is mixed with filtered sugar syrup and subjected to evaporation to get the final product. Then the product is hot filled in pre-sterilized tankers, and after quality assurance analysis it is released for dispatch.

Sweetened Condensed Milk

Pasteurized and standardised raw milk is mixed with filtered sugar syrup and subsequently evaporation of the same is carried out. It is then cooled for lactose seeding after which this product is stored in the crystallization tank and quality testing is done to release the product for packaging. This is then stored in controlled temperature and quality assurance analysis is carried out and the product is released for dispatch.

Clarified Butter (Ghee)

Pasteurized and standardised raw milk is put through a skimming process and the cream generated is then pasteurized at a certain temperature and cooled. Subsequently this pasteurized cream is fed into a continuous butter making machine (CBM) to convert the milk into butter. This butter is then melted in butter melting unit (BMU) and filled in ghee boiler where melted butter is heated up to striking temperature for a certain period of time to get ghee. Then this melted ghee is passed through clarifiers to remove solid contents, and is stored at a certain temperature for packaging in various pack sizes. The packaged products are then stored at a particular temperature for a specified period of time to start the granulation process.

Cheese

Pasteurized and standardized raw milk is cultured and following formulation, cutting and cooking, the whey is drained. Additional processes including salting, block formation and packaging is carried out. The processes are mostly automated and an X ray scanner has been installed to detect and avoid foreign matter contamination in the product. In addition, one micron filtered air is circulated to maintain hygiene standards and avoid bacterial contamination.

Shrikhand

Shrikhand production involves mechanised processes involving separation of whey from the curd and mixing of various ingredients including sugar and flavouring agents.

Paneer

Raw milk is standardized and pasteurized following which it is formulated and the whey is drained to produce paneer. Paneer can be produced in block, diced or sliced form, and is cut and packed in accordance with customer requirements.

Quality Control

Quality control and product safety are our core values and of paramount importance to our business, and we are committed to ensuring quality standards. We have established a dedicated internal quality control team which has the responsibility to ensure compliance with good manufacturing practices (GMP) guidelines of relevant governing agencies in India, and in particular:

- Overseeing our internal quality control systems at our production facilities for procurement of raw milk at the milk collection facilities, storage and transportation of raw milk as well as storage and transportation of our products;
- Categorizing risks perceived and initial risk evaluation with relevant departments;
- Collecting and reporting information and updates regarding food safety, industry updates, applicable laws and regulations and quality standards on a regular basis; and
- Establishing and enforcing quality and technical standards for raw milk, other raw materials and dairy products, as well as the production inspection mechanism and product recall policies.

Our comprehensive quality control system is divided into several stages including control during procurement and storage of raw milk, control during delivery of raw milk, control over raw materials and suppliers, control over production process, and control over storage and delivery of the finished products. In addition, we have implemented several health and safety standards and measures at our production facilities, including regular safety related education and training for our employees to increase awareness on safety at the production facilities, providing the employees with adequate safety equipment, ensuring relevant warning signs are always displayed at required locations (in English, Hindi and Marathi language), and periodic maintenance of our plant and machinery.

Control during procurement and storage of raw milk

We procure raw milk from the milk farmers, registered milk vendors and contract milk suppliers at our milk collection facilities. Such raw milk undergoes stringent tests to ensure maintenance of our quality standards. These tests include sensory test, boiling test, tasting test, grain alcohol test, acidity test, microbiological analysis, adulterants test and antibiotics residual test, which ensure that the quality and safety of the raw milk is in compliance with the statutory standards as well as our internal quality control standards. These quality tests are designed to ensure the taste and content of nutrients, such as fat and protein of the raw milk are of high standards and the raw milk does not contain any forbidden substances such as antibiotics or alcohol. Our internal quality control standards are also determined by the quality standards for raw milk prescribed by our institutional customers used in the co-manufactured and speciality ingredient products we produce for them. We also issue a report detailing the test results and quality indicators before raw milk is accepted and stored by us. In addition, we implement stringent cleaning standards to our facilities and perform inspections on our milk tanks to ensure the hygiene level of the milk tanks. We believe that our internal quality standards and those prescribed by our institutional customers enable us to maintain our quality standards.

Control during delivery of raw milk

We engage third-party logistics companies to deliver and transport our raw milk from our milk collection facilities to our production facilities. Our internal logistic department focuses on overseeing and implementing our stringent safety and quality control policy throughout the transportation process. For example, we require that the raw milk delivery trucks be capable of maintaining optimal storage conditions to ensure that the quality and safety of raw milk are maintained during transit. We also require that such milk trucks be thoroughly cleaned, sanitized and inspected by our trained personnel after each round of delivery, following our quality control standards. In addition, typically, the milk trucks are required to be equipped with necessary thermal control equipment and certified for transportation of raw milk. Each milk truck is sealed at our milk collection facilities, and is only opened by authorized personnel on arrival at our production facilities. Thereafter, the milk is inspected again to ensure the quality and also to ensure that the appropriate temperature has been maintained for preservation.

In addition, we perform regular reviews on our third party logistics partners to ensure compliance with our policies and standards on timeliness of vehicle dispatching and delivery, condition of vehicles, status of delivered raw milk and documentation.

Control over raw materials and suppliers

We have implemented stringent quality control standards with respect to the raw materials we source from external suppliers and stringent evaluation and engagement policies for new suppliers. Before engaging a new supplier, our quality control department will first review the qualifications of the supplier, and then conduct thorough on-site inspection. A supplier will only be qualified if it passes the qualifications review and on-site inspections. Once qualified, the suppliers remain subject to routine review and evaluation of various aspects. We also conduct inspection on raw materials upon delivery. We have also established ultraviolet (UV) systems at our production facilities for removing impurities in the water we source for our production process. The treated water is then circulated to various sections within our facilities.

Control over production process

We implement stringent safety and quality standards at each stage of our production process. The infrastructure and facilities in our production facilities are designed, constructed, maintained and inspected in accordance with applicable food safety standards, laws and regulations. We also enforce strict hygiene standards for our personnel involved in production activities. Further, we take care to ensure that the raw materials and ingredients used in our production processes are strictly in compliance with applicable laws and regulations and, semi-finished products are tested to ensure compliance with our stringent quality standards before proceeding to the next stage of production. Major tests include sampling tests to ensure that appearance, colour, odour, taste and nutrients comply with our safety and quality standard. Material factors in relation to the quality of our production at each step are listed out and monitored closely according to our internal plan in order to prevent and rectify any potential occurrence of manufacturing errors. Some of the processed we have established and adopted for our production processes include the following:

- *Utilities*. Our utilities like refrigeration are run on vapour absorption mechanism (VAM) for greater efficiency, and electricity supply system at our facilities are equipped with express feeders connection

(EFC) to ensure continuous availability of industrial grade power. Further, the boilers we operate at our facilities have variable fluid bed design (VFBD) to ensure fuel efficiency.

- *Direct steam injection technology*. In order to ensure consistent availability of unlimited hot water at a particular temperature for process heating to plant sanitation, we have installed direct steam injection (DSI) technology, which provides a cost-effective method to heat water and other fluids by injecting steam directly into the fluid. We believe that this technology enables us to improve process reliability, enhance process flexibility, efficiently utilize energy and keep our maintenance costs low.

- *SCADA technology*. We have also implemented supervisory control and data acquisition (SCADA) automation technology systems at our production facilities to enable real-time monitoring, system modifications, troubleshooting, increasing equipment life and automatic report generation. We believe that this system has led to significant savings on time and expenses by eliminating the need for personnel to visit each site for inspection, data collection, data entry or making adjustments.

In addition, we have also installed homogenisers purchased for homogenization of pasteurised milk and separators from reputed global supplier for separation of cream, and centralized cleaning in place (CIP) units at most units at our production facilities. Our facilities and production processes have been granted various quality certifications including:

- Certification from Food Safety and Standards Authority of India for certain products;

- AGMARK quality certification for ghee and butter;

- IS 1166:1986 certification for condensed milk, partly skimmed and skimmed condensed milk; and

- "Halal" certification for our skimmed milk powder, whole milk powder, dairy whitener, sweetened condensed milk and UHT milk.

Control over packaging, storage and delivery of finished products

We perform batch-wise quality inspection on our products to ensure compliance with national food safety standards, and applicable regulations. We implement quality standards for packaging, loading, delivering and unloading of the product and ensure that the delivery process is in compliance with the guidelines for product transportation to ensure maintenance of the quality and safety of our products. We emphasise on packaging of products, such as milk powder and curd (dahi), which are sensitive to external factors like temperature and moisture. We have established a special room with sterile atmosphere using heating, ventilation and air conditioning ("**HVAC**") system. We also use vacuum and nitrogen flushing technology for some of our products, which ensures that the air is removed before sealing of the package of the products to increase its shelf life as well as preserve the products. Further, we ensure that the products are packaged under supervision, and in accordance with our internal policies as well as policies and regulations provided by the Food Safety and Standards Authority of India ("**FSSAI"**). We also impose stringent and specific requirements on the trucks used to deliver our dairy products. As some of our products are sold to retail customers through various retail chains, we ensure that we store a sample from each batch of dairy products delivered to facilitate addressing any issues or feedbacks from customers. We also conduct sample surveys at the retail chains to ensure our dairy products are properly transported and stored.

Track record of quality control

We have received various certifications in recognition of the quality of our products. For instance we have been recognized by Abbott Nutrition India as the "Most Trusted Partner" in 2012 in recognition of our outstanding performance and we were awarded for "Commitment to Supplier Quality Expectations" in 2012 by Mondelez International at the India Supplier Summit. In addition we have also received the CII "National Award for Food Safety" for our commitment to good hygiene and manufacturing practises.

Sales, Marketing and Distribution Network

Sales and Marketing

Our principal markets include the States of Maharashtra, Madhya Pradesh, Goa, Gujarat, Rajasthan, Himachal Pradesh, Jammu and Kashmir, West Bengal, Kerala and other north eastern States, where we have established brand recognition for our Prabhat, Milk Magic and Flava brands. We also undertake marketing activities to market our products across a broader range of product segments and consumer groups. Our dedicated sales and marketing team is regularly in contact with our customers and distributors to understand the evolving needs of consumers as well as market trends. We also engage in a variety of marketing and promotional activities tailored to different consumer groups to promote brand recognition of our products, including advertising in the print, electronic and other advertisement media, exhibitions and outdoor promotions directed at retail customers as well as through social media and. For example, we provide marketing assistance and free sampling of our products and undertake other activities through Prabhat Mini Stockists to ensure that our brand, retail consumer products and the presence of the Prabhat Mini Stockists in a particular area are advertised. In recognition to our fast growing brand, we were awarded the "Asia's fastest growing marketing brands – FMCG sector" at the WCRC leaders summit 2014

Distribution Network for Retail Consumer Products

We have structured our distribution network to facilitate the sales of different retail consumer products to address different customer demands. Our distribution network comprises third-party distributors, modern channels and specialty channels. Currently, our retail distribution network primarily covers the State of Maharashtra and major cities in the States of Madhya Pradesh, Goa, Gujarat, Rajasthan, Himachal Pradesh, Jammu and Kashmir, West Bengal, Kerala and other north eastern states. As of June 30, 2015, our distribution network included more than 350 distributors. Our distributors primarily include regional distributors that are specialized in distribution of dairy products.

- *Prabhat Mini Stockists*. We have established a distribution network consisting of distribution partners, who we call "Prabhat Mini Stockists", primarily for pasteurized milk products with a relatively shorter shelf life. The Prabhat Mini Stockists are selected by us based on certain criteria such as location of the Prabhat Mini Stockist, distribution infrastructure and their understanding of the business in the area where they operate. We also provide assistance with certain brand building activities, like free sampling of our products, to the Prabhat Mini Stockists to ensure that our brand, the retail consumer products, and the presence of the Prabhat Mini Stockists in the area is advertised. We directly deliver our pasteurized milk products to the Prabhat Mini Stockists, who are then responsible for distributing the products to at least 30 to 40 retail outlets.

- *Special Delivery Model*. For curd (dahi) which has a shorter shelf life, we have launched a distribution model which we call, "Raftar". Under the Raftar model, we directly distribute curd (dahi) to several retail outlets in the Mumbai metropolitan area and nearby cities and towns through a network of special insulated and refrigerated vehicles. We sell curd (dahi) of different flavours and in packages of various SKUs to cater to different customer segments. We also benefit from the close proximity of our production facility in Navi Mumbai to our target retail outlets in and around the Mumbai metropolitan area.

In addition, we use third-party distributors to penetrate into new geographic markets in order to benefit from their established relationship with the local sales channels. In relation to our institutional products we typically engage in direct sales with our institutional clients.

Employees

We consider our human resource as a critical factor to our success and engage in a human resource strategy that focuses heavily on recruiting, training and retaining our employees, as well as offering them competitive compensation. As of June 30, 2015 we had over 900 employees. In addition to a base salary and performance-linked incentives, we provide a number of benefits to our employees, such as medical expenses, healthcare, and group gratuity schemes. Our employee policies aim to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate the growth of our operations. We are also committed to providing an empowering environment that motivates and facilitates growth and rewards contribution. We also have a dedicated team of employees who specialize in marketing and distribution of dairy products, and these employees are responsible for regularly engaging with our distributors and dealers, for expanding our distribution network, and enhancing the sales of our retail consumer products, particularly for products with longer shelf life, like clarified butter (ghee), UHT milk, dairy whitener, milk powder and sweetened condensed milk, which are distributed in the states of Madhya Pradesh, Goa, Gujarat, Rajasthan, Himachal Pradesh, Jammu and Kashmir, West Bengal, Kerala and other north eastern states.

Occupational Health and Safety

We are committed to the occupational health and safety of our workers. The management regularly sets health and safety targets to continually reduce risk of harm to employees and visitors to operational facilities. We maintain an occupational health and safety management system that defines guiding principles and standards for occupational health and safety performance. We have also set up health and safety procedures at all operational facilities with participation from our employees. Appropriate safety equipment is provided to our employees and visitors to operational facilities. Our operational facilities are regularly audited to ensure compliance for areas in which they operate, as well as for compliance with safety management system. Also any health and safety incidents are investigated and corrective actions developed.

Product Development

We believe that research and development is critical in maintaining our competitive edge. In order to keep pace with the technological developments in the dairy industry and to continually enhance our competitive advantages, we place significant emphasis on research and development. Since our establishment, we have focused our research and development efforts to improve various aspects of the milk product production and supply chain such as offering new products to address the evolving consumer preferences, ensuring product safety and efforts to improve profitability. We have research capabilities at our production facility in Shrirampur to support our research and product development activities.

Information Technology

Our facilities are connected to our central IT network that facilitates monitoring of our operations and management of supply chain. Our IT infrastructure enables us to track procurement of raw milk, quality parameters of milk procured, and payments to milk farmers, registered milk vendors and contract milk suppliers. We have also implemented integrated business management software for planning and management of operations at our production facilities, including an integrated SAP enterprise resource planning (ERP) solution covering production (including monitoring of critical plant and machinery), finance, sales, stores, purchase, inventory and payroll operations.

Competition

The dairy industry is highly competitive, especially the markets for pasteurized milk products and milk powder products, which are experiencing rapid development and increasing competition. We compete with large multi-national companies particularly with respect to milk powder products, as well as regional and local companies in each of the regions where we operate. Besides, in most product categories, we compete not only with other widely advertised branded products, but also with non-premium milk producers distributing milk in our marketing area as well as private and economy brand products that are generally sold at lower prices. In addition, a number of our competitors have also engaged in integration within the value chain, including making investments in dairy farms. Such strategic moves may lead to a more competitive environment.

Intellectual Property

Our intellectual property includes trademarks associated with our business. While we have registered various trademarks and word marks associated with our name, the logo appearing on the cover page of this Red Herring Prospectus has not been registered by us and we have filed an application for the registration of such logo on March 27, 2015. This application is currently pending.

Further, we have registrations for the logos of “Feel Fresh”, “Flava”, and “Flavo” under various classes in accordance with the Trademarks Act, 1999.

While we have made applications for registration of the trademarks and word marks for “Prabhat”, “Milk Magic”, and “Flava” under various classes in accordance with the Trademarks Act, 1999, some of these applications have been objected or opposed by third parties on grounds including such trademarks and word marks being deceptively similar to the trademarks and word marks registered by such third parties.

Insurance

We maintain insurance cover for our assets to cover all normal risks associated with operations of our business, including fire, accidents and other natural disasters. We typically maintain insurance policies, subject to specified limits, such as standard fire and special perils for our plants and machineries and buildings and group mediclaim policies. Not all risks associated with our business and operations may be insurable, on commercially reasonable terms, or at all. Although we believe that the amount of insurance currently maintained by us and our subsidiaries represents an appropriate level of coverage required to insure our business and operations, and is in accordance with industry standards in India, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage.

Property

Our Registered Office and Shrirampur facility is situated at 121/2A At Post Ranjankhol Rahata, Shrirampur, Ahmednagar which is leased from third parties, the Maharashtra Industrial Development Corporation and our Promoters. For details in relation to the land leased from our Promoters, please see the section entitled "Our Promoters and Promoter Group – Interest of Promoters" on page 177. Our corporate office and Navi Mumbai facility is situated at Plot No. D-37/4, TTC MIDC Industrial Area, Turbhe, Navi Mumbai, which has been leased from the Maharashtra Industrial Development Corporation.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations as prescribed by the Government of India or state Governments which are applicable to our Company and its Subsidiaries. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Key regulations in relation to the Milk Production Sector in India

*The Food Safety and Standards Act, 2006 ("**FSSA**"); and the Food Safety and Standards Rules, 2011("**FSSR**")*

The FSSA was enacted on August 23, 2006 repealing and replacing the Prevention of Food Adulteration Act, 1954. The FSSA seeks to consolidate the laws relating to food and establish the Food Safety and Standards Authority of India ("**FSSAI**") for setting out scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption.

Every person/entity carrying on the food business requires a license in terms of the provisions of section 31 of the FSSA. The FSSA not only sets out the requirements for licensing and registering food business and lays down the general principles for safety, responsibilities and liabilities of the food business operator.

The key provisions of the FSSA are:

- establishment of the FSSAI to regulate the food sector;
- the FSSAI will be aided by several scientific panels and a central advisory committee to lay down standards for food safety. The standards will include specifications for ingredients, contaminants, pesticide residue, biological hazards and labels;
- enforcement through 'state commissioners of food safety' and other local level officials;
- registration or licensing requirement for every entity in the food sector. Such licence or a registration would be issued by local authorities;
- every distributor is required to be able to identify any food article by its manufacturer, and every seller by its distributor; and
- any entity in the sector is bound to initiate recall procedures if it finds that the food sold has violated specified standards.

Further, in order to address certain specific aspects of the FSSA, the FSSAI has framed several regulations such as the following:

(a) Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011;

(b) Food Safety and Standards (Prohibition And Restrictions on Sales) Regulations, 2011;

(c) Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;

(d) Food Safety and Standards (Packaging and Labelling) Regulations, 2011; and

(e) Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011.

In exercise of powers under the FSSA, the FSSAI has framed the FSSR which have been operative since August 5, 2011. The FSSR provides the procedure for registration and licensing process for food business and lays down detailed standards for various food products. The FSSR also sets out the enforcement structure of 'commissioner of food safety', 'the food safety officer' and 'the food analyst' and procedures of taking extracts, seizure, sampling and analysis.

Legal Metrology Act, 2009 ("Legal Metrology Act")

The Legal Metrology Act came into effect on January 14, 2010 and has repealed and replaced the Standards of

Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto.

The key features of the Legal Metrology Act are:

- Units of weights and measures to be based on metric system only.
- All weights and measures must follow the prescribed specification and should be verified and also re-verified periodically before use.
- Pre-packaged commodities must bear statutory declarations.
- Registration is required before import of any weight or measure.
- Approval of model is required before manufacture or import of any weight or measure.
- Without license no weight or measure may be manufactured, sold or repaired.

Legal Metrology (Packaged Commodities) Rules, 2011 ("Packaged Commodities Rules")

The Packaged Commodities Rules was framed under section 52(2) (j) and (q) of the Legal Metrology Act and lays down specific provisions applicable to packages intended for retail sale, whole sale and for export and import. A "pre-packaged commodity" means a commodity which without the purchaser being present is placed in a package of a pre-determined quantity.

The key provisions of the Packaged Commodities Rules are:

- It is illegal to manufacture, pack, sell, import, distribute, deliver, offer, expose or possess for sale any pre-packaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed.
- All pre-packaged commodities must conform to the declarations provided thereon as per the requirement of section 18(1) of the Legal Metrology Act.
- No pre-packaged commodity shall be packed with error in net quantity beyond the limit prescribed in the first schedule of the Packaged Commodity Rules.

*Bureau of Indian Standards Act, 1986 ("**BIS Act**")*

The BIS Act provides for the establishment of bureau for the standardisation, marking and quality certification of goods. The BIS Act provides for the functions of the bureau which includes, among others (a) recognize as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specify a standard mark to be called the, Bureau of Indian Standards Certification Mark, which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) make such inspection and take such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license.

*Export of Milk Products (Quality Control, Inspection and Monitoring) Rules, 2000 ("**Export of Milk Products Rules**")*

The Export of Milk Products Rules was framed under section 17 of the Export (Quality Control and Inspection) Act, 1963. In terms of section 3 of the Export of Milk Products Rules, it is the responsibility of the processors to ensure that the milk products intended for export are processed under proper hygienic conditions. The exporters are required to meet prescribed health requirements under the Export of Milk Products Rules and ensure that the product conforms to the specifications provided by the central government.

Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992 (the "IMS Act")

The IMS Act governs matters pertaining to baby food products including their promotion and marketing. The IMS Act, *inter alia*, provides for, and regulates, production, supply and distribution of infant milk substitutes, feeding bottles and infant foods. It also ensures the proper use of infant foods.

The Maharashtra Agricultural Produce Marketing (Regulation) Act, 1963 (the "MAPM Act")

The MAPM Act was enacted to regulate the marketing of agricultural and certain other produce in market areas and markets established in the state of Maharashtra. The agricultural and other products regulated by the MAPM Act include ghee.

Laws relating to employment

The Factories Act, 1948 ("**Factories Act**") defines a "factory" to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished with imprisonment for a term up to two years or with a fine up to ₹ 100,000 or with both in case of contravention of any provisions of the Factories Act or rules framed there under and in case of a contravention continuing after conviction, with a fine of up to ₹ 1,000 per day of contravention. In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in manufacturing activities:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Maternity Benefit Act, 1961;
- Industrial Disputes Act, 1947; and
- Employees' Compensation Act, 1923.

Laws relating to sale of goods

The Sale of Goods Act, 1930 ("**Sale of Goods Act**") governs contracts relating to sale of goods. The contracts for sale of goods are subject to the general principles of the law relating to contracts. A contract of sale may be an absolute one or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of the goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for sale of goods.

Intellectual Property Laws

The Copyright Act, 1957 ("**Copyright Act**") governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts for a period of sixty years following the demise of the author. Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of the copyright are all acts which expressly amount to an infringement of copyright.

The Trademarks Act, 1999 ("**Trademarks Act**") provides for the application and registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain relief in case of infringement for commercial purposes as a trade description. The Trademarks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks.

Under statute, India provides for the patent protection under the Patents Act, 1970 (the "**Patents Act**"). The Patents Act governs the patent regime in India and recognises process patents as well as product patents. The form and manner of application for patents is set out under Chapter III and Chapter VIII deals with the grant of patents. Patents obtained in India are valid for a period of 20 years from the date of filing the application. The Patents Act also provides for grant of compulsory license on patents after expiry of three years of its grant in certain circumstances such as reasonable requirements of the public, non-availability of patented invention to public at affordable price or failure to work the patented invention.

Environmental Laws

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India include the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (the "**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution that is not in accordance with such regulations. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be renewed annually.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Prabhat Dairy Private Limited on November 25, 1998 as a private limited company under the Companies Act, 1956. Our Company was converted into a public limited company and consequently, the name of our Company was changed to Prabhat Dairy Limited. A fresh certificate of incorporation pursuant to the change of name was issued by the RoC on March 19, 2015.

As of the date of this Red Herring Prospectus, our Company has eight Shareholders.

For information on our Company's profile, activities, services, market, growth, technology, managerial competence, standing with reference to prominent competitors, major vendors and suppliers, please see the sections entitled "Industry Overview", "Our Business" and "Our Management" on pages 113, 126 and 158, respectively.

Changes in the Registered Office

There has been no change in the Registered Office since the date of incorporation of our Company.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

"To trade, buy, sell, distribute, indent, manufacture, cultivate, grow, produce, collect, store, make, convert, pack, move, preserve, stock, consign, treat, process, prepare, refine, purify, import, export and generally to deal whether as wholesalers, retailers, stockiest, agent, subagent, indenters, merchants, distributors, consignors, jobbers in and to carry on the business of dairy, dairy products, dairy farming, dairymen, milk contractors, milk collection centers, dairy farmers, millers, surveyors and vendors of milk, milk products like condenses milk, powdered milk, pasteurized milk, flavoured milk, whole milk powder, skimmed milk powder, fats, cream, cheese, butter, yogurt, margarine, panner, ghee, and all kind of things and products from milk like sweets, toffees, chocolates, ice creams, and all articles and things made wholly or partly from milk or milk products and/or wherein milk and/or milk products are constituent part and/ or products involving use of milk and/or milk products, and medicinal preparations from milk and dairy products.

To create infrastructures and common facilities centre and to establish, run, manage Food Park and Food processing Zone and to acquire, establish, let out, lease,license, exchange, furnish, occupy, possess and to construct, own, conduct, manage, hire, rent out and also to carry on business of establishing and / or running food park which will assist, support in establishment of small or medium scale industries engaged in manufacturing, processing, preserving, freezing, drying, canning, packing, refining, bottling, buying, selling and dealing whether as wholesalers or retailers or as exporters or imports or as principals or agents, in milk and milk products, agricultural products and services, horticultural products of every description, processed fruits and vegetables, bottled and tinned, processed and packaged foods, chutneys, pickles, pastes, spices, condiments, ketchups, sauces, salad dressings, ready to eat foods, health and instant foods including baby and diet foods, cereals, beverages, cordials, tonics, restorative and extruded food stuff, snacks, jams, jelly, squashes, pickles, sausages, concentrates, extracts, essences, flavours, syrups, sarbats, aerated drinks, liquids, drinks, beverages, juices, flavoured drinks, health and diet drinks, packed drinking water, extruded foods, frozen foods, dehydrated foods, pre cooked foods, canned foods, preserved foods, health foods, fast foods, cream, cheese, butter, biscuits, breads, cakes, pastries, confectionery, sweets, chocolates, toffees, breakfast foods, protein foods, dietic products, strained, baby foods, instant foods, cereal products, table delicacies and all other items whether natural, artificial or synthetic of charter and consumable provisions of every description for human and /or animal consumption.

To carry on the business of acquisition of land and other immovable properties whether cultivating for agricultural purposes and oriented projects all over India and undertake forestry horticulture and other allied activities and to carry on the business of agriculturists, horticulturist, floriculturists, planters, Seri culturists, cultivators, farmers, dealers of produce of soil of water and specially to plant, grow, cultivate, import, export, buy, sell, process, manufacturer, blend, refrigerate, store, package, any other way deal in tea, coffee, tobacco, cinchona, cardamom, rubber, cocoa, jojoba, cereals, food grain, spices, mushrooms, fungai, food stuff potato product, oil and other seeds, all varieties of fruits and vegetables, flowers, coconuts, groundnuts, cashewnuts, almonds and other varieties of edible and in-edibles nuts and all kind of trees whether ornamental or commercial and whether hard and soft wood, soil, or water and all products and by product thereof and to *prepare, manufacture and render marketable any such produce to sell, dispose off purchase and deal in such produce either when it is prepared, manufactured and roasted and either by wholesale, retail or other commercial method."*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

Date of shareholders' resolution	Nature of Amendment
February 18, 1999	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 1,000,000 divided into 10,000 equity shares of ₹ 100 each to ₹ 4,000,000 divided into 40,000 equity shares of ₹ 100 each.
December 29, 1999	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 4,000,000 divided into 40,000 equity shares of ₹ 100 each to ₹ 6,000,000 divided into 60,000 equity shares of ₹ 100 each.
March 15, 2004	Clause III(C) of the Memorandum of Association was amended to reflect the inclusion of the additional objects "Others Objects", being (i) to carry on business in cold storage; (ii) to carry on the business of agro industries in all branches of the Company in India or abroad; (iii) to carry on the business in dairy farms in India or elsewhere; (iv) to carry on business in all types of milk and milk products in India or elsewhere; (v) to carry on the business as trader, merchants, wholesalers, retailers, liasioners, stockiest, distributors, importers, exporters, intermediaries, middle men, brokers, suppliers, indentors, C & F agents, commission agents, buying agents, selling agents, or otherwise to exchange, load, unload, handle, deal in all types of machinery equipments, components, goods, articles, things, products, commodities, consumables, accessories, spare parts, ingredients, systems, substances, instruments, chemicals, devices, fittings, tools, dies, jigs, compounds, raw materials, by-products, semi-finished products, materials, wastes, residues, derivatives, appliances, stores, preparations, mixtures, vehicles & other items used in any industry, commerce, transport, public welfare needs, defence, aviation, agriculture, construction, power, transmission, pollution or in any other field and to establish and run shopping centers, shopping mall, shopping park, chain shops etc; (vi) to carry on the business in mineral water in India or elsewhere; (vii) to carry on business in fuel and its by-products; (viii) to carry on business in software in India or elsewhere; and (ix) to carry on transportation business for transporting goods, passengers, articles or things all routes and lines on national and international level.
December 20, 2004	Clause V of the Memorandum of Association was amended to reflect re-organisation of the authorised share capital of our Company from ₹ 6,000,000 divided into 60,000 equity shares of ₹ 100 each to 50,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each.
November 1, 2006	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital of our Company from ₹ 6,000,000 divided into 50,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each to ₹ 10,000,000 divided into 90,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each. Clause III(C) of the Memorandum of Association was amended to reflect the inclusion of additional object to the "Others Objects", being, to create infrastructures and common facilities centre to run a food park.
April 19, 2010	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 10,000,000 divided into 90,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹

Date of shareholders' resolution	Nature of Amendment
	100 each to ₹ 100,000,000 divided into 990,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each.
June 17, 2010	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 100,000,000 divided into 990,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each to ₹ 250,000,000 divided into 2,490,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each.
December 6, 2010	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 250,000,000 divided into 2,490,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each to ₹ 300,000,000 divided into 2,990,000 equity shares of ₹ 100 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each.
January 27, 2012	Clause V of the Memorandum of Association was amended to reflect the sub-division of 2,990,000 equity shares of ₹ 100 each into 299,000,000 equity shares of ₹ 1 each.
September 13, 2012	Clause V of the Memorandum of Association was amended to reflect the re-classification of the authorised share capital of our Company from ₹ 300,000,000 divided into 299,000,000 equity shares of ₹ 1 each and 10,000 2% redeemable non-cumulative preference shares of ₹ 100 each to ₹ 300,000,000 divided into 162,068,960 equity shares of ₹ 1 each and 13,793,104 0.01% compulsorily convertible preference shares of ₹ 10 each.
May 17, 2013	Clause V of the Memorandum of Association was amended to reflect the re-classification and division of the authorised share capital of our Company from ₹ 300,000,000 divided into 162,068,960 equity shares of ₹ 1 each and 13,793,104 0.01% compulsorily convertible preference shares of ₹ 10 each to 58,620,680 equity shares of ₹ 1 each and 24,137,932 0.01% compulsorily convertible preference shares of ₹ 10 each.
April 1, 2013	Clause V of the Memorandum of Association was amended to reflect the change in the authorised share capital of our Company from ₹300,000,000 divided into 58,620,680 equity shares of ₹ 1 each and 24,137,932 0.01% compulsorily convertible preference shares of ₹ 10 each to ₹ 510,000,000 divided into 268,620,680 equity shares of ₹ 1 each and 24,137,932 0.01% compulsorily convertible preference shares of ₹ 10 each, pursuant to the amalgamation of Prabhat Agri Project Development Private Limited and Prabhat Nutritious & Frozen Food Industries Private Limited with our Company.
July 25, 2014[(1)]	Clause III(A) of the Memorandum of Association was amended to reflect the inclusion of an additional object to the "Main Objects", being (i) to create infrastructure and common facilities centre to run a food park and a food processing zone; and (ii) to carry on the business of acquisition of land and other immovable properties for, amongst others, agricultural purposes and to undertake forestry, horticulture and other allied activities.
March 9, 2015	Clause V of the Memorandum of Association was amended to reflect the change in the authorised share capital of our Company from ₹ 510,000,000 divided into 268,620,680 equity shares of ₹ 1 each and 24,137,932 0.01% compulsorily convertible preference shares of ₹ 10 each to ₹ 510,000,000 divided into 26,862,068 equity shares of ₹ 10 each and 24,137,932 0.01% compulsorily convertible preference shares of ₹ 10 each, on account of consolidation of 10 equity shares of ₹ 1 each into 1 equity share of ₹ 10 each.
March 9, 2015	Clause V of the Memorandum of Association was amended to reflect the re-classification of the authorised share capital of our Company from ₹ 510,000,000 divided into 26,862,068 equity shares of ₹ 10 each and 24,137,932 0.01% compulsorily convertible preference shares of ₹10 each to 51,000,000 equity shares of ₹ 10 each.

Date of shareholders' resolution	Nature of Amendment
March 9, 2015	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 510,000,000 divided into 51,000,000 equity shares of ₹ 10 each to ₹ 900,000,000 divided into 90,000,000 equity shares of ₹ 10 each.
July 24, 2015	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 900,000,000 divided into 90,000,000 equity shares of ₹ 10 each to ₹ 1,000,000,000 divided into 100,000,000 equity shares of ₹ 10 each.

(1) *Pursuant to an order of the High Court of Bombay dated July 25, 2014 in Company Scheme Petition Nos. 216 and 217 of 2014 in relation to approving the amalgamation of Prabhat Agri Project Development Private Limited and PNFFIPL with the Company.*

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company

Year	Particulars
1998	Incorporation of our Company on November 25, 1998
1999	Commencement of commercial production and sale of pasteurized and homogenized cow's milk in plastic pouches
2008	Started supply of ingredients to Mondelez India Foods Private Limited
2010	Commencement of production of milk powder with a capacity of 30 metric tonnes per day
2012	Investment in our Company by IABF (a private equity fund managed by the Rabobank Group, Netherlands)
2013	Investment in our Company by Proparco (a subsidiary of *Agence Française de Développement*)
2013	Commencement of our manufacturing plant at with a capacity of processing of 300,000 litres of milk per day at Turbhe, Navi Mumbai, Maharashtra
2014	Entered into brand building tie-up with one of the leading marketing agencies
2015	Inauguration of the facility for manufacturing cheese with a capacity of 20,000 kilograms per day at our manufacturing facility situated at Shrirampur

Certifications, Awards and Recognitions

We have received the following certifications, awards and recognitions for achieving and maintaining high standards in various aspects of our business.

Year	Certification/Award
2010	Our Company received ISO 22000:2005 certificate for establishment of food safety management systems for packing of pasteurized milk and processing flavoured milk and ghee manufacturing milk and milk products
2012	Our Company received most trusted partner Award for 2012 by Abbott Healthcare Private Limited
2012	SAIPL received a certificate from Mondelez for quality assurance in December, 2012
2012	SAIPL received ISO 22000:2005 certificate for establishment of food safety management systems for manufacturing, storage and dispatch of skimmed milk powder, sweetened condensed milk and dairy whitener.
2013	SAIPL received ISO 22000:2005 certificate for establishment of food safety management systems for manufacturing of milk powder, skimmed milk powder, low protein skim milk powder, dairy whitener, sweetened condensed milk in drums and cans, partially skimmed milk sugar concentrate in bulk pack, UHT milk in retail pack and pasteurized milk in bulk and retail pack.
2014	Our Company received the CII National Award for Food Safety, 2014 by the Confederation of Indian Industry
2014	Our Company received OHSAS 18001:2007 certificate for manufacture and dispatch of dairy & ultra high temperature products
2014	Our Company received ISO 14001:2004 certificate for our Company for manufacture and dispatch of dairy & ultra high temperature products

Corporate Profile of our Company

For details in relation to our corporate profile including details of our business, geographical presence, growth, competition, products, suppliers, customers, capacity build-up, technology, and managerial competence, please see sections entitled “Our Business” and “Our Management” on pages 126 and 158, respectively.

Our Holding Company

Our Company does not have a holding company.

Our Subsidiaries

As of the date of this Red Herring Prospectus, our Company has two subsidiaries. For further details regarding our Subsidiaries, please see the section entitled “Our Subsidiaries” on page 156.

Scheme of Amalgamation

The scheme of amalgamation of Prabhat Agri Project Development Private Limited (“**PAPDPL**”) and Prabhat Nutritious & Frozen Food Industries Private Limited (“**PNFFIPL**” together with PAPDPL, the “**Transferor Companies**”) with our Company (the “**Scheme**”) was approved by the Board of Directors on December 18, 2013 of the Company and the board of directors of the Transferor Companies on December 18, 2013. The High Court of Bombay approved the Scheme through its order dated July 25, 2014 and was filed with the Registrar of Companies, Mumbai on September 11, 2014 (the “**Effective Date**”). The scheme of amalgamation became effective from the Effective Date in accordance with the terms of the scheme of amalgamation.

PAPDPL was a wholly owned subsidiary of our Company and PNFFIPL was a wholly owned subsidiary of PAPDPL. Under the scheme of amalgamation, firstly PAPDPL amalgamated into our Company with effect from March 31, 2013 (“**First Appointed Date”)** and thereafter, PNFFIPL amalgamated into our Company with effect from April 1, 2013 (“**Second Appointed Date**”). With effect from First Appointed Date, the whole of undertaking of PAPDPL was transferred to and vested in our Company as a going concern. Since PAPDPL was a wholly owned subsidiary of PDPL, no consideration was payable pursuant to the amalgamation. Upon amalgamation of PAPDPL with our Company, the shares of PAPDPL held by our Company stood cancelled.

Thereafter, the undertaking of PNFFIPL was transferred to and vested in our Company as a going concern with effect from Second Appointed Date. Consequent to amalgamation of PAPDPL with our Company, PNFFIPL became a wholly owned subsidiary of PDPL and hence no consideration was payable pursuant to the amalgamation. Upon amalgamation of PNFFIPL with our Company, the shares of PNFFIPL vested with our Company stood cancelled.

PADPL and PNFFIPL stand dissolved, without winding up in accordance with the order of the High Court of Bombay.

Capital raising activities through equity or debt

For details regarding our capital raising activities through equity and debt, please see the section entitled “Capital Structure” and “Financial Indebtedness” on pages 79 and 346, respectively.

Injunctions or restraining order against our Company

As of the date of this Red Herring Prospectus, there are no injunctions or restraining orders against our Company.

Summary of Key Agreements

Shareholders Agreement dated May 17, 2013 between our Company, IABF, REAL (IABF and REAL together are referred to as “Rabo”), Societe De Promotion Et De Participation Pour La Cooperation Economique (“Proparco” and together with Rabo, the “PE Investors”), Nirmal Family Trust, Sarangdhar Ramchandra Nirmal, Kishor Ramchandra Nirmal, Arvind Jagannath Nirmal and Vivek Sarangdhar Nirmal, as amended by the Restated and Amended Amendment Agreement dated July 13, 2015 to the amendment agreement dated March 9, 2015

Shareholders agreement dated Septemebr 21, 2012 entered into by IABF, REAL, Nirmal Family Trust, Sarangdhar Ramchandra Nirmal, Kishor Ramchandra Nirmal, Arvind Jagannath Nirmal and Vivek Sarangdhar Nirmal (the "**Original SHA**"). Subsequently, the Original SHA was modified by way of an amendment agreement dated May 17, 2013 and the Shareholders Agreement dated May 17, 2013 was entered into between our Company, IABF, REAL, Proparco, Nirmal Family Trust, Sarangdhar Ramchandra Nirmal, Kishor Ramchandra Nirmal, Arvind Jagannath Nirmal and Vivek Sarangdhar Nirmal (the "**SHA**"), pursuant to which, Rabo subscribed to 13,793,104, 0.01% Compulsorily Convertible Preference Shares for an aggregate consideration of ₹800 million on September 28, 2012 and Proparco subscribed to 10,344,828, 0.01% Compulsorily Convertible Preference Shares for an aggregate consideration of ₹600 million on June 7, 2013.

In order to regulate their relationship and the respective rights and obligations as shareholders of our Company, the SHA provides certain rights to the PE Investors, including but not limited to, (i) right to appoint one nominee director on our Board, (ii) funding and anti-dilution rights in case of any fresh issue of Equity Shares or convertible instruments made by our Company to other investors shareholders subject to certain exemptions, (iii) restriction on transfer of Equity Shares held by Promoters , (iv) put option right upon the occurrence of an Exit Event (as defined in the SHA) or in the event the Company fails to complete an IPO prior to March 31, 2016, and (v) affirmative voting rights in relation to certain fundamental issues such as approval of business plans, incurring any indebtedness, amendment of charter documents of our Company and any of our Subsidiaries.

The provisions of the SHA terminate automatically, (i) in relation to each of the PE Investors holding our Equity Shares, in the event they cease to hold at least 2.5% of the Equity Share capital of our Company on a fully diluted basis; (ii) in relation to each of the PE Investors ceasing to hold Equity Shares of our Company in the event our Company has not completed the IPO; or (iii) in the event of a material breach by any of the Promoters or our Company ("**Defaulting Party**") of any of their respective representations, warranties, covenants, undertakings or obligations under the SHA, the PE Investors shall have the right, if such breach is not cured by the Defaulting Party within thirty (30) days of receipt of a joint written notice to that effect from the PE Investors, to forthwith terminate the SHA.

Further, the parties to the Shareholders' Agreement have entered into a restated and amended amendment agreement dated July 13, 2015 to the amendment agreement dated March 9, 2015 (the "**Restated and Amended Amendment Agreement**"). Pursuant to the Restated and Amended Amendment Agreement, the PE Investors have agreed and provided irrevocable consent to our Company to undertake any activities and execute any documentation that is required for successful consummation of the Issue. The parties have agreed that all rights of the PE Investors shall stand terminated from the date of finalization of the basis of allotment. Further, in the event the listing of Equity Shares is not achieved by March 31, 2016, the Restated and Amended Amendment Agreement shall stand automatically terminated.

Financial and Strategic Partners

Our Company does not have any financial and strategic partners as of the date of filing this Red Herring Prospectus.

OUR SUBSIDIARIES

Unless otherwise specified, all information in this section is as of the date of this Red Herring Prospectus.

Our Company has the following subsidiaries:

1. Cheese Land Agro (India) Private Limited; and

2. Sunfresh Agro Industries Private Limited.

Details of the Subsidiaries

1. Cheese Land Agro (India) Private Limited ("CLAIPL")

Corporate Information:

CLAIPL was incorporated on April 22, 2010 under the Companies Act, 1956 having its registered office situated at Gat no. 121A, At Ranjankhol, Rahata, Ahmednagar 413 720. CLAIPL is involved in the business of manufacturing and dealing in dairy products and incidental and ancillary activities.

Capital Structure:

	No. of equity shares of ₹ 10 each
Authorised share capital	250,000
Issued, subscribed and paid-up capital	100,000

Shareholding Pattern:

The shareholding pattern of CLAIPL is as follows:

Sr. No.	**Name of the shareholder**	**No. of equity shares of ₹ 10 each**	**Percentage of total equity holding (%)**
1.	Prabhat Dairy Limited	99,999	99.99
2.	Vivek Sarangdhar Nirmal*	1	0.00
Total		**100,000**	**100.00**

* *As a nominee of our Company*

There are no accumulated profits or losses of CLAIPL not accounted for by our Company.

2. Sunfresh Agro Industries Private Limited ("SAIPL")

Corporate Information:

SAIPL was incorporated on January 22, 2007 under the Companies Act, 1956 having its registered office situated at Gat no.121/2A, At Post Ranjankhol Taluka Rahata, Shrirampur, Ahmednagar 413 720. SAIPL is involved in the business of procurement and processing of milk and manufacturing and selling of various milk products including, sweetened condensed milk, skimmed milk powder, cream, and butter.

Capital Structure:

Equity Shares

	No. of equity shares of ₹ 10 each
Authorised share capital	56,348,300
Issued, subscribed and paid-up capital	37,483,255

Preference shares

	No. of 0.01% non cumulative redeemable preference shares of ₹ 10 each
Authorised share capital	151,700

	No. of 0.01% non cumulative redeemable preference shares of ₹ 10 each
Issued, subscribed and paid-up capital	Nil

Shareholding Pattern:

The shareholding pattern of SAIPL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of total equity holding (%)
1.	CLAIPL	37,483,254	99.99
2.	Vivek Sarangdhar Nirmal*	1	0.00
Total		**37,483,255**	**100.00**

* *As a nominee of CLAIPL*

There are no accumulated profits or losses of SAIPL not accounted for by our Company.

Other Confirmations

1. None of our Subsidiaries are listed on any stock exchange in India or abroad.

2. None of our Subsidiaries have made any public or rights issue in the last three years.

3. None of our Subsidiaries have become sick companies under the meaning of SICA and are not under winding up.

4. Our Promoters have not disassociated themselves from any companies or firms during the preceding three years.

5. Except as disclosed below, there is no Subsidiary which has contributed to more than 5% of revenue or profits or assets of our Company on a consolidated basis in the preceding financial year i.e. Financial Year 2015:

(In ₹ million)

Sr. No.	Name of Subsidiary	Authorised equity capital	Turnover	Profit after tax	Shareholding of our Company (%)	Listing status
1.	SAIPL	563.48	6092.26	232.17	100	Unlisted

Interest of the Subsidiaries in our Company

None of our Subsidiaries have any business interest in our Company except as stated in the sections entitled “Our Business” and “Related Party Transactions” on pages 126 and 181, respectively. For further details of the transactions between our Company and our Subsidiaries, please see the section entitled “Related Party Transactions” on page 181.

Material Transactions

Other than as disclosed in the section entitled “Related Party Transactions” on page 181, there are no sales or purchase between our Company and any of our Subsidiaries where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Common Pursuits

We undertake a portion of our business through our Subsidiaries, CLAIPL and SAIPL.

OUR MANAGEMENT

In terms of the Articles of Association, our Company is required to have not more than 15 Directors. As on the date of this Red Herring Prospectus, our Board comprises of eight Directors.

The following table sets forth details regarding our Board:

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Sarangdhar Ramchandra Nirmal ***Father's name***: Late Ramchandra Rakhamaji Nirmal ***Designation:*** Chairman and Managing Director ***Address***: Nirmal Nagar at Post Rajankhol, Taluka Shrirampur, District Ahmednagar 413 720 ***Occupation***: Business ***Nationality***: Indian ***Term:*** For a term of five years with effect from March 1, 2015 ***DIN***: 00035234	59	1. Prabhat Agro Multi State Co-operative Society Limited
Vivek Sarangdhar Nirmal ***Father's name:*** Sarangdhar Ramachandra Nirmal ***Designation***: Joint Managing Director ***Address***: Nirmal Nagar at Post, Rajankhol, Taluka Shrirampur, District Ahmednagar 413 720 ***Occupation***: Business ***Nationality***: Indian ***Term:*** For a term of five years with effect from March 1, 2015 ***DIN***: 00820923	31	1. Cheese Land Agro (India) Private Limited 2. Sunfresh Agro Industries Private Limited
Ashok Sinha ***Father's name:*** Bishan Sinha ***Designation***: Non-Executive and Independent Director ***Address***: 13 Yayati, Sector 58A, Nerul West, Palm Beach Road, Navi Mumbai 400 706	64	1. Beloorbayir Biotech Limited 2. Cheese Land Agro (India) Private Limited 3. Indian Commodity Exchange Limited 4. Kejriwal Bee Care India Private Limited 5. North Eastern Electric Power Corporation Limited 6. Sunfresh Agro Industries Private Limited

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Occupation: Professional ***Nationality****:* Indian ***Term****:* For a term of five years with effect from March 9, 2015 ***DIN***: 00299600		
Seemantinee Khot ***Father's name:*** Ganesh Govind Kulkarni ***Designation****:* Non-executive and Independent Director ***Address***: 1104, Woodland Avenue, Survey No. 36 Part, Gananjay Society, Kothrud, Pune 411 038 ***Occupation****:* Professional ***Nationality****:* Indian ***Term:*** For a term of five years with effect from March 9, 2015. ***DIN***: 07026548	55	1. Anik Financial Services Private Limited 2. Cheese Land Agro (India) Private Limited 3. Sunfresh Agro Industries Private Limited
Rajesh Kumar Srivastava ***Father's name:*** Jagatbahadur Srivastava ***Designation:*** Non-executive and Nominee Director ***Address:*** S - 376, Ground Floor, Panchshila Park, New Delhi 110 017 ***Occupation:*** Service ***Nationality:*** Indian ***Term:*** Non-retiring ***DIN:*** 00302223	58	1. Bayir Extracts Private Limited 2. Beloorbayir Biotech Limited 3. Daawat Foods Limited 4. Global Green Company Limited 5. LT Foods Limited 6. National Collateral Management Services Limited 7. Rabo Equity Advisors Private Limited 8. Rabo Equity Management Company Limited 9. Sri Bio Remedies Private Limited 10. Sri Biotech Laboratories India Limited 11. Sunfresh Agro Industries Private Limited 12. Super Agriseeds Private Limited 13. Vacmet India Limited
Raphael Gabriel Roger Plihon ***Father's name:*** Gabriel Plihon ***Designation****:* Non-executive and Nominee Director ***Address***: 13 Rue Armand Carrel, Paris 75019 ***Occupation****:* Service	33	1. Cheese Land Agro (India) Private Limited 2. Sunfresh Agro Industries Private Limited

Name, Father's Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Nationality: French ***Term:*** Liable to retire by rotation ***DIN***: 06814236		
Udayan Bose ***Father's name:*** Late Prabhas Chandra Bose ***Designation:*** Non-executive and Independent Director ***Address***: 34A, Sterling Apartments, Pedder Road, Mumbai 400 026 ***Occupation:*** Business ***Nationality:*** Indian ***Term***: For a term of five years with effect from July 15, 2015 ***DIN***: 00004533	66	1. Bikrampur Investment & Trading Private Limited 2. Credit Capital Finance Limited 3. Earl Investments Management Consultants Private Limited 4. Invest India Private Limited 5. JK Papers Limited 6. Pritish Nandy Communications Limited 7. Tamara Capital Advisors Private Limited
Omprakash Venkatswamy Bundellu ***Father's name:*** Venkatswamy Bundellu ***Designation:*** Non-executive and Independent Director ***Address***: 16/61, Ashiyana, Off Link Road, Oshiwara, Mumbai 400 102 ***Occupation:*** Professional ***Nationality:*** Indian ***Term:*** For a term of five years with effect from July 15, 2015 ***DIN***: 00032950	65	1. Laxmi Organic Industries Limited 2. Principal Trustee Company Private Limited 3. Scope T & M Private Limited

Relationship between our Directors

None of our Directors are related to each other, except as follows:

S.No.	Name of the Director	Related to	Nature of Relationship
1.	Sarangdhar Ramchandra Nirmal	Vivek Sarangdhar Nirmal	Son
2.	Vivek Sarangdhar Nirmal	Sarangdhar Ramchandra Nirmal	Father

Brief Biographies of Directors

Sarangdhar Ramchandra Nirmal is the Chairman and Managing Director of our Company. He holds a Bachelor's degree in Commerce from the University of Poona and a Master's degree in Business Administration from the University of Poona. He has been a Director of our Company since November 25, 1998. He has also worked with Pravara Sugar Factory, acted as a trader of goods and then established a proprietorship firm, Nirmal Paper Industries, which was a paper board manufacturing unit based on waste paper. He has approximately 16 years of professional experience in the dairy industry. As the Chairman and Managing Director of our Company, he is involved in the business, management and operations of our Company.

Vivek Sarangdhar Nirmal is the Joint Managing Director of our Company. He holds a Bachelor's degree in Commerce from University of Pune. He has been a Director of our Company since May 1, 2012. He was instrumental in the incorporation of SAIPL on January 22, 2007, which later became a subsidiary of our Company and is currently the Managing Director of SAIPL. He has approximately seven years of professional experience in the dairy industry. He is currently a member of the CII National Committee on Dairy: 2015-16. As the Joint Managing Director of our Company he is involved in the operational activities of our Company and our Subsidiaries.

Ashok Sinha is an Independent Director of our Company and has been a Director of our Company since February 22, 2013. He holds a Diploma in Land Economy from University of Cambridge, UK and also holds a Master's Degree in Science (Physics) from Delhi University and Master's Degree in Financial Management from the University of Mumbai. In the past, he has worked for approximately 35 years in the Indian Administrative Services and during that time has handled matters relating to, amongst others, land acquisition and rehabilitation of persons affected by natural calamities. In the past, he has also held the position of Principal Secretary, Labour, during which time he co-ordinated between the state government and the Ministry of Labour and Employment, Government of India. He has also dealt with policy matters pertaining to the food processing industry as the Secretary, Government of India for approximately three years and managed urban development, financial management, and personnel management issues at various public sector enterprises, including CIDCO Limited, MAFCO Limited and Maharashtra State Marketing Federation.

Seemantinee Khot is an Independent Director of our Company. She holds a Psychology major from the University of Pune and holds a Master's degree in Arts in Social Work with specialisation in 'Urban and Rural Community Development' from the Tata Institute of Social Sciences, Mumbai. She has been a Director of our Company since February 20, 2015. She has over three decades of experience in the development sector, 20 years of direct implementation with non-governmental organisations ("**NGOs**") including BAIF Development Research foundation, five years of Bilateral Aid and UN and six years as Global Head for CSR with leading wind energy company, Suzlon. She currently works as consultant to Food and Agricultural Organisation of the United Nations, on agriculture projects in South East Asia; besides guiding a number of corporates in formulating CSR policies, implementation and reporting as a partner of CHHAYA Strategic Advisors. She is on the board of some NGOs like YUVA, YUVA Rural Association, Paryay and AFARM. She works as a member of the faculty for CSR since last three years at the Institute of Directors that grooms board members for Indian industries. She has also been a consultant to Aghakar Research Institute, IDRC CRDI, and project officer at Karve Institute of Social Service.

Rajesh Kumar Srivastava is a Nominee Director. He holds a Bachelor's degree in Arts from the University of Lucknow, a Bachelor's degree in Law from the University of Lucknow, and Master's degree in Arts from the University of Lucknow. He has been a Director of our Company since September 28, 2012. He has more than 34 years of experience including 10 years in Rabo India Finance Private Limited, as the managing director in charge of corporate and commercial banking. He also ran agribusiness consulting for Rabobank International concurrently for seven years. He also worked in the venture capital industry for over five years with CreditCapital Venture Fund (India) Limited. He started his career with the Bank of Baroda. He is currently, the chairman and managing director of Rabo Equity Advisors Private Limited since 2008. He serves on the CII National Committee on Agriculture and Food Processing and is a member of the Project Approval Committee of National Skills Development Corporation.

Raphael Gabriel Roger Plihon is a Nominee Director. He holds a Master's Degree in Business Administration from ESSEC. He has been a Director of our Company since March 20, 2014. He has approximately eight years of experience in corporate and project finance (both debt and equity) as an investment officer and project manager for Dexia Credit Local and as an investment officer at Proparco (French Development Financial Institution). He is currently a senior investment officer in the manufacturing, agribusiness and services division of Proparco.

Udayan Bose is an Independent Director. He holds a Bachelor's Degree in Science (Chemistry) University of Calcutta. He is an Associate of the Institute of Bankers, London and has done Advanced Management from Harvard Business School, USA. He has been a Director of our Company since December 12, 2014. He has approximately 35 years of domestic and international experience in banking, corporate finance, project finance and restructuring. Prior to joining our Company, he had founded Lazard India and served as its chairman. He serves as the chairman of Tamara Capital Partners Pte Limited. He served as the chairman at Thomas Cook India Limited. He has been on the board of directors of Thomas Cook India Limited, Reliance Capital Limited, JK Paper Limited and Pritish Nandy Communications Limited.

Omprakash Venkatswamy Bundellu is an Independent Director. He holds a Master's degree in Science from University of Mumbai and a Master's degree in Financial Management from the University of Mumbai. A Certified Associate in Indian Institute of Banking and done an Advanced Management Program from Harvard Business School, USA. He has been a Director of our Company since February 20, 2015. He has approximately 37 years of experience in development banking, commercial banking and treasury. He retired as a whole-time director from IDBI Bank Limited. He has served as director on the boards of IDBI Home Finance Limited, IDBI Capital Limited and IDBI Fortis Life Insurance Company Limited. He has been a member on the HRD committee of the Indian Bank Association. He has been the chairman of Credit Analysis and Research Ltd. and has been on the board of directors of Mitcon Consultancy Services Limited. He is presently an independent director on the board of Laxmi Organic Industries Limited, Scope T & M Private Limited and Principal Trustee Company Limited.

Rahul Rai is an Alternate Director (to Rajesh Srivastava). He holds a Bachelor's Degree in Economics with honours from the Delhi University and is also a Chartered Accountant from the Institute of Chartered Accountants of India (ICAI). He has also successfully certified by the Information Systems Audit and Control Association, New Delhi and has also completed a certification course on valuation by the Corporate Laws and Corporate Governance Committee of the Institute of Chartered Accountants of India, Delhi. He has been a Director of our Company since September 28, 2012. He has over 11 years of experience in auditing and assurance services, banking, corporate finance, and private equity. He has been employed at Rabo Equity Advisors Private Limited since July 2008 and is currently the partner and senior vice president, investments. Prior to joining Rabo Equity, he has worked with Rabo India Finance Private Limited and at ICICI Prudential Life Insurance.

Confirmations

During the last five years preceding the date of this Red Herring Prospectus, none of our Directors is or was, a director of any listed company whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of his/her directorship in such company.

None of our Directors is or was, a director of any listed company which has been or was delisted from any stock exchange during the tenure of directorship in such company.

Terms of Appointment of the Executive Directors

Sarangdhar Ramchandra Nirmal

Sarangdhar Ramchandra Nirmal was appointed as the Chairman and Managing Director of our Company pursuant to a Board resolution dated March 9, 2015 and Shareholders' resolution dated March 9, 2015 for a period of five years with effect from March 1, 2015 in accordance with the Companies Act, 2013. Pursuant to the Shareholders' resolution dated March 9, 2015, Sarangdhar Ramchandra Nirmal is entitled to a remuneration of ₹ 7.00 million per annum subject to an increase up to such amount as may be decided by the Board on a yearly basis with effect from March 1, 2015. Further, Sarangdhar Ramchandra Nirmal is entitled to a commission as may be authorised by the Board upon listing of the Equity Shares and perquisites as may be decided by the Board, in compliance with applicable laws.

Vivek Sarangdhar Nirmal

Vivek Sarangdhar Nirmal was appointed as the Joint Managing Director of our Company pursuant to a Board resolution dated March 9, 2015 and Shareholders' resolution dated March 9, 2015 for a period of five years with effect from March 1, 2015 in accordance with the Companies Act, 2013. Pursuant to the Shareholders' resolution dated March 9, 2015, Vivek Sarangdhar Nirmal is entitled to a remuneration of ₹ 6.00 million per annum from both, our Company and SAIPL, subject to an increase up to such amount as may be decided by the Board on a yearly basis with effect from March 1, 2015. Further, Vivek Sarangdhar Nirmal is entitled to a commission as may be authorised by the Board upon listing of the Equity Shares and perquisites as may be decided by the Board, in compliance with applicable laws.

Payment or benefit to Directors of our Company

The sitting fees/other remuneration paid to our Directors in Fiscal 2015 are as follows:

1. **Remuneration to Executive Directors:**

The remuneration paid to the Executive Directors in the Fiscal 2015 is as follows

Sr. No.	Name of the Director	Remuneration (In ₹)
1.	Sarangdhar Ramachandra Nirmal	7,000,000
2.	Kishor Ramchandra Nirmal[(1)]	5,041,667
3.	Arvind Jagannath Nirmal[(1)]	5,041,667
4.	Vivek Sarangdhar Nirmal	5,800,000

[(1)] *Kishor Ramachandra Nirmal and Arvind Jagannath Nirmal have ceased to be Directors on the Board on March 9, 2015. Kishor Ramachandra Nirmal and Arvind Jagannath Nirmal were paid a remuneration of ₹ 5,041,667 each for Fiscal 2015 during the tenure of each of their directorships during Fiscal 2015.*

2. **Remuneration to Non-executive Directors:**

The details of the sitting fees paid to the Non-executive Directors of our Company in Fiscal 2015 are set forth in the table below:

Sr. No.	Name of the Director	Sitting Fees (In ₹)*	Commission (In ₹)	Total (In ₹)
1.	Rajesh Kumar Srivastava	225,000	Nil	225,000
2.	Suneet Gupta	225,000	Nil	225,000
3.	Raphael Gabriel Roger Plihon	250,000	Nil	250,000
4.	Ashok Sinha	275,000	Nil	275,000
5.	Seemantinee Khot	50,000	Nil	50,000
6.	Omprakash Venkatswamy Bundellu	1,25,000	Nil	1,25,000
7.	Udayan Bose	75,000	Nil	75,000

** Excluding service tax*

Except as stated in this section and the section entitled "Related Party Transactions" on page 181, no amount or benefit has been paid within the preceding two years or is intended to be paid or given to any of our Company's officers including our Directors and key management personnel. Except as disclosed in the section entitled "Financial Statements" on page 183, none of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of our Company. Further, except statutory entitlements for benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors and our key management personnel, is entitled to any benefits upon termination of employment.

No remuneration has been paid, or is payable, to the Directors of our Company by our Subsidiaries or Associates, except the remuneration paid by SAIPL, during Fiscal 2015 as set forth in the table below:

Name of the Director	Remuneration Paid (In ₹)
Vivek Sarangdhar Nirmal	200,000
Kishor Ramchandra Nirmal	458,333
Arvind Jagannath Nirmal	458,333

Except for Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal, who are entitled to up to a maximum of 3% of the net profits of our Company on a cumulative basis at the discretion of the Board after listing of the Equity Shares, and in accordance with the provisions of the Companies Act, 2013, none of the Directors is party to any bonus or profit sharing plan of our Company.

Arrangement or understanding with major shareholders, customers, suppliers or others

Except for Rajesh Kumar Srivastava and Raphael Gabriel Roger Plihon who have been appointed on the Board pursuant to the Shareholders' Agreement, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors was appointed on the Board. For further details of the Shareholders' Agreement, please see the section entitled "History and Certain Corporate Matters" on page 150.

Shareholding of Directors in our Company

Except as disclosed below, our Directors do not hold any shares in our Company as of the date of this Red Herring Prospectus:

Name of Director	No. of Equity Shares Held
Sarangdhar Ramchandra Nirmal	1,125,000
Vivek Sarangdhar Nirmal	1,125,000

Our Articles of Association do not require our Directors to hold any qualification shares.

Shareholding of Directors in our Subsidiaries

Except as disclosed below, our Directors do not hold any shares in our Subsidiaries as of the date of this Red Herring Prospectus:

Name of Director	Name of Subsidiary	Number of Equity Shares held
Vivek Sarangdhar Nirmal	Cheese Land Agro (India) Private Limited	1 equity share of face value of ₹ 10*
Vivek Sarangdhar Nirmal	Sunfresh Agro Industries Private Limited	1 equity share of face value ₹10**

* *As a nominee of our Company.*
** *As a nominee of Cheese Land Agro (India) Private Limited*

Appointment of relatives of Directors to any office or place of profit

Except as disclosed below, none of the relatives of our Directors currently hold any office or place of profit in our Company:

1. Vishal Astunkar, son-in-law of Sarangdhar Ramchandra Nirmal, is employed as Vice President (Projects) in our Subsidiary, SAIPL, at a remuneration of ₹ 1.32 million per annum.

2. Nidhi Nirmal, wife of Vivek Sarangdhar Nirmal, is employed as Senior Manager in our Company at a remuneration of ₹ 0.84 million per annum.

3. Sneha Nirmal Astunkar, daughter of Sarangdhar Ramchandra Nirmal and sister of Vivek Sarangdhar Nirmal, is employed as Manager (Human Resources) in our Subsidiary, in SAIPL, at a remuneration of ₹ 0.36 million per annum.

Bonus or profit sharing plan of the Directors

Except as disclosed in this Red Herring Prospectus, our Company does not have any bonus or profit sharing plan for its Directors.

Interest of Directors

All Non-Executive Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of our Board and Committees thereof, and reimbursement of expenses payable to them under our Articles of Association and all Executive Directors may be deemed to be interested to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association and lease rent payable to them as stated in the section entitled " – Interest of Directors" on page 164.

Our Executive Directors may also be regarded as interested in the Equity Shares held by them or that may be subscribed by, or Allotted to, them or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to the Issue. All of our Directors may also be deemed to be interested to the extent of any dividends payable to them and other distributions in respect of our Company's securities.

Except as disclosed below, no amount or benefit has been paid or given within the two preceding years, or is intended to be paid or given to any of our Directors, except the normal remuneration for services rendered as Directors:

1. Four lease agreements in the years 2007, 2009 and 2010 have been entered into by our Subsidiary, SAIPL with Vivek Sarangdhar Nirmal, for a term ranging from 15 years to 29 years for lease of the land on which the Registered Office is situated for an annual rent of ₹ 1,000 in respect of the Registered Office.

2. One lease agreement dated June 20, 2007 has been entered into by our Subsidiary, SAIPL with Sarangdhar Ramchandra Nirmal for a term of 29 years for lease of the land on which the Registered Office is situated for an annual rent of ₹ 1,000.

3. One lease agreement dated October 31, 1998 has been entered into by our Company with Sarangdhar Ramchandra Nirmal for a term of 30 years for lease of the land on which the Registered Office is situated for an annual rent of ₹ 6,000.

4. Agreement for letting vehicles on hire dated September 19, 2008 has been entered into by our Company with Sarangdhar Ramchandra Nirmal for hiring four transport goods vehicles, four cars, and three motorcycles, and a tractor for monthly hire charges as may be mutually agreed between the parties for an initial period of five years which has been extended for a period of two years .We utilise these vehicles for procurement of milk and distribution of milk to our customers at different locations. Further, some of these vehicles are used by our employees for official purposes.

5. Agreement for letting vehicles on hire dated April 1, 2009 entered into by our Company with Vivek Sarangdhar Nirmal for hiring two cars for monthly hire charges as may be mutually agreed between the parties for an initial period of five years which has been extended for a period of two years. We utilise these vehicles for procurement of milk and distribution of milk to our customers at different locations. Further, some of these vehicles are used by our employees for official purposes.

For further details, please see the section entitled "Related Party Transactions" on page 181.

Our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of employment of our Directors.

Except for Sarangdhar Ramchandra Nirmal, and Vivek Sarangdhar Nirmal, none of our Directors have any interest in the promotion of our Company other than in the ordinary course of business.

Our Directors have no interest in any property acquired or proposed to be acquired by our Company within the two years preceding the date of this Red Herring Prospectus.

Except as stated in the section entitled "Related Party Transactions" on page 181 and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

No loans have been availed by our Directors or the key management personnel from our Company.

Changes in the Board during the Last Three Years

Name	**Date of Appointment/ Change/ Cessation**	**Reason**
Vivek Sarangdhar Nirmal	September 28, 2012	Change in designation to Managing Director
	March 9, 2015	Change in designation to Joint Managing Director
Rajesh Kumar Srivastava	September 28, 2012	Appointed as a Nominee Director
Suneet Gupta	September 28, 2012	Appointed as a Nominee Director
Rahul Rai	September 28, 2012	Appointed as an Alternate Director
Sebastien Marc Fleury	June 7, 2013	Appointed as Nominee Director
	March 20, 2014	Resigned
Raphael Gabriel Roger Plihon	March 20, 2014	Appointed as a Nominee Director
Ashok Sinha	February 22, 2013	Appointed as an Independent

Name	Date of Appointment/ Change/ Cessation	Reason
		Director
Yashwant Shankarrao Thorat	September 30, 2013	Appointed as Additional Director
	September 8, 2014	Resigned
Udayan Bose	December 12, 2014	Appointed as an Additional Director
	July 15, 2015	Appointed as an Independent Director
Omprakash Venkatswamy Bundellu	February 20, 2015	Appointed as an Additional Director
	July 15, 2015	Appointed as an Independent Director
Seemantinee Khot	February 20, 2015	Appointed as an Additional Director
Sarangdhar Ramchandra Nirmal	March 9, 2015	Change in designation to Managing Director
Ashok Sinha	March 9, 2015	Appointed as an Independent Director
Seemantinee Khot	March 9, 2015	Appointed as an Independent Director
Kishor Ramchandra Nirmal	March 9, 2015	Resigned
Arvind Jagannath Nirmal	March 9, 2015	Resigned
Suneet Gupta	March 9, 2015	Resigned

Borrowing Powers of Board

In accordance with the Articles of Association of our Company, the Board has been empowered to borrow funds in accordance with applicable law.

Our Company has, pursuant to an EGM held on June 3, 2014, resolved that in accordance with the provisions of the Companies Act, 2013, our Board is authorised to borrow such amounts, mortgage, hypothecate, pledge, and/ or charge all of our Company's immovable and movable properties, wherever situate, present or future, and the whole or substantially the whole of the undertaking(s) of our Company, in such form or manner as the Board may think fit for securing loans and advances already obtained or that may be obtained from any financial institution, bank, insurance companies, financial companies, and/or persons, and/or secure any debentures issued and/or that may be issued and all interest, compound or additional, commitment charges, cost, other charges, expenses and all other moneys payable by our Company to the concerned lenders, provided that the total amount of money or monies so borrowed (excluding temporary loans obtained by the Company in the ordinary course of its business including, loans repayable on demand) by the Company shall not, at any time, exceed the limit of ₹ 2,000 million.

Corporate Governance

The provisions of the Equity Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Equity Listing Agreement and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team, and constitution of the Board Committees, as required under law.

Our Board has been constituted in compliance with the Companies Act and Equity Listing Agreement with Stock Exchanges. The Board functions either as a full board or through various committees constituted to oversee specific functions. Our executive management provides our Board detailed reports on its performance periodically.

Currently, our Board has eight Directors and our Chairman is an Executive Director. Since our Chairman is an Executive Director and the Promoter of our Company, we have 75% Non-Executive Directors and 50% Independent Directors, on our Board in accordance with Clause 49 of the Equity Listing Agreement. Further, in accordance with the requirements of the Equity Listing Agreement, we have a woman director on our Board.

Committees of the Board

The details of various committees constituted by our Board in accordance with the statutory requirements (including the Equity Listing Agreement) are set out below:

Audit Committee

The members of the Audit Committee are:

1. Ashok Sinha, *Chairman*;
2. Udayan Bose;
3. Omprakash Venkatswamy Bundellu;
4. Seemantinee Khot;
5. Vivek Sarangdhar Nirmal;
6. Rajesh Kumar Srivastava; and
7. Raphael Gabriel Roger Plihon, *Permanent Observer*.

The Audit Committee was constituted by a meeting of our Board held on February 22, 2013 and reconstituted on February 20, 2015. The terms of reference of the Audit Committee were modified by the Board in its meeting dated June 24, 2015. Four Audit Committee meetings were held during the Fiscal 2015. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement and its terms of reference include the following:

1. Reviewing the business plans or annual operating plans;
2. Reviewing capital expenditure;
3. Aprroval of payment to statutory auditors for any other services rendered by statutory auditors;
4. Monitoring the end use or application of funds raised through public offers and related matters;
5. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
6. Recommending to the Board the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the Company and the fixation of audit fee;
7. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended;
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with listing and other legal requirements relating to financial statements;
    f. Disclosure of any related party transactions; and
    g. Qualifications in the draft audit report.
8. Review an monitor the auditor's independence and performance, and effectiveness of audit process;

9. Approval or any subsequent modification of transactions of the Company with related parties; provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed;

10. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

11. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

12. Scrutinising of inter-corporate loans and investments;

13. Valuing of undertakings or assets of the Company, wherever it is necessary;

14. Evaluating of internal financial controls and risk management systems;

15. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

16. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

17. Discussing with internal auditors on any significant findings and follow up there on;

18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

19. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

20. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

21. Reviewing the functioning of the whistle blower mechanism; and

22. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate.

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

1. To invite such of the executives (particularly head of finance function), as it considers appropriate to be present at the meetings of the committee

2. To invite head of internal audit and representative of the statutory auditor of the committee at the meetings of the committee

3. To investigate any activity within its terms of reference;

4. To seek information from any employee;

5. To obtain outside legal or other professional advice from external sources;

6. To secure attendance of outsiders with relevant expertise, if it considers necessary;

7. To have full access to information contained in the records of the Company; and

8. To grant omnibus approval for related party transactions proposed to be entered into by the Company subject to applicable conditions

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

1. Management's discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses;

5. The appointment, removal and terms of remuneration of the chief internal auditor;

6. Review on a quarterly basis the details of related party transactions entered into by the company pursuant to omnibus approval given by the Committee

7. Review of the financial statements, in particular the investments made by unlisted subsidiary companies; and

8. Review on a quarterly basis the statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

The Audit Committee is required to meet at least four times in a year under Clause 49 of the Listing Agreement.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Omprakash Venkatswamy Bundellu, *Chairman*;

2. Ashok Sinha;

3. Rajesh Kumar Srivastava; and

4. Raphael Gabriel Roger Plihon.

The Nomination and Remuneration Committee was constituted by our Board on February 20, 2015. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee include the following:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

2. Formulating of criteria for evaluation of the independent directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;

5. Analysing, monitoring and reviewing various human resource and compensation matters;

6. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

7. Determining compensation levels payable to the key management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

9. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as applicable;

10. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as applicable;

    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

11. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Ashok Sinha, *Chairman*;

2. Sarangdhar Ramchandra Nirmal; and

3. Vivek Ramchandra Nirmal.

The Stakeholders' Relationship Committee was constituted by our Board on February 20, 2015. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013. The terms of reference of the Stakeholders' Relationship Committee include the following:

1. Redressal of shareholders'/investors' grievances;

2. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

3. Issue of duplicate certificates and new certificates on split/consolidation/renewal;

4. Non-receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by the Company to its shareholders; and

5. Carrying out any other function as prescribed under the Equity Listing Agreement.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility ("**CSR**") Committee are:

1. Seemantinee Khot, *Chairman*;

2. Sarangdhar Ramchandra Nirmal;

3. Rajesh Kumar Srivastava; and

4. Raphael Gabriel Roger Plihon.

The CSR Committee was constituted by our Board on March 20, 2014 and re-constituted on February 20,

2015. The scope and function of the CSR Committee is in accordance with Section 135 of the Companies Act, 2013. The terms of reference of the CSR Committee include the following:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company as specified in Schedule VII to the Companies Act, 2013;

2. Recommend the amount of expenditure to be incurred on activities to be undertaken by our Company;

3. Monitor the Corporate Social Responsibility Policy of our Company from time to time;

4. Ensure the compliance of the Company with respect of CSR provisions as per the applicable laws of the land; and

5. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Risk Management Committee

The members of the Risk Management Committee are:

1. Sarangdhar Ramchandra Nirmal, *Chairman*;

2. Vivek Sarangdhar Nirmal;

3. Omprakash Venkatswamy Bundellu;

4. Rajesh Kumar Srivastava; and

5. Raphael Gabriel Roger Plihon.

The Risk Management Committee was constituted by our Board on February 20, 2015. The scope and function of the Risk Management Committee is in accordance with Clause 49 of the Listing Agreement. The terms of reference of the Risk Management Committee include the following:

1. Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;

2. Framing, implementing, reviewing and monitoring the risk management plan for the Company; and

3. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

IPO Committee

The members of the IPO Committee are:

1. Sarangdhar Ramchandra Nirmal;

2. Vivek Sarangdhar Nirmal;

3. Rajesh Srivastava;

4. Udayan Bose; and

5. Raphael Gabriel Roger Plihon.

The IPO Committee was constituted by a meeting of our Board held on December 12, 2014. The terms of reference of the IPO Committee include the following:

1. To decide on the size, timing, pricing and all the terms and conditions of the issue of the Equity Shares for the Issue, including the number of the Equity Shares to be issued in the Issue, price and any discount as allowed under Applicable Laws that may be fixed and determined in accordance with the

applicable law, and to accept any amendments, modifications, variations or alterations thereto;

2. To appoint and enter into arrangements with the book running lead managers for the Issue, underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow collection bankers to the Issue, refund bankers to the Issue, registrar(s), legal advisors, advertising agency(ies) and any other agencies or persons or intermediaries to the Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the mandate letter with the book running lead managers, negotiation, finalisation and execution of the issue agreement with the book running lead managers, etc.;

3. To negotiate, finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement, agreements with the registrar to the Issue and the advertising agency(ies) and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the Issue, legal advisors, auditors, stock exchange(s), book running lead managers and any other agencies/intermediaries in connection with the Issue with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents;

4. To finalise, settle, approve and adopt the DRHP, the RHP, the Prospectus, the preliminary and final international wrap for the issue of Equity Shares and take all such actions as may be necessary for filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities;

5. To make applications, if necessary, to the Reserve Bank of India, or to any other statutory or governmental authorities in connection with the Issue and, wherever necessary, incorporate such modifications / amendments / alterations / corrections as may be required in the DRHP, the RHP and the Prospectus;

6. To approve any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the listing agreement to be entered into by the Company with the relevant stock exchanges;

7. To seek, if required, the consent of the lenders to the Company, concessioning authorities, parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in relation to the Issue;

8. To open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Issue and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

9. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

10. To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Issue (including issue price for anchor investors), approve the basis of allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the book running lead managers (to the extent applicable) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Issue including any alteration, addition or making any variation in relation to the Issue;

11. To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforestated documents;

12. To make applications for listing of the shares in one or more recognised stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);

13. To do all such deeds and acts as may be required to dematerialise the equity shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar & transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the aforestated documents;

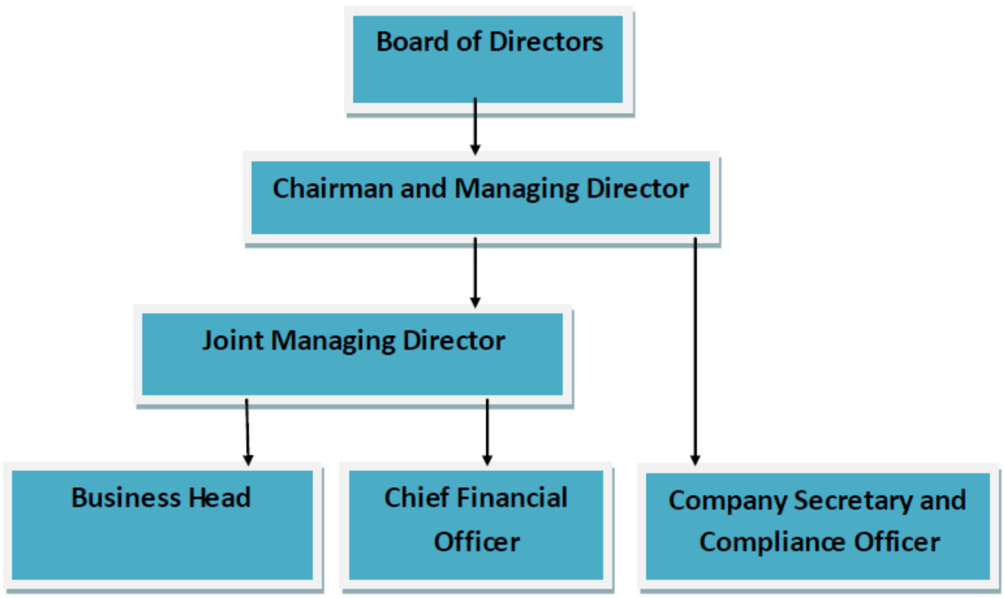
14. To authorize and approve the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Issue;

15. To authorize and approve notices, advertisements in relation to the Issue in consultation with the relevant intermediaries appointed for the Issue;

16. To settle any question, difficulty or doubt that may arise in connection with the Issue including the issue and allotment of the Equity Shares as aforesaid and to further delegate the powers conferred hereunder subject to such restrictions and limitations as it may deem fit and in the interest of the Company and to the extent allowed under applicable laws and to do all such acts and deeds in connection therewith and incidental thereto, as the Committee may in its absolute discretion deem fit; and

17. To execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

Management Organisation Chart



Key Management Personnel

Brief Biographies of Key Management Personnel

In addition to Sarangdhar Ramchandra Nirmal, who is our Chairman and Managing and Vivek Sarangdhar Nirmal, who is our Joint Managing Director, Keyur Shah, Priya Nagmoti, and Anil Goel are the key management personnel of our Company and SAIPL. For details of our Chairman and Managing Director and Joint Managing Director, please see the section entitled, "– Brief Biographies of Directors" on page 160 and the brief biographies of other key management personnel are set out below.

Keyur Shah, aged 42 years, is the Chief Financial Officer of our Company and was appointed as the Chief Financial Officer on April 1, 2014. He joined our Company as the Vice President – Finance on December 17, 2013. He has a Bachelor's degree in Commerce from Gujarat University and a Master's Diploma in Business

Administration from the Indian Management Academy. He has over 21 years of experience in finance. Prior to joining our Company, he held various positions in Centurion Bank of Punjab, Sparkle Clean Tec Private Limited, Doshion Veolia Water Solutions Private Limited, Arvind Mills Limited, Styx Infosoft Private Limited, Fullerton Enterprises Private Limited, and Intas Pharmaceuticals Limited. He is responsible for supervising the finance and treasury, tax, and internal control and compliance functions of our Company and our Subsidiary. During Fiscal 2015, he was paid a gross compensation of ₹4.01 million. He shall be liable to retire at the age of 58 years.

Priya Nagmoti aged 35 years, is the Company Secretary and Assistant General Manager (Corporate Finance) of our Company. She joined the Company on January 27, 2012. She has a Bachelor's degree in Commerce from Devi Ahilya University and a Master's degree in Commerce from Devi Ahilya University. She is a member of the Institute of Company Secretaries of India. She has approximately 10 years of experience in legal, compliance and corporate restructuring activities including mergers, acquisitions, takeovers, private equity deals, accounts and finance. Prior to joining our Company, she was practising as a Company Secretary and worked with various chartered accountancy firms. She is responsible for ensuring all the legal compliances of our Company. During Fiscal 2015, she was paid a gross compensation of ₹1.44 million. She is liable to retire from her of office upon attaining 58 years of age.

Anil Goel, aged 62 years, is the Business Head of our Subsidiary, SAIPL. He joined SAIPL on December 1, 2012 as the Senior Vice President of Corporate Business Development of SAIPL. He holds a Bachelor's degree in Law from Meerut University and a Bachelor's degree in Science from Meerut University. He has over 40 years of experience in different capacities in business development, production planning, supply chain and operational management. Prior to joining SAIPL, he held various managerial positions in Wood Craft Products Ltd., Sartin Alloys Private Limited, JK Paper Mills, Bengal Paper Limited and Schreiber Dynamix Dairies Ltd. He is responsible for business, operations, quality purchase, procurement of milk and research and development activities in, SAIPL and our Company. During Fiscal 2015, he was paid a gross compensation of ₹3.79 million. His term of office is terminable with a two months' notice from SAIPL.

Except as disclosed in the section entitled "– Relationship between our Directors" on page 160, none of the Key Management Personnel are related to each other.

All the Key Management Personnel are permanent employees.

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Key Management Personnel were selected as members of our senior management.

Shareholding of Key Management Personnel

Except as disclosed in the section entitled "– Shareholding of Directors in our Company" on page 164, none of our Key Management Personnel hold any Equity Shares in our Company.

Bonus or profit sharing plan of the Key Management Personnel

Except for the percentage of profits that Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal, who are entitled to up to a maximum of 3% of the net profits of our Company on a cumulative basis at the discretion of the Board after listing of the Equity Shares, and in accordance with the provisions of the Companies Act, 2013, none of the Key Management Personnel are a part of any bonus or profit sharing plan.

Interests of Key Management Personnel

Except as in the section entitled "– Interest of Directors" on page 164 in relation to our Chairman and Managing Director and Joint Managing Director, the Key Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per the terms of their appointment letter and reimbursement of expenses incurred by them during the ordinary course of business.

The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them, if any.

Changes in our Key Management Personnel

The changes in our Key Management Personnel in the three years preceding the date of this Red Herring Prospectus are as follows:

Name of the Key Management Personnel	Date of change	Reason for change
Priya Nagmoti	November 1, 2012	Appointment
Shailendra Jha	January 22, 2014	Resigned
Keyur Shah	March 9, 2015*	Appointment

**He was appointed as CFO of our Company with effect from April 1, 2014 and was, subsequently, re-appointed at the meeting of the Board on March 9, 2015 in accordance with the requirements of the Companies Act, 2013.*

Payment or Benefit to officers of our Company

Except as stated in this Red Herring Prospectus and other than remuneration paid to officers of our Company, no amount or benefit has been paid to the officers of our Company during the preceding two years or is intended to be paid by our Company.

Our Company has not granted any options to the employees of our Company.

OUR PROMOTERS AND PROMOTER GROUP

Nirmal Family Trust, Sarangdhar Ramchandra Nirmal, and Vivek Sarangdhar Nirmal are the Promoters of our Company.

Nirmal Family Trust ("NFT")

NFT was originally formed pursuant to a trust deed dated February 21, 2012. The trust deed was thereafter supplemented on July 27, 2012, amended and consolidated on September 24, 2012 and March 16, 2015 (the "**Trust Deed**"). Under the terms of the Trust Deed, the trustees of NFT can in their absolute discretion decide whether or not to distribute the whole or any part of the income and/or the assets of the trust fund to all of any of the beneficiaries in accordance with the voting mechanism specified under the Trust Deed. The trustees are also vested with the general superintendence, direction and management of the affairs of NFT, making investments, and all powers, authorities and discretion appurtenant to or incidental to the purpose of the NFT, subject to the provisions of the Trust Deed.

The registered office of NFT is Gat No. 122, At Post Rajankhol, Taluka Rahata, Ahmednagar, Shrirampur 413 720. The overall objective of NFT is to hold assets settled in NFT and further added thereto, and to distribute the income, assets, trust fund including corpus after deducting all trust expenses and liabilities for the beneficiaries in the manner provided in the Trust Deed.

Sarangdhar Ramchandra Nirmal and Arvind Jagannath Nirmal are the settlors of Nirmal Family Trust. The beneficiaries of NFT are the families of Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal.

Financial performance of NFT:

(*₹ in million*)

Particulars	Fiscal 2015	Fiscal 2014	Fiscal 2013
Trust Fund	345.20	341.40	341.40
Trust Income/Receipt	2.70	0.00	0.02
Surplus of Income Over Expenditure	2.68	(0.01)	(0.02)

Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal are the trustees of NFT.

Sarangdhar Ramchandra Nirmal

Sarangdhar Ramchandra Nirmal, aged 58 years, is the Chairman and Managing Director of our Company. He is a resident Indian national. For further details, please see the section entitled "Our Management" on page 160.

The driving license number of Sarangdhar Ramchandra Nirmal is MH17 20080003310 and his voter identification number is MT/40/234/0543361.

Vivek Sarangdhar Nirmal

Vivek Sarangdhar Nirmal, aged 31 years, is the Joint Managing Director of our Company. He is a resident Indian national. For further details, please see the section entitled "Our Management" on page 160.

The driving license number of Vivek Sarangdhar Nirmal is MH17 20080009635 and his voter identification number is ITJ6553259.

Our Company confirms that the permanent account number, bank account numbers and passport number of our Promoters have been submitted to the Stock Exchanges at the time of submission of the Draft Red Herring Prospectus to them.

Interests of Promoters

Our Promoters are interested in our Company to the extent of their respective shareholding, the dividends received by them on such shareholding, and the remuneration received from our Company. For details of the our Promoters' shareholding in our Company, please see the sections entitled "Capital Structure" and "Our Management" on pages 79 and 158, respectively.

Sarangdhar Ramchandra Nirmal is the Chairman and Managing Director of our Company and may be deemed to be interested to the extent of remuneration, reimbursement of expenses, dividend on the Equity Shares payable to him. Vivek Sarangdhar Nirmal is the Joint Managing Director of our Company and may be deemed to be interested to the extent of remuneration, reimbursement of expenses, and dividend on the Equity Shares payable to him. Further, Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal may be interested to the extent of the lease rent payable to them by our Company. For further details, please see the sections entitled "Our Management", "Capital Structure", "Our Business", "Dividend Policy" and "Related Party Transactions" on pages 158, 79, 126, 182, and 181, respectively.

Our Promoters are not interested in the properties acquired or proposed to be acquired by our Company in the past two years before filing of the Draft Red Herring Prospectus with the SEBI.

Except as disclosed in section entitled "Our Management - Interest of Directors" on page 164, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them.

For further details of related party transactions, as per Accounting Standard 18, please see the section entitled "Related Party Transactions" on page 181.

Other than our Subsidiaries and Group Company, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Our Promoters have no interest in acquisition of land, construction of building and supply of machinery undertaken by our Company.

For details of related party transactions entered into by our Company with its Subsidiaries, as per Accounting Standard 18, during the last five Fiscals, the natures of transactions, and the cumulative value of transactions, please see the section entitled "Related Party Transactions" on page 181.

Our Promoters are not related to any sundry debtors of our Company.

Payment or Benefits to Promoters

Except as stated otherwise in the section entitled "Related Party Transactions" detailing the related party transactions, as per Accounting Standard 18, entered into during the last five Fiscals and in the section entitled "– Interests of Promoters" on pages 181 and 177, respectively, there has been no payment or benefit provided to our Promoters or Promoter Group by our Company during the two years preceding the date of the Draft Red Herring Prospectus, nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Red Herring Prospectus.

Confirmations

Our Promoters and their relatives have not been declared as wilful defaulters by the RBI or any other governmental authority. Further, there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and Promoter Group entities have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority

.

Our Promoters are not, and have never been, a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as otherwise disclosed in this Red Herring Prospectus, our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

Companies with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any of the companies during the preceding three years.

Change in the management and control of our Company

Our Promoters are the original promoters of our Company and there has not been any change in the management or control of our Company.

Guarantees

Except as stated in the section entitled "Financial Indebtedness", our Promoters have not given any guarantee to any third party as of the date of this Red Herring Prospectus.

Promoter Group

The following individuals and entities constituting the Promoter Group of our Company in terms of Regulation 2(1)(zb) of the SEBI Regulations:

1. **Natural persons who are part of the Promoter Group**

The natural persons who are part of the Promoter Group (due to their relationship with our Promoters), other than our Promoters, are as follows:

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Sarangdhar Ramchandra Nirmal	Vijaya Sarangdhar Nirmal	Spouse
	Jagannath Ramchandra Nirmal	Brother
	Kishor Ramchandra Nirmal	Brother
	Lata Uttam Karpe	Sister
	Uma Rajendra Vahadane	Sister
	Kamal Mohan Harde	Sister
	Ratanbai Tarachand Kadu	Sister
	Sneha Nirmal Astunkar	Daughter
	Sumati Sainath Lande	Sister of spouse
Vivek Sarangdhar Nirmal	Nidhi Nirmal	Spouse
	Vijaya Sarangdhar Nirmal	Mother
	Sneha Nirmal Astunkar	Sister
	Neel Nirmal	Son
	Renu Shriram Ahuja	Mother of spouse
	Gunjan Ahuja	Brother of spouse
	Agam Ahuja	Brother of spouse

2. **Corporate entities forming part of the Promoter Group**

   a. Nirmal Gograss LLP.

Group Company

For details of our Group Company, please see the section entitled "Our Group Company" on page 179.

OUR GROUP COMPANY

The following entity has been promoted by one of our Promoters and has also been considered as material by our Board. This is our only Group Company.

1. Nirmal Gograss LLP ("NGL")

Corporate Information

NGL was incorporated on November 10, 2014 under the Limited Liability Partnership Act, 2008 and having its registered office situated at Gat No. 122, Rajankhol, Post Tilaknagar, Taluka Rahata Ahmednagar 413 720. NGL is involved in the business of all kinds of farming, livestock farming, horticulture, dairy, gardening and raising, breeding, improving, developing, buying, selling, producing, preserving and dealing in all kinds of products related to its business and in particular, fodder, food grain seeds, and to establish experimental farms and research stations.

Interest of our Promoters

Sarangdhar Ramchandra Nirmal, our Promoter, holds 50% of the capital of NGL.

Financial Information

Since NGL was incorporated in Fiscal 2015, financial statements of NGL have not been prepared for Fiscal 2014 and Fiscal 2013.

(in ₹ million, except per share data)

Particulars	Fiscal 2015
Reserves (excluding revaluation reserves) and Surplus	0.10
Turnover & Other Income	2.16
Profit/(Loss) after Tax	0.10

Nature and Extent of Interest of Group Company

(i) ***In the promotion of our Company***

Our Group Company does not have any interest in our promotion or any business interest or other interests in our Company.

(ii) ***In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Red Herring Prospectus with SEBI***

Our Group Company is not interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of the Draft Red Herring Prospectus.

(iii) ***In transactions for acquisition of land, construction of building and supply of machinery***

Our Group Company is not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits among the Group Company with our Company

There are no common pursuits between any of our Group Company and our Company.

Related Business Transactions within the Group Company and significance on the financial performance of our Company

For more information, please see the section entitled "Related Party Transactions" beginning on page 181.

Sale/Purchase between our Company and the Group Company

Our Group Company is not involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

Business Interest of Group Company

We have not entered into business contracts with our Group Company. For details, please see the section entitled "Related Party Transactions" on page 181.

Other than as stated above, our Group Company does not have any business interest in our Company.

Defunct Group Company

Our Group Company has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Company during the five years preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

None of the securities of our Group Company are listed on any stock exchange and our Group Company has not made any public or rights issue of securities in the preceding three years.

Our Group Company has not been prohibited from accessing the capital market for any reasons by the SEBI or any other authorities.

Our Group Company has not been identified as wilful defaulters by the RBI or other authorities.

RELATED PARTY TRANSACTIONS

For details of related party transactions during the last five Fiscals, as per the requirements under Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, please see the sections entitled "Financial Statements – Annexure XXIV: Restated Standalone Statement of Related Party Transactions" and "Financial Statements – Annexure XXIII: Notes to Restated Consolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flows Names of related parties and related party relationship" on pages 249 and 339, respectively.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Declaration of dividend, if any, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, results of operations, earnings, accumulated profit of previous years, balance in general reserves, liquidity, applicable taxes including dividend distribution tax payable by our Company, general financial conditions, general economic conditions, applicable Indian legal restrictions and other factors considered by our Board of Directors.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, please see section entitled "Financial Indebtedness" on page 346.

Our Company has no formal dividend policy. The declaration and payment of dividend will be recommended by our Board and approved by the Shareholders, at their discretion. The Shareholders have the right to decrease but not to increase the amount of dividend recommended by the Board. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous Fiscals or out of both. The Articles of Association also provides discretion to our Board to declare and pay interim dividends.

Except as disclosed below, our Company has not declared any dividends in any of the Fiscals preceding the filing of this Red Herring Prospectus.

Particular	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
Number of equity shares	71,428,710	30,000,000	30,000,000	2,990,000	2,990,000
Number of preference shares of ₹ 10 each	-	24,137,932	13,793,104	-	6,000
Rate of dividend on equity shares (%)	10	-	-	-	-
Interim dividend distributed to equity shareholders	4.76	-	-	-	-
Tax on Interim dividend distributed to equity shareholders	0.97	-	-	-	-
Rate of dividend on preference shares (%)	0.01	0.01	0.01	-	2
Amount of dividend on preference shares (₹ in million)	0.02	0.02	0.01	-	0.01
Tax on dividend on preference shares	0.00*	0.00*	0.00*	-	0.00*

* *These are non zero numbers rounded off in millions upto two decimal points.*

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

The Board of Directors
Prabhat Dairy Limited
Gut No. 121/2 B to 121/4
At Ranjankhol, P.O. – Tilaknagar
Taluka Rahata
Ahmednagar 413 720

Dear Sirs,

We have examined the attached Restated Standalone Financial Information of Prabhat Dairy Limited ('the Company') *(formerly, Prabhat Dairy Private Limited)* ("the Company") as approved by the Board of Directors of the Company and prepared by the management of the Company in terms of the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the 'SEBI Regulations'), the 'Guidance Note on 'Reports in Company's Prospectus (Revised)' issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable ('Guidance Note') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 28 January 2015 in connection with the proposed issue of Equity Shares of the Company by way of fresh issue and / or an offer for sale by the existing shareholders.

This Restated Standalone Financial Information has been extracted by the Management from the financial statements for the years ended 31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012 and 31 March 2011. The audit of the Company's standalone financial statements for the years ended 31 March 2013, 31 March 2012 and 31 March 2011 was conducted by M/s Deloitte Haskins & Sells LLP, M/s KSS & Company and M/s Shashank Suvarnpathaki & Co. respectively and reliance has been placed on the financial statements audited by them and the financial reports included for these years i.e., for the years ended 31 March 2013, 31 March 2012 and 31 March 2011 are based solely on the report submitted by them.. The financial statements for the years ended 31 March 2015 and 31 March 2014 have been audited by us.

1. In accordance with the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations, and the Guidance Note, as amended from time to time, and in terms of our engagement agreed with you, we further report that:

   a) The Restated Standalone Statement of Assets and Liabilities of the Company as at31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012 and 31 March 2011, examined by us, as set out in Annexure I to this report read with the significant accounting policies in Annexure V, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Standalone Financial Information enclosed as Annexure VI to XXVI to this report. For the financial years ended 31 March 2013, 31 March 2012 and 31 March 2011 reliance has been placed by B S R & Co. LLP, Chartered Accountants on the standalone financial statements audited by M/s Deloitte Haskins & Sells LLP, Chartered Accountants, M/s KSS & Company and M/s Shashank Suvarnpathaki & Co, Chartered Accountants respectively. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company for the relevant financial years.

   b) The Restated Standalone Statement of Profit and Loss of the Company for the years ended 31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012and 31 March 2011, as set out in

Annexure II to this report read with the significant accounting policies in Annexure V, is after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Standalone Financial Information enclosed as Annexure VI to XXVI to this report. For the years ended 31 March 2013, 31 March 2012 and 31 March 2011 reliance has been placed by B S R & Co. LLP, Chartered Accountants on the standalone financial statements audited by M/s Deloitte Haskins & Sells LLP, Chartered Accountants, M/s KSS & Company, Chartered Accountants and M/s Shashank Suvarnpathaki & Co, Chartered Accountants respectively. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company for the relevant financial years.

c) The Restated Standalone Statement of Cash Flows of the Company for the years ended 31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012and 31 March 2011, as set out in Annexure III to this report read with the significant accounting policies in Annexure V, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Standalone Financial Information enclosed as Annexure VI to XXVI to this report. For the years ended 31 March 2013, 31 March 2012 and 31 March 2011 reliance has been placed by B S R & Co. LLP, Chartered Accountants on the standalone financial statements audited by M/s Deloitte Haskins & Sells LLP, Chartered Accountants and M/s KSS & Company, Chartered Accountants M/s Shashank Suvarnpathaki & Co, Chartered Accountants respectively. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company for the relevant financial years.

2. Based on the above, and based on the reliance placed on the financial statements audited by M/s Deloitte, Haskins & Sells LLP, M/s KSS & Company, Chartered Accountants and M/s Shashank Suvarnpathaki & Co, Chartered Accountants for the years ended 31 March 2013, 31 March 2012 and 31 March 2011 respectively., we are of the opinion that the Restated Standalone Financial Information:

   i) has been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting years;

   ii) has been made after incorporating adjustments for prior period and other material amounts in the respective financial years to which they relate;

   iii) do not contain any qualifications or emphasis of matter requiring adjustments except for qualifications in the auditor's report as disclosed in Clause 6 of Annexure IV;

   iv) and do not contain any extra-ordinary items that need to be disclosed separately in the Restated Standalone Financial Information.

   Other remarks/comments in the annexure to the Auditors' report on the financial statements of the Company for the years ended 31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012 and 31 March 2011 which do not require any corrective adjustment in the Restated Standalone Financial Information are mentioned in Clause 6 "Non-adjusting items" under Annexure IV.

3. We have also examined the following Restated Standalone Financial Information as set out in the Annexure prepared by the management of the Company and approved by the Board of Directors, relating to the Company for the years ended 31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012and 31 March 2011. In respect of the financial years ended 31 March 2013, 31 March 2012 and 31 March 2011, this information has been included based upon the reports submitted by M/s Deloitte Haskins & Sells LLP, Chartered Accountants, KSS & Company, Chartered

Accountants and M/s Shashank Suvarnpathaki & Co, Chartered Accountants respectively and relied upon by us.

i) Statement of Capital and other Commitments, as restated, included in Annexure V(3)
ii) Statement of Leases, as restated, included in Annexure V(4)
iii) Statement of Employee Benefits, as restated, included in Annexure V(5)
iv) Statement of Compliance with Micro, Small and Medium Enterprises Development Act, 2006, as restated, included in Annexure V(6)
v) Statement of expenditure in foreign currency, as restated, included in Annexure V(7)
vi) Statement of Reconciliation of Shares outstanding at the beginning and at the end of the year, as restated, included in Annexure VI
vii) Statement of Reserves and Surplus, as restated, included in Annexure VII
viii) Statement of Share Application Money Pending Allotment, as restated, included in Annexure VIII
ix) Statement of Long Term Provisions, as restated, included in Annexure IX
x) Statement of Long Term Borrowings, as restated, included in Annexure X
xi) Statement of Short Term Borrowings, as restated, included in Annexure XI
xii) Statement of Trade Payable, as restated, included in Annexure XII
xiii) Statement of Other Current Liabilities, as restated, included in Annexure XIII
xiv) Statement of Short-Term Provisions, as restated, included in Annexure XIV
xv) Statement of Non Current Investments, as restated, included in Annexure XV
xvi) Statement of Long Term Loans and Advances, as restated, included in Annexure XVI
xvii) Statement of Trade Receivables, as restated, included in Annexure XVII
xviii) Statement of Short-Term Loans and Advances, as restated, included in Annexure XVIII
xix) Statement of Revenue from Operations, as restated, included in Annexure XIX
xx) Statement of Cost of Materials Consumed, as restated, included in Annexure XIXA
xxi) Statement of Purchase of Stock-In-Trade, as restated, included in Annexure XIXB
xxii) Statement of Other Income, as restated, included in Annexure XX
xxiii) Statement of Rates and Amount of Dividend, as restated, included in Annexure XXI
xxiv) Statement of Accounting Ratios, as restated, included in Annexure XXII
xxv) Statement of Tax Shelter, as restated, included in Annexure XXIII
xxvi) Statement of Related Party Transactions, as restated, included in Annexure XXIV
xxvii) Statement of Contingent Liabilities, as restated, included in Annexure XXV
xxviii) Capitalisation Statement, as restated, included in Annexure XXVI

4. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firms of Chartered Accountants, nor should this report be construed as an opinion on any of the financial statements referred to herein.

5. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

6. In our opinion, the above Restated Standalone Financial Information contained in Annexure I to XXVI of this report read along with the Significant Accounting Policies and Notes to the Restated Standalone Financial Information (Refer Annexure V) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable, SEBI Regulations and the Guidance note, as amended from time to time, and in terms of our engagement as agreed with you.

7. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity Shares of the Company by way of fresh issue and / or an offer for sale by the existing shareholders. Our report should not be used, referred to or distributed for any other purpose except with our consent in writing.

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

Chartered Accountants

Firm registration number: 101248W/ W-100022

Juzer Miyajiwala

Partner

Membership No.: 047483

Pune

Date: 24 June 2015

Annexure I:- Restated Standalone Summary Statement of Assets and Liabilities

(Rs. in million)

Sr no	Particulars	Annexures	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
A.	**Equity & Liabilities**						
	Shareholder's Funds						
	(a) Share capital	VI	714.28	271.38	167.93	2.99	299.60
	(b) Reserves and Surplus	VII	1,638.85	2,048.63	1,493.77	531.58	207.71
			2,353.13	**2,320.01**	**1,661.70**	**534.57**	**507.31**
	(c) Share Application Money Pending Allotment	VIII	-	-	-	-	11.11
B.	**Non-current liabilities**						
	(a) Long-term Provision	IX	9.22	5.72	3.83	1.63	0.98
	(b) Long term Borrowings	X	844.35	409.68	180.08	841.49	199.69
	(c) Deferred tax liabilities (Net)		62.84	65.05	40.86	44.06	36.13
			916.41	**480.45**	**224.77**	**887.18**	**236.80**
C.	**Current liabilities**						
	(a) Short-term borrowings	XI	550.68	531.73	381.48	403.69	298.00
	(b) Trade payables	XII	496.63	384.04	195.79	311.28	380.29
	(c) Other current liabilities	XIII	411.17	251.43	75.99	164.85	160.33
	(d) Short-term provisions	XIV	10.37	2.17	9.33	5.00	23.13
			1,468.85	**1,169.37**	**662.59**	**884.82**	**861.75**
	Total (A+B+C)		**4,738.39**	**3,969.83**	**2,549.06**	**2,306.57**	**1,616.97**
D.	**Non-current assets**						
	(a) Fixed assets:						
	Tangible assets		1,258.26	1,363.26	515.98	540.02	487.70
	Intangible assets		8.97	1.70	3.21	3.58	0.44
	Capital work-in-progress		12.65	5.11	-	218.96	127.58
			1,279.88	**1,370.07**	**519.19**	**762.56**	**615.72**
	(b) Non-current investments	XV	1.70	1.70	176.00	3.80	0.00*
	(c) Long-term loans and advances	XVI	1,608.98	1,885.43	1,316.29	814.22	244.30
	(d) Other Non-Current assets		4.70	-	-	11.22	-
			2,895.26	**3,257.20**	**2,011.48**	**1,591.80**	**860.02**
E.	**Current assets**						
	(a) Inventories		240.36	189.57	153.34	121.71	124.19
	(b)Trade receivables	XVII	754.96	333.41	309.44	307.90	262.65

Sr no	Particulars	Annexures	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
	(c) Cash and cash equivalents		198.47	23.61	21.46	6.46	2.21
	(d) Short-term loans and advances	XVIII	601.47	162.81	41.00	245.16	367.90
	(e) Other current assets		47.87	3.23	12.34	33.54	-
			1,843.13	**712.63**	**537.58**	**714.77**	**756.95**
	Total (D+E)		**4,738.39**	**3,969.83**	**2,549.06**	**2,306.57**	**1,616.97**

* These are non zero numbers rounded off in millions upto two decimal points.

Note:

The above statement should be read with the notes to restated standalone summary Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement in Annexure IV and Annexure V.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors of Prabhat Dairy Limited

Sarangdhar R Nirmal
Chairman cum Managing Director

Vivek S Nirmal
Joint Managing Director

Juzer Miyajiwala
Partner
Membership No.: 047483
Place: Pune
Date: June 24, 2015

Keyur Shah
Chief Financial Officer
Date: June 24, 2015

Priya Nagmoti
Company Secretary

Annexure II: Restated Standalone Summary Statement of Profit and Loss

(Rs. in million)

Sr no.	Particulars	Annexure	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
A.	**Revenues**						
	(a) Revenue from operations	XIX	8,743.15	7,795.86	5,609.94	4,655.46	2,865.71
	(b) Other income	XX	5.59	3.76	2.93	3.46	2.50
	Total revenue		**8,748.74**	**7,799.62**	**5,612.87**	**4,658.92**	**2,868.21**
B.	**Expenses**						
	(a) Cost of materials consumed	XIX A	7,266.82	6,581.79	4,730.72	2,547.59	2,445.26
	(b) Purchase of traded goods	XIX B	242.14	287.68	330.96	1,551.30	27.44
	(c) Changes in inventories of finished goods and work in progress and stock in trade		(37.47)	(14.54)	(41.53)	14.70	(28.26)
	(d) Employee benefits expense		216.28	154.42	76.71	66.26	28.33
	(e) Finance costs		190.50	143.07	100.79	104.38	57.54
	(f) Depreciation and amortisation expense		165.26	156.00	68.35	57.44	36.38
	(g) Other expenses		634.88	450.78	301.69	271.28	181.69
	Total expenses		**8,678.41**	**7,759.20**	**5,567.69**	**4,612.95**	**2,748.38**
C.	**Restated Profit before tax**		**70.33**	**40.42**	**45.18**	**45.97**	**119.83**
D.	**Tax expense/(credit):**						
	Current tax		33.65	8.20	19.03	9.40	26.53
	MAT credit recognition		-	(7.55)	-	(2.09)	(14.95)
	Deferred tax expense/(credit)		(2.21)	14.35	(3.21)	7.94	13.44
	Restated Profit after tax		**38.89**	**25.42**	**29.36**	**30.72**	**94.81**

Note:

The above statement should be read with the notes to restated standalone summary Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement in Annexure IV and Annexure V.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors of Prabhat Dairy Limited

Sarangdhar R Nirmal
Chairman cum Managing

Vivek S Nirmal
Joint Managing

	Director	*Director*
Juzer Miyajiwala *Partner* Membership No.: 047483 Place: Pune Date: June 24, 2015	**Keyur Shah** *Chief Financial Officer* Date: June 24, 2015	**Priya Nagmoti** *Company Secretary*

Annexure III: Restated Standalone Summary Statement of Cash Flows Statement

(Rs. in million)

Sr no.	Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
A.	**CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES**					
	Profit before taxation (as restated)	70.33	40.42	45.18	45.97	119.83
	NON CASH ADJUSTMENT					
	Depreciation and amortization expense	165.26	156.00	68.34	57.43	36.38
	Finance cost	190.50	143.07	100.79	104.38	57.53
	(Profit) on sale of assets (net)	-	(0.26)	-	-	-
	Interest income	(2.36)	(1.49)	(2.04)	(2.46)	(1.43)
	Operating profit before working capital changes (as restated)	**423.73**	**337.74**	**212.27**	**205.30**	**212.31**
	Adjustments for :-					
	Increase in long term loans and advances	(347.58)	(26.83)	(26.55)	(1.12)	(6.65)
	(Increase) / decrease in inventories	(50.79)	(29.35)	(31.63)	2.47	(21.70)
	(Increase) / decrease in trade receivables	(421.55)	104.23	(1.25)	(45.25)	(123.46)
	(Increase) / decrease short term loans and advances	(51.85)	(132.42)	215.97	132.55	(171.51)
	Increase in long term provisions	3.51	1.73	2.20	0.64	0.42
	Decrease in other current assets	-	16.00	-	-	-
	Increase / (decrease) in trade payables	112.59	(0.86)	(115.88)	(69.03)	144.94
	Increase in other current liabilities	198.55	65.92	1.37	8.91	0.66
	Decrease in short term provisions	2.39	0.06	1.20	0.08	0.01
		(554.73)	**(1.52)**	**45.43**	**29.27**	**(177.29)**
	Cash flow from operations	(131.00)	336.22	257.70	234.57	35.02
	Income Tax paid	(10.52)	(14.21)	(10.32)	(28.07)	(9.89)
	Net cash generated from/(used in) operating activities (A)	**(141.52)**	**322.01**	**247.38**	**206.50**	**25.13**
B.	**CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES**					
	Purchase of fixed assets including capital advances	(72.67)	(161.08)	(110.24)	(318.12)	(378.17)
	Proceeds from sale of tangible and intangible fixed assets	-	0.64	-	-	-
	Capital subsidy received	2.50	-	-	-	-
	Proceeds / (Purchase) of	-	(0.50)	0.02	(3.80)	-

Sr no.	Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
	investments					
	Bank / NBFC deposits not considered as Cash and cash equivalents					
	- Placed	(25.34)	(1.60)	(4.54)	(45.61)	(2.81)
	- Matured	5.60	-	34.13	0.81	2.27
	Long term loans and advances given	-	(682.34)	(735.42)	(517.07)	-
	Realisation of long term loans and advances given	222.70	-	-	-	-
	Short term loans and advances given.	-	-	(804.41)	(919.55)	(796.03)
	Realisation of short term loans and advances given	-	-	793.28	909.72	784.23
	Interest received	2.55	2.72	0.93	2.46	1.43
	Net cash generated from/(used in) investing activities (B)	**135.34**	**(842.16)**	**(826.25)**	**(891.16)**	**(389.08)**
C.	**CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES**					
	Share application money (refunded)	-	-	-	(11.11)	-
	Proceeds from issue of equity shares	-	-	-	-	267.61
	Proceeds from issue of preference shares	-	600.00	800.00	-	-
	Redemption of preference shares	-	-	-	(3.45)	-
	Proceeds from short term borrowings (net)	18.94	102.62	-	105.69	27.99
	Proceeds from long-term borrowings	402.63	63.72	9.66	731.52	124.79
	Repayment of short Term borrowings (net)	-	-	(22.21)	-	-
	Repayment of long-term borrowings	-	(114.52)	(93.67)	(34.54)	(8.89)
	IPO Related Advances	(26.68)	-	-	-	-
	Prepaid Expenses	(6.35)	-	-	-	-
	Finance cost paid	(196.16)	(143.13)	(103.87)	(99.22)	(57.54)
	Dividend Paid including dividend distribution tax	(5.74)	-	-	(0.01)	(0.01)
	Net cash generated from financing activities (C)	**186.64**	**508.69**	**589.91**	**688.88**	**353.95**
D.	**Net Increase/(Decrease) in cash and cash equivalents (A+B+C)**	**180.46**	**(11.46)**	**11.04**	**4.22**	**(10.00)**
E.	**Cash and cash equivalents at the beginning of the year**	17.47	28.93*	5.88	1.66	11.66
F.	**Total cash and cash equivalents at the end of the**	**197.93**	**17.47**	**16.92**	**5.88**	**1.66**

Sr no.	Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
	year (D+E)					
	Note : Cash and cash equivalents as at the year-end includes:					
	Cash on hand	5.92	9.31	15.26	3.07	0.70
	Balances with banks:					
	On current accounts	192.01	8.16	1.66	2.81	0.96
	Cash and cash equivalents as per the cash flow statement	**197.93**	**17.47**	**16.92**	**5.88**	**1.66**

***** The opening balance as on 1st April 2013 includes cash and cash equivalents of Prabhat Nutritious and Frozen Foods Industries Private Limited of Rs 12.01 million which was merged with Prabhat Dairy Limited (*formerly Prabhat Dairy Private Limited*) with effect from 1 April 2013.

Notes:

1. Figures in brackets indicate cash outflow.
2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.
3. The cash flow statement has been prepared in accordance with indirect method as set out in the Accounting Standard (‘AS-3’) on cash flow statements prescribed in Companies (Accounting Standard) Rules, 2006.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors of Prabhat Dairy Limited

Sarangdhar R Nirmal
Chairman cum Managing Director

Vivek S Nirmal
Joint Managing Director

Juzer Miyajiwala
Partner
Membership No.: 047483
Place: Pune
Date: June 24, 2015

Keyur Shah
Chief Financial Officer
Date: June 24, 2015

Priya Nagmoti
Company Secretary

Annexure IV: Notes on Material Adjustments

a) The summary of results of restatement made in the audited standalone financial statements for the respective years and its impact on the profit/ (loss) of the Company is as follows:

(Rs. in million)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Net profit as per audited financial statements (A)	36.01	30.95	20.20	26.43	103.43
Adjustments to net profit as per audited financial statements					
a. Other material adjustment (refer note 2)	3.54	4.78	(0.19)	1.42	(5.11)
b (i). Current tax over and under provision (refer note 3)	(5.96)	2.71	1.62	3.25	(4.49)
(ii). Restatement of deferred tax over and under provision (refer note 3)	5.30	(11.41)	7.73	(0.38)	(0.63)
(iii). Deferred tax impact of other material adjustment in note no 2 below (refer note 3)	-	(1.61)	-	-	1.61
Total of adjustments (B)	**2.88**	**(5.53)**	**9.16**	**4.29**	**(8.62)**
Restated profit (A + B)	**38.89**	**25.42**	**29.36**	**30.72**	**94.81**

*** Notes**

A positive figure represent addition and figures in bracket represent deletion to the corresponding head in the audited financial statement for respective years to arrive at the restated numbers.

b) The summary of restatement made in the audited standalone financial statements for the respective years and its impact on the balance sheet of the Company is as follows:

(Rs. in million)

Sr. No	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
	Non Current Assets					
1	**Non Current Investments**	**-**	**-**	**-**	**-**	**(85.56)**
	Regrouping of following items done:					
	Long Term Loans and Advances (Refer Note 6)	-	-	-	-	85.02

Sr. No	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
	Other Non- Material regroupings	-	-	-	-	0.54
2	**Long Term Loans and Advances**	**-**	**-**	**7.10**	**3.89**	**198.36**
	Regrouping of following items done:					
	Non Current Investments (Refer Note 6)	-	-	-	-	(85.02)
	Trade Payables (Refer Note 3 & 10)	-	-	-	(3.57)	(112.24)
	Trade Receivables (Refer Note 7)	-	-	-	-	(1.00)
	Short Term Loans and Advances (Refer Note 15)	-	-	(7.10)	-	-
	Other Non Material regroupings	-	-	-	(0.32)	(0.10)
3	**Other Non Current Assets**	**-**	**-**	**-**	**11.22**	**-**
	Regrouping of following items done:					
	Cash & Bank Balance (Refer Note 11)	-	-	-	(11.22)	-
	Current Assets					
4	**Cash & Bank Balance**	**-**	**-**	**-**	**(11.22)**	**0.54**
	Regrouping of following items done:					
	Other Non Current Assets (Refer Note 11)	-	-	-	11.22	-
	Other Non Material regroupings	-	-	-	-	(0.54)
5	**Short Term Loans and Advances**	**-**	**-**	**(7.10)**	**234.17**	**313.98**
	Regrouping of following items done:					
	Trade Payables (Refer Note 4)	-	-	-	(243.47)	(313.53)
	Long term Loans and Advances (Refer Note 15)	-	-	7.10	-	-
	Long Term Borrowings (Refer Note 12)	-	-	-	9.62	-
	Other Non Material regroupings	-	-	-	(0.32)	(0.45)
6	**Trade Receivable**	**-**	**-**	**-**	**5.26**	**2.75**

Sr. No	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
	Regrouping of following items done:					
	Other Current Liabilities (Refer Note 5)	-	-	-	(5.26)	(2.23)
	Long term Loans and Advances (Refer Note 7)	-	-	-	-	(1.00)
	Other Non Material regroupings	-	-	-	-	0.48
	Non - Current Liabilities					
7	**Long Term Borrowings**	**-**	**-**	**-**	**145.44**	**-**
	Regrouping of following items done:					
	Other Current Assets (Refer Note 12)	-	-	-	(9.62)	-
	Other Current Liabilities (Refer Note 13 & 14)	-	-	-	(35.13)	-
	Short Term Borrowings (Refer Note 8)	-	-	-	(100.69)	-
	Current Liabilities					
8	**Trade Payables**	**-**	**-**	**-**	**(277.60)**	**(417.14)**
	Regrouping of following items done:					
	Short Term Borrowings (Refer Note 1)	-	-	-	-	(8.11)
	Other Current Liabilities (Refer Note 2)	-	-	-	33.47	-
	Long term Loans and Advances (Refer Note 3)	-	-	-	-	112.24
	Short term Loans and Advances (Refer Note 4)	-	-	-	243.47	313.53
	Other Non Material regroupings	-	-	-	0.66	(0.52)
9	**Short Term Borrowings**	**-**	**-**	**-**	**(100.69)**	**(8.11)**
	Regrouping of following items done:					
	Trade Payable (Refer Note 1)	-	-	-	-	8.11
	Long Term Borrowings (Refer Note 8)	-	-	-	100.69	-

Sr. No	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
10	**Other Current Liabilities**	**-**	**-**	**-**	**2.57**	**2.23**
	Regrouping of following items done:					
	Long Term Loans and Advances (Refer Note 9 & 10)	-	-	-	0.93	-
	Trade Payables (Refer Note 2)	-	-	-	(33.47)	-
	Trade Receivables (Refer Note 5)	-	-	-	(5.26)	(2.23)
	Long Term Borrowings (Refer Note 13 & 14)	-	-	-	35.13	-
	Other Non Material regroupings	-	-	-	0.10	-

Note:

1) Regrouping of Rs 8.11 million for the Financial Year ended 31 March 2011 from Trade Payables to Short Term Borrowings.

2) Regrouping of Rs 33.47 million for Financial Year ended 31 March 2012 from Other Current Liabilities i.e. Capital Creditors to Trade Payables.

3) Regrouping of Rs 112.24 million for the Financial Year ended 31 March 2011 from Trade Payables to Long term Loans and Advances i.e. Capital Advances (grossing up).

4) Regrouping of Rs 243.47 million and Rs 313.53 million for the year ended 31 March 2012 and 31 March 2011 respectively from Trade Payables to Advance to Suppliers (grossing up).

5) Regrouping of Rs 5.30 million for the Financial Year ended 31 March 2012 and Rs 2.22 million for the Financial Year ended 31 March 2011 from Trade Receivables to Other Current Liabilities i.e. Advance from Customer (Grossing Up).

6) Regrouping of Rs 85.02 million for the Financial Year ended 31 March 2011 from Investments to Long Term Loans and Advances (Related Party).

7) Regrouping of Rs 1.00 million for the Financial Year ended 31 March 2011 from Trade Receivables to Long Term Loans and Advances i.e. Capital Advances.

8) Regrouping of Rs 100.70 million for the Financial Year ended 31 March 2012 from Long Term Borrowings to Short Term Borrowings.

9) Regrouping of Rs 2.60 million for the Financial Year ended 31 March 2012 from Statutory Liabilities to VAT Receivable

10) Regrouping of Rs 3.60 million for the Financial Year ended 31 March 2012 from Other Current Liabilities to Long term Loans and Advances i.e. Capital Advances (grossing up).

11) Regrouping of Rs 11.22 million for the Financial Year ended 31 March 2012 from Cash and Bank Balances to Other Non Current Assets being FD's with Financial Institutions and Interest Accrued on the same.

12) Regrouping of Rs 9.62 million for the Financial Year ended 31 March 2012 from Other Current Asset to Long Term Borrowings.

13) Regrouping of Rs 5.15 million for the Financial Year ended 31 March 2012 from Long Term Borrowings to Other Current Liabilities being Interest Accrued and due on borrowings.

14) Regrouping of Rs 29.97 million for the Financial Year ended 31 March 2012 from Long Term Borrowings to Other Current Liabilities i.e. Current Maturity of Long Term Borrowings.

15) Regrouping of Rs 7.10 million for the Financial Year ended 31 March 2013 from Short Term Loans and Advances to Long Term Loans and Advances.

1. Presentation and disclosure of financial statement

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956 ('the Act') has become applicable to the Company for preparation and presentation of its financial statements. Accordingly, the Company has prepared the financial statements for the year ended 31 March 2012 onwards in accordance with Revised Schedule VI of the Act. The adoption of Revised Schedule VI of the Act does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has reclassified the figures for the year ended 31 March 2011 in accordance with the requirements of Revised Schedule VI of the Act, to the extent possible.

2. Other Material Adjustments:

(Rs. in million)

Particulars	**For the Year ended 31st March, 2015**	**For the Year ended 31st March, 2014**	**For the Year ended 31st March, 2013**	**For the Year ended 31st March, 2012**	**For the Year ended 31st March, 2011**
VAT Disallowed	2.04	(0.68)	(0.57)	2.45	(0.36)
Bad debts / Provision for doubtful debts	1.50	0.50	0.45	(0.86)	(0.35)
Provision for doubtful debts (Capital Advance)	-	5.00	-	-	(5.00)
Revenue from operations	-	-	10.86	-	-
Other income	-	-	(10.86)	-	-
Others	-	(0.04)	(0.07)	(0.17)	0.60
Total	**3.54**	**4.78**	**(0.19)**	**1.42**	**(5.11)**

a. VAT Disallowed:

For the years ended 31 March 2015, 2014, 2013, 2012 and 2011, the Company has recognised VAT disallowances which pertained to the previous years. The Company, on restatement, has recognised the expenses in the financial statements of the respective years.

b. Bad debts / Provision for doubtful debts:

Provision for bad / doubtful debts has been made in the Statement of Profit and Loss in the year in which uncertainty as to the ultimate collection of outstanding amount arose. But for the purpose of Statement of Profit and Loss, as restated, provision for bad/ doubtful debts and bad debts written off are considered in the years in which amount of revenue was recognised.

c. Reclassification of Other income

During the year ended 31 March 2013, the Company has recognised revenue earned from letting of plant facility and other services in other income. The Company, on restatement, has grouped the same under revenue from sale of services.

3. Tax adjustment:

Short or excess provision of current tax / deferred tax accounted in each of the financial years has been adjusted in the respective financial years for which the taxes were under or over provided.

Deferred tax has been restated in accordance with the impact of other material adjustment in note no 2 above.

(Rs. in million)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Restatement of current tax over and under provision	(5.96)	2.71	1.62	3.25	(4.49)
Restatement of deferred tax over and under provision	5.30	(11.41)	7.73	(0.38)	(0.62)
Deferred tax impact of other material adjustment in note no 2 above.	-	(1.61)	-	-	1.61
Total	**(0.66)**	**(10.31)**	**9.35**	**2.87**	**(3.50)**

4. a) Material Regrouping:

Appropriate adjustments have been made in the restated standalone summary Statements of Assets and Liabilities, Profit and Loss and Cash Flows, wherever required, by a reclassification of the corresponding items of assets, liabilities, income, expenses and cash flows in order to bring them in line with the regroupings as per the audited financials of the Company for the year ended 31st March, 2015 prepared in accordance with Schedule III of Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

b) Schemes of arrangement entered into by the Company or its subsidiaries during the period covered by the restated standalone financial statement:

Prabhat Agri Project Development Private Limited (PAPDPL), wholly owned subsidiary of the Company and Prabhat Nutritious And Frozen Foods Industries Private Limited (PNFFIPL), wholly owned subsidiary of PAPDPL, have been amalgamated with the Company with effect from the closing business hours of 31st March 2013 ('First Appointed Date') and the opening business hours of 1st April 2013 ('Second Appointed Date') respectively as per the Scheme of Amalgamation approved by the Hon'able Mumbai High Court vide its Order dated 25th July 2014 which has become effective from 15th September 2014 ('Effective Date').

Pursuant to the aforesaid amalgamation, all the assets and liabilities including reserves of PAPDPL and PNFFIPL have been merged with the assets and liabilities including reserves of the Company at book value with effect from the First Appointed Date and the Second Appointed Date, respectively. Pursuant to this, all the transactions by the Company, PAPDPL and PNFFIPL inter-se during the year from the First Appointed Date and the Second Appointed Date respectively and 15th September 2014, have been considered to be carried on behalf of the Company itself and no separate disclosures in relation to the same have been made in these restated financial statements.

The assets, liabilities and reserves of PAPDPL and PNFFIPL have been recorded at their book values in the books of Prabhat Dairy Private Limited (PDPL) on amalgamation as on 31 March 2013 and 1 April 2013 respectively, in accordance with the ‘Pooling of Interests method’ stated in Accounting Standard 14- Accounting for Amalgamations.

5. Restatement adjustments made in the audited opening balance figure of the net reserve & surplus as at April 1, 2010:

(Rs. in million)

Particulars	Rs.	Rs.
Net reserve & surplus as at April 1, 2010 as per audited financial statements	-	115.10
Adjustments	-	-
a. Other material adjustment (Refer note 2 above)	(4.44)	-
b. Current/deferred tax adjustment (Refer note 3 above)	2.25	-
Sub-Total	-	(2.19)
Net surplus in the statement of profit and loss as at April 1, 2010 as restated	-	**112.91**

6. Non - adjusting items:

For the financial years ended 31 March 2013, 31 March 2012 and 31 March 2011, financial statements were audited by firms other than B S R & Co LLP.

For the financial years ended 31 March 2014, 31 March 2013, 31 March 2012 and 31 March 2011, in addition to the audit opinion on the financial statements, the auditors were required to comment upon the matters included in the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India under sub section (4A) of Section 227 of the Act.

For the financial years ended 31 March 2015 in addition to the audit opinion on the financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2015 (CARO - 2015) issued by the Central Government of India under sub section 11 of Section 143 of the Companies Act, 2013. Certain statements / comments included in audit opinion on the financial statements, CARO and CARO - 2015, which do not require an adjustment in the restated summary financial information are reproduced below in respect of the financial statements presented:

(i) Financial Year ended 31st March 2015

Companies (Auditor's Report) Order, 2015

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee’s State Insurance, Income Tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for certain delays in payment of Provident fund, Profession tax, Service tax and duty of Excise ranging from 1 to 176 days.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees’ State Insurance, Income tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax and other statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable other than those stated below:

Name of the statute	Nature of the dues	Amount	Period to which amount relates	Due date	Date of payment
The Finance Act, 1994	Service tax	0.01	June 2014	6-Jul-14	14-May-15

b) According to the information and explanations given to us there are no dues of Income tax or Sales tax or Wealth tax or Service tax or duty of Customs or duty of Excise or Value added tax which have not been deposited with the appropriate authorities on account of disputes other than those stated below:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (In million)	Amount paid under protest (In million)	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	AY 2007-08	1.61	-	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2009-10	2.83	1.90	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2011-12	1.70	-	Deputy Commissioner of Income Tax, Ahmednagar
The Income Tax Act, 1961	Income tax	AY 2012-13	25.70	-	Commissioner of Income Tax (Appeals), Pune

(ii) Financial Year ended 31st March 2014

Emphasis of Matter - Main Audit Report

a) We draw attention to note 33 (reproduced below) of the financial statements regarding arrangements with private companies where directors of the Company are interested, where the Company has either made or is in the process of making the application for the approval of the Central Government under Section 297 of the Companies Act, 1956, which is pending.

Approval of Central Government under section 297 of the Companies Act, 1956

During the year, the Company has entered into the following transactions with the parties covered u/s 297 of the Companies Act, 1956 viz. Sunfresh Agro Industries Private Limited (SAIPL), 100% step down subsidiary of the Company in which Key Managerial Personnel are interested as Directors

(Rs. in million)

Name of the Transaction (1)	Total value of transactions for the period from 1 April 2013 to 31 March 2014 (2)	Total value of transactions for the period from 1 April 2013 to 30 Sept 2013 pursuant to compounding application filed with the vide SRN B91983064 dated 20/12/2013 (3)	Total value of transactions for the period from 1 Oct 2013 to 31 March 2014 pursuant to Central Government approval (4)	Total value of transactions for which approval of Central Government not obtained (5)
With Sunfresh Agro Industries Private Limited:				
Sale of Cream	543.30	-	-	543.30
Purchase of Milk	228.95	56.40	-	172.55
Purchase of Whole Milk Powder	280.59	-	-	280.59
Vehicles taken on lease from directors	3.30	-	-	3.30

The transactions in respect of purchase of milk have been carried out by the Company pursuant to agreements entered into by the Company with the aforesaid related parties at the time when there was no related party relationship between the parties as contemplated in section 297 of the Companies Act, 1956 (the Act). However, during the previous year, as a matter of caution, the Company had obtained the approval of Central Government u/s 297 of the Act for the transactions for purchase of milk.

Further, prior approval of the Central Government u/s 297 of the Act was required to be obtained for the transactions entered into by the Company in respect of items other than milk not covered by the agreement referred above.

For the transactions pertaining to the period from 1 April 2013 to 30 September 2013, the Company has submitted an application vide SRN B91983064 dated 20 December 2013 for compounding of offence u/s 297 of the Act to Regional Director and the said application is pending for approval by Regional Director. For the transactions for the period from 1 October 2013 to 31 March 2014, where the total value of transactions for which Central Government approval is not obtained as mentioned in column (5), the Company is in the process of filing an application for compounding of offence u/s 297 of the Act to the Regional Director.

In addition to the above, the Company has filed an application for compounding of offence u/s 297 for the transactions pertaining to 1 April 2012 to 31 March 2013, which is pending for approval by Regional Director as of 31 March 2014.

Companies (Auditor's Report) Order, 2003

a) The Company has maintained proper records showing full particulars, including situation of fixed assets *except for records relating to certain details of additions during the year*, which based on the information and explanations given to us, are in the process of being updated.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Employee's State Insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Sales tax, Service tax, Wealth tax, Customs duty, Excise duty and other material statutory dues were in arrears, as at 31 March 2014, for a period of more than six months from the date they became payable, *except as disclosed below:*

Name of Statute	*Nature of Dues*	*Amount due (Rs.)*	*Amount paid (Rs.)*	*Due Date of payment*	*Date of payment*
Income Tax Act, 1961	*Tax deducted at source under section 194 A*	*0.90*	*0.90*	*30-04-2013*	*30-04-2014*
Income Tax Act, 1961	*Advance tax*	*0.82*	*Nil*	*Various*	-

c) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Wealth tax, Customs Duty and Excise Duty which have not been paid with the appropriate authorities on account of any dispute, *except as disclosed below:*

Name of Statute	*Nature of Dues*	*Amount (Rs. in million)*	*Amount paid under protest (Rs. in million)*	*Net Amount (Rs. in million)*	*Period to which the amount relates*	*Forum where dispute is pending*
Income Tax Act, 1961	*Income Tax and Penalties*	*2.83*	*1.90*	*0.93*	*2008-09*	*Commissioner of Income Tax, Pune*
Income Tax Act, 1961	*Income Tax and Penalties*	*2.70*	*2.00*	*0.70*	*2009-10*	*Commissioner of Income Tax, Pune*

d) *According to the information and explanations given to us, and on an overall examination of the Balance sheet of the Company, there are funds aggregating to Rs. 332.04 million raised on short term basis, which have been used for long term investment.*

(iii) Financial Year ended 31st March 2013

Qualification - Main Audit Report

Cash on hand as at 31st March 2013 aggregating to Rs. 8.08 million could not be physically verified by us. Based on the explanations provided to us and as stated in note no. 41 (reproduced below) of the financial statements, the said cash was held with certain Promoter Directors of the Company and has been accordingly confirmed by the respective directors. However, in the absence of appropriate accounting records indicating so, we are unable to express an opinion regarding the existence of the said cash as on that date and the consequential effect thereof on these financial statements.

Note 41:- Cash held with Promoter Director

Cash in hand as on 31st March' 2013 includes cash balance of Rs. 8.08 million lying with Promoter Directors. The Company procures milk through various channels including direct purchase of milk in small quantities from a large number of farmers on a day to day basis. Payments to farmers supplying milk to the Company are generally made in cash and this is the normal practice in the dairy industry. Timely and convenient means of payment to farmers are critical factors for ensuring regular supply of quality milk to the Company. In view of the above, it is normal practice and a genuine business requirement for dairy engaged in direct milk procurement from small farmers, to keep ready cash (as a thumb rule, cash equivalent of about three days of milk purchased price) in the Company premises. From risk management point of view, such large amount of cash is kept partly in the locker in the cashier's room and partly with the Company's promoter directors residing in the Company premises only.

<u>Emphasis of Matter - Main Audit Report</u>

a) Note No. 31 (reproduced below) of the financial statements regarding arrangements with private companies where directors of the Company are interested, where the Company has made application for the approval of the Central Government under Section 297 of the Companies Act, 1956, which is pending.

Note 31:- **Approval of Central Government under section 297 of the Companies Act, 1956:**

During the year, the Company has entered into the following transactions with the parties covered u/s 297 of the Companies Act, 1956 viz. Sunfresh Agro Industries Private Limited (SAIPL) and Prabhat Nutritious & Frozen Food Industries Private Limited (PNFFIPL), 100% step down subsidiaries of the Company in which KMP are interested as Directors:

Nature of Transactions	Total value of transactions during the period from 1st April, 2012 to 31st March, 2013	Total value of transactions from 1st April, 2012 to 20th August, 2012 pursuant to Agreements executed in the year 2010 & 2011	Total value of transactions from 21st August, 2012 to 31st March, 2013 pursuant to Central Govt. approval u/s 297 of the Companies Act, 1956	Total value of transactions for which approval of Central Government not obtained

Nature of Transactions	Total value of transactions during the period from 1st April, 2012 to 31st March, 2013	Total value of transactions from 1st April, 2012 to 20th August, 2012 pursuant to Agreements executed in the year 2010 & 2011	Total value of transactions from 21st August, 2012 to 31st March, 2013 pursuant to Central Govt. approval u/s 297 of the Companies Act, 1956	Total value of transactions for which approval of Central Government not obtained
Sale of milk	2,919.68	754.80	2,029.26	135.62
Sale of Diesel	0.81	-	-	0.81
Sale of Ghee	0.07	-	-	0.07
Purchase of Cream	11.26	-	-	11.26
Purchase of Dairy Whitener	0.08	-	-	0.08
Purchase of Juice	2.93	-	-	2.93
Purchase of processed i.e. standard milk	340.38	-	-	340.38
Purchase of SCM	278.34	-	-	278.34
Purchase of Sugar	43.45	-	-	43.46
Availing services	0.30	-	-	0.30
With Prabhat Nutritious & Frozen Food Industries Pvt. Ltd. (PNFFIPL)				
Sale of milk	790.93	232.24	552.33	6.36
Sale of SMP	0.17	-	-	0.17
Purchase of Cream	2.08	-	-	2.08

The transactions in respect of sale of milk which have been mentioned in the above table in column (3) have been carried out by the Company pursuant to agreements entered into by the Company with the aforesaid related parties at the time when there was no related party relationship between the parties as contemplated in section 297 of the Companies Act, 1956 (the Act). However, during the previous year, as a matter of caution, the Company had obtained the approval of Central Government u/s 297 of the Act for the transactions for sale of milk upto the limits as mentioned in column (4) in above table. However, the Company has carried out the transactions exceeding the limits so approved by an amount as mentioned in column (5) in above table.

Further, prior approval of the Central Government u/s 297 of the Act was required to be obtained for the transactions entered into by the Company in respect of items other than milk not covered by the agreement referred above and as mentioned in column (1) for amount in column (5) above. However, the Company has not obtained the same.

Hence, subsequent to Balance Sheet date, the Company has submitted an application for compounding of offence under section 297 of the Act to Regional Director for all the transaction amounts as mentioned in column (5) above and the said application is pending for approval by Regional Director.

b) Note no. 42 (reproduced below) to the financial statements, which describes that, in the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification.

Note no. 42 : Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure except for the Cash Flow Statement. In the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified to correspond with current year's classification.

Companies (Auditor's Report) Order, 2003

a) The Company has maintained proper records showing full particulars, including situation of fixed assets *except for additions and quantitative details*, which based on the information and explanations given to us, are in the process of being updated.

b) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories *except for the quantitative item wise day to day production records*. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. *Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, we are unable to comment whether they are material.*

c) In our opinion and according to the information and explanations given to us, having regard to the explanations that most of the items purchased & some of the item sold are of special nature & suitable alternative sources are not readily available for obtaining comparable quotation, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to sale of goods and services. *However the Company does not have an adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of inventory and fixed asset.*

d) *The internal audit function carried out during the year by firm of Chartered Accountants appointed by the Management is not adequate to make it commensurate with the size of the Company and the nature of its business.*

e) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, having regard to our comments in paragraph (ii)(c) (reproduced below) above, the prescribed cost records are in the process of being updated. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ii) (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories *except for the quantitative item wise day to day production records*. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting there from the quantity of opening stock based on physical verification conducted as at the previous year end. *Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, we are unable to comment whether they are material.*

f) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Wealth tax, Custom Duty, Service Tax, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. *However the Company has not been regular in depositing Income Tax, Sales Tax, Works Contract Tax and Profession Tax dues with the appropriate authorities.* As explained to us, the Company was not required to deposit any amounts with the Investor Education and Protection Fund and the provisions of Employees State Insurance Act, 1948 are not applicable to the Company for the year ended 31st March 2013.

There were no undisputed amounts payable in respect of Provident Fund, Wealth tax, Custom Duty, Income-tax, Sales Tax, Service Tax, Excise Duty, Works Contract Tax, Profession Tax, Cess and other material statutory dues in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable *other than as given below:*

Statute	***Nature of Dues***	***Amount (Rs in million.)***	***Due Date***	***Date of Payment***
Maharashtra Value Added Tax Act, 2005	*Sales Tax*	*2.09*	*21st June 2012*	*24th September 2013*

g) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess *which have not been deposited as on 31st March, 2013 on account of disputes are given below:*

Name of Statute	***Nature of Dues***	***Forum where Dispute is Pending***	***Period to which the Amount Relates***	***Amount Involved (Rs. in million)***
Income Tax Act 1961	*Income Tax*	*Commissioner of Income Tax (Appeals)*	*F.Y. 2008-09 (A.Y. 2009-10)*	*1.33*
Income Tax Act 1961	*Income Tax*	*Commissioner of Income Tax (Appeals)*	*F.Y. 2009-10 (A.Y. 2010-11)*	*0.19*
Income Tax Act 1961	*Income Tax*	*Dy. Commissioner of Income Tax (Appeals)*	*F.Y. 20010-11 (A.Y. 2011-12)*	*1.52*

h) *In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that short term funds amounting to Rs.108.74 million have, prima facie, been used during the year for long-term investment.*

iv) Financial Year ended 31st March 2012

Qualification - Main Audit Report

a) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *save and except the Accounting Standard 15 on "Employee Benefits".*

7. Other Significant Notes

(i) Financial Year ended 31st March 2013

a) Note on transfer of Cheese Project to Sunfresh Agro Industries Private Limited

A 100% step down Subsidiary of the Company i.e. Sunfresh Agro Industries Private Limited (SAIPL) is availing the status of Mega Project under the Package Scheme of Incentives, 2007 framed by the Government of Maharashtra. As per the said scheme, on availing the status of Mega Project SAIPL will be eligible to claim refund /rebate of VAT, sales tax, exemption from payment of stamp duty, etc. For availing the Mega Status, SAIPL is required to make capital investment of Rs. 2,500 million after completion of which it will be eligible to avail the benefits. The Board of Directors at their meeting held on 10th August, 2012 decided to transfer the Cheese Manufacturing Project which was planned to be executed in the Company to be executed in SAIPL so that the investment criteria of Rs. 2,500 million can be achieved at the earliest. Accordingly capital advances of Rs. 315.90 million given to various vendors and interest of Rs. 80.75 million capitalized on such advances by the company thus aggregating to Rs. 396.64 million has been transferred from the Company to SAIPL. The said transfer is effected only by way of transfer of capital advances given to various vendors by the Company from the books of the Company to the books of SAIPL and the right to receive the equipments for the project directly from the Vendors has gone to SAIPL pursuant to the said transfer. The part of the above sale consideration is paid by SAIPL to the bankers of Company for loan taken by the Company for above project and balance is converted into long term unsecured loans to SAIPL.

(ii) Financial Year ended 31st March 2015

a) The Company Law Board has vide its order dated March 18, 2015 compounded the offence under section 297 of the Companies Act, 1956 for carrying out the following transactions with related parties by levying a compounding fee of Rs. 35,000 each on the Company, its Directors, namely, Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal, and its former Directors, namely, Kishor Ramchandra Nirmal and Arvind Jagannath Nirmal andthe said compounding fee has been duly paid by all of them:

(Rs. in million)

Related Party to the Transaction	Nature of Related Party	Nature of Transaction	Period of transactions		Total value for compounding
			1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	
Transactions by the Company with	100% step down subsidiary	Sale of Ghee to SAIPL	0.07	-	0.07
		Sale of Cream to	-	543.30	543.30

Related Party to the Transaction	Nature of Related Party	Nature of Transaction	Period of transactions		Total value for compounding
			1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	
Sunfresh Agro Industries Private Limited (SAIPL)		SAIPL			
		Purchase of std. milk from SAIPL	187.89	-	187.89
		Purchase of Cream from SAIPL	11.26	25.75	37.01
		Purchase of Dairy Whitener from SAIPL	0.08	-	0.08
		Purchase of Juice from SAIPL	2.93	-	2.93
		Purchase of SCM from SAIPL	278.34	-	278.34
		Purchase of Sugar from SAIPL	43.46	-	43.46
		Purchase of std. milk from SAIPL	152.49	-	152.49
		Purchase of Skimmed Milk Powder from SAIPL	-	19.68	19.68
		Purchase of milk from SAIPL	-	176.48	176.48
		Purchase of whole milk powder from SAIPL	-	280.59	280.59
		Services availed from SAIPL	0.50	-	0.50
Transactions with SAIPL by Prabhat Nutritious & Frozen Food Industries Pvt. Ltd. (PNFFIPL) now amalgamated with the Company	100% step down subsidiary	Sale of miscellaneous items to SAIPL	0.01	-	0.01
		Purchase of milk from SAIPL	278.95	74.37	353.33
		Purchase of Cream from SAIPL	-	59.68	59.68
		Purchase of Skimmed Milk Powder from SAIPL	-	112.01	112.01
		Other Purchases from SAIPL	-	0.07	0.07
Prabhat	100%	Sale of milk	6.35	-	6.35

Related Party to the Transaction	Nature of Related Party	Nature of Transaction	Period of transactions		Total value for compounding
			1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	
Nutritious & Frozen Food Industries Pvt. Ltd. (PNFFIPL) now amalgamated with the Company	step down subsidiary	to PNFFIPL			
		Sale of skimmed milk powder to PNFFIPL	0.17	-	0.17
		Sale of milk to PNFFIPL	0.01	-	0.01
		Purchase of Cream from PNFFIPL	2.08	-	2.08
Mr. Sarangdhar R. Nirmal	Chairman & Managing Director of the Company	Goods Transport Vehicles taken on rent	-	1.17	1.17
Mr. Kishor R. Nirmal	Executive Director of the Company	Goods Transport Vehicles taken on rent	-	0.88	0.88
Mr. Arvind J. Nirmal	Executive Director of the Company	Goods Transport Vehicles taken on rent	-	1.25	1.25

Annexure V: Notes on adjustments for standalone restated financial statements

1. Background

Prabhat Dairy Limited (formerly known as Prabhat Dairy Private Limited) ("PDL" or "the Company") was incorporated on 25 November 1998 as a Private Limited Company and was converted to a Public Limited Company on 19 March 2015. The Company is engaged in the business of sale of milk and milk products like Ghee, Flavored Milk, Skimmed Milk Powder, Whole Milk Powder and Sweet and Condensed Milk etc. It caters to the needs of retail as well as the industrial trade sector.

In accordance with the Scheme of Amalgamation approved by the Hon'able Mumbai High Court on 25 July 2014, Prabhat Agri Projects Development Private Limited and Prabhat Nutritious and Frozen Foods Industries Private Limited (hereinafter referred to as 'erstwhile Prabhat Agri Projects Development Private Limited' and 'erstwhile Prabhat Nutritious and Frozen Foods Industries Private Limited' or "transferor companies") were merged with the Company with effect from 1 April 2013 *(also refer note 35)*.

The 'erstwhile Prabhat Agri Projects Development Private Limited was engaged in the business of rendering professional /consultancy services to its customers. The 'erstwhile Prabhat Nutritious and Frozen Foods Industries Private Limited was engaged in the business of manufacturing and sale of milk and milk products like pouch milk, loose milk, curd, ice cream etc. Consequent to the merger, the business of transferor companies is being carried by the Company.

2. Significant accounting policies

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

(The Company adopted Accounting Standard 15 (AS 15)- Employee Benefits for defined benefit plans from the financial year ended 31 March 2013. However, AS-15 has been applied consistently to the periods presented in the restated financial statements.)

2.1 Basis of preparation of financial statements

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

2.2 Use of estimates

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

2.3 Current-non-current classification

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

Assets

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

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.

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

Operating cycle

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

2.4 Revenue recognition

a) Product sales

Revenue from sale of goods is recognised when all significant risks and rewards of ownership of goods are passed onto the customers. Sales are recorded including excise duty but net of sales tax/ value added tax, discounts and rebates.

b) Sale of services

Income from services is recognized when the services are rendered.

c) Interest income

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

d) Other

Other items of income are accounted as and when the right to receive arises.

2.5 Fixed assets and depreciation

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost less accumulated depreciation and/or impairment loss if any. The cost of an item comprises its purchase price including inward freight, duties, taxes, relevant foreign exchange fluctuation differences and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Tangible fixed assets under construction are disclosed as capital work-in-progress. Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation on tangible fixed assets

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and appropriate disclosure is made in the financial statements.

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

Accordingly, depreciation on tangible fixed assets is provided on straight line method at estimated useful live, 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)
Computers	3	3
Plant and equipment	10	8*
Factory Building	15	30
Office equipment	3	5
Electrical installations	10	10
Vehicle	10.5	8
Software	3	3

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

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

Additions to fixed assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition. Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice; however, the management has decided to continue following the existing policy.

Tangible fixed assets acquired wholly or part with specific grant/subsidy from government, are recorded at the net acquisition cost to the Company.

Intangible fixed assets and amortization

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 amortization period is changed to reflect the changed pattern.

2.6 Impairment of assets

In accordance with Accounting Standard 28 – Impairment of Assets (AS 28), 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.

2.7 Government grants

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

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

Subsidy related to the specific fixed assets is reduced from the gross value of the assets.

Where the government grants are of the nature of promoters' contribution, i.e., they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected in respect thereof, the grants are treated as special capital incentive and are transferred to capital reserve.

2.8 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 comprises 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.

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.

2.9 Investments

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

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

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

2.10 Employee benefits

a) Short term employee benefits

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

b) Post-employment benefits (defined benefit plans)

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. The liability for gratuity is unfunded, wherein contributions are made and charged to revenue on annual basis. Actuarial gains and losses and past service costs are recognised immediately in the Statement of Profit and Loss.

c) Post-employment benefits (defined contribution plans)

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. Contribution to the provident fund which are defined contribution schemes is recognised as an expense in the Statement of Profit and Loss in the period in which the contribution is due.

2.11 Foreign exchange transactions

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

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

2.12 Taxation

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

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

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

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

2.13 Provisions and contingencies

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

Contingencies

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

2.14 Operating lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Operating lease rentals are recognised over the period of the lease in the Statement of Profit and Loss on a straight line basis.

2.15 Borrowing costs

Borrowing costs are expensed in the year in which they are incurred except for borrowing costs directly attributable to the acquisition or construction of those qualifying assets which necessarily take a substantial period of time to get ready for their intended use. These costs are capitalized as part of cost of such assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.16 Segment reporting

The Company is engaged mainly in processing and manufacturing of milk and dairy products. Accordingly, revenue from processing and manufacturing of milk and dairy products comprises the primary and only reportable segment and there are no reportable secondary - geographical segments that have been set out in these financial statements.

2.17 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.

2.18 Cash and cash equivalents

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

3. Capital and other commitments:

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012 (Note b)	As at 31st March, 2011 (Note b)
Estimated amount of contracts remaining to be executed on capital account					

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012 (Note b)	As at 31st March, 2011 (Note b)
and not provided for					
(net of advances)					
- Tangible fixed assets	52.27	11.91	1.74	127.83	311.40
- Intangible fixed assets	-	5.86	6.10	-	-
(i) Estimated amount of contracts remaining to be executed on revenue account and not provided for	-	-	-	-	-
Other commitments (Lease rent) (Refer note a)	0.12	0.13	0.12	-	-
Total	**52.39**	**17.90**	**7.96**	**127.83**	**311.40**

*** 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 Rs. 0.01 million p.a. However the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till 31 March 2015 has been waived and that the Company is not required to pay any lease rent for the above period.

(b) These figures, which were not disclosed in the audited Financial Statements, have now been disclosed as part of the restated Financial Statements. B S R & Co LLP has relied on Management for these disclosures, which are unaudited.

4. Leases

The Company has taken office space under operating lease for a period of 1 to 3 years with an option to renew the lease, and providing for cancellation by either party. Lease payments are increased periodically as per the terms of the lease agreements to reflect market rentals.

5. Employee Benefits

a) Defined Contribution Plan

The Company makes provident fund contributions to defined contributions plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised (March 31, 2015 Rs.8.76 million) (March 31, 2014 Rs. 5.06 million) (March 31, 2013 Rs. 0.93 million) (March 31, 2012 Rs. 0.48 million) (March 31, 2011 Rs. 0.43 million) (March 31, 2010 Rs. 0.45 million) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

b) Defined Benefit Plan

1. Actuarial gains and losses in respect of defined benefit plans are recognized in the Statement of Profit and Loss.

2. 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.

Disclosures as required by Accounting Standard (AS) - 15 (Revised 2005) "Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006 as amended are given below:

i) **The amounts recognised on account of Defined Benefit Plan in the statement of Profit & Loss Account are as follows:**

(Rs. in million)

Particulars	**Gratuity**				
	Year ended 31st March, 2015	**Year ended 31st March, 2014**	**Year ended 31st March, 2013**	**Year ended 31st March, 2012**	**Year ended 31st March, 2011**
Current service cost	3.23	2.26	1.32	0.63	0.25
Interest cost on benefit obligation	0.65	0.43	0.14	0.08	0.05
Past service cost	-	-	-	-	-
Expected return on plan assets	-	-	-	-	-
Net actuarial(gain)/loss recognized in the year	2.01	(0.86)	1.94	0.03	0.11
Net benefit expense under the head Employee Benefit Expense	**5.89**	**1.83**	**3.40**	**0.74**	**0.41**
Actual return on plan assets	-	-	-	-	-

ii) **Changes in the present value of defined benefit obligation are as follows:**

(Rs. in million)

Particulars	**Gratuity**				
	Year ended 31st March, 2015	**Year ended 31st March, 2014 (refer note below)**	**Year ended 31st March, 2013**	**Year ended 31st March, 2012**	**Year ended 31st March, 2011**
Opening defined benefit obligation	7.10	5.30	1.74	1.00	0.59
Past service cost	-	-	-	-	-
Current service cost	3.23	2.26	1.31	0.63	0.25
Interest cost	0.65	0.43	0.15	0.08	0.05
Benefits paid	-	(0.03)	-	-	-
Actuarial (gains)/losses on obligation	2.01	(0.86)	1.94	0.03	0.11
Closing defined benefit obligation as at balance sheet date	**12.99**	**7.10**	**5.14**	**1.74**	**1.00**

Note:

Opening defined benefit obligation for the year ended 31st March 2014 of Rs.5.30 million includes Rs. 0.16 million which is the closing defined benefit obligation of Prabhat Nutritious & Frozen Foods Industries Private Limited as at 31st March 2013; which has been merged with the ultimate holding Company with effect from 1st April 2013.

iii) The principal actuarial assumptions as at the Balance Sheet date:

(Rs. in million)

Particulars	Gratuity				
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Discount rate	7.80%	9.20%	8.20%	8.50%	8.40%
Salary Escalation (%)	8.00%	8.00%	8.00%	10.00%	10.00%

1. Mortality tables: It has been assumed that active members of the scheme will experience in-service mortality in accordance with the standard table LIC (2006-08) ultimate.

2. 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.

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

iv) Gratuity plan (Unfunded):

Amounts for the current and previous periods are as follows:

(Rs. in million)

Particulars	Gratuity				
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Gratuity					
Present value of Defined benefit obligation	12.99	7.10	5.14	1.74	1.00
Plan assets	-	-	-	-	-
Surplus/ Deficit	(12.99)	(7.10)	(5.14)	(1.74)	(1.00)
Experience adjustments on plan liabilities (Loss/Gain)	0.70	0.25	(2.50)	(0.06)	0.10
Experience adjustments on plan assets (Loss/Gain)	-	-	-	-	-

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

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') as at period end

(Rs. in million)

Particular	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
The disclosure pursuant to the MSMED Act is as under :					

Particular	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Principal amount due to suppliers under MSMED Act , 2006	2.79	-	-	-	-
Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid	-	-	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-	-	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-	-	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-	-	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-	-	-	-
Total	**2.79**	**-**	**-**	**-**	**-**

7. Expenditure in foreign currency (accrual basis)

(Rs. in million)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Travelling expenses	1.07	1.40	-	0.43	0.98
Total	**1.07**	**1.40**	**-**	**0.43**	**0.98**

Annexure VI: Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars of shares	As at 31st March, 2015		As at 31st March, 2014		As at 31st March, 2013		As at 31st March, 2012		As at 31st March, 2011	
	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)
At the commencement of the year										
- Equity shares	30,000,000	30.00	30,000,000	30.00	2,990,000	2.99	2,990,000	299.00	50,000	5.00
- 2% Redeemable Non-cumulative preference shares	-	-	-	-	-	-	6,000	0.60	6,000	0.60
- 0.01% Compulsorily Convertible Preference Shares	24,137,932	241.38	13,793,104	137.93	-	-	-	-	-	-
Add: Additional shares issued, subscribed and paid-up during the period										
- Equity Shares	-	-	-	-	27,010,000	27.01	-	-	2,940,000	294.00
- 0.01% Compulsorily Convertible Preference Shares of Rs 10 each	-	-	10,344,828	103.45	13,793,104	137.93	-	-	-	-
- Equity Shares of Re. 1 each issued against conversion of 24137932, 0.01% Compulsorily Convertible Preference Share of Rs. 10 each	17,619,147	17.62								
Less: Shares forfeited / converted / bought back during the year										
- Equity Shares (paid up value per share reduced from Rs. 100/- to Re. 1/- per share vide the Order dated 13th January, 2012 of the Hon'ble High Court of judicature at Mumbai & accordingly amount of reduction transferred to Capital Reduction Reserve.	-	-	-	-	-	-	-	(296.01)	-	-
- 2% Redeemable Non-cumulative preference shares - Redeemed (Refer note no (i) below)	-	-	-	-	-	-	6,000	0.60	-	-
- 0.01% Compulsorily Convertible Preference Shares of Rs. 10 each converted into 17619147 equity shares of Re. 1 each fully paid up	24,137,932	241.38	-	-	-	-	-	-		
Balance Shares:										
- Equity shares	47,619,147	47.62	30,000,000	30.00	30,000,000	30.00	2,990,000	2.99		

Particulars of shares	As at 31st March, 2015		As at 31st March, 2014		As at 31st March, 2013		As at 31st March, 2012		As at 31st March, 2011	
	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)
- 2% Redeemable Non-cumulative preference shares - Redeemed (Refer note no (a) below)	-	-	-	-	-	-	-	-		
- 0.01% Compulsorily Convertible Preference Shares	-	-	24,137,932	241.38	13,793,104	137.93	-	-		
After the consolidation of 10 equity shares of Re. 1 each into 1 equity share of Rs. 10 each on March 9, 2015										
Balance shares:										
- Equity shares of Rs. 10 each	4,761,914	47.62	30,000,000	30.00	30,000,000	30.00	2,990,000	2.99		
- 2% Redeemable Non-cumulative preference shares - Redeemed (Refer note no (a) below)	-	-	-	-	-	-	-	-		
- 0.01% Compulsorily Convertible Preference Shares	-	-	24,137,932	241.38	13,793,104	137.93	-	-		
Add : Bonus Shares issued during the year										
- Equity shares of Rs. 10 each (issued in the ratio of 14:1)	66,666,796	666.66	-	-	-	-	-	-		
At the end of the year										
- Equity Shares	71,428,710	714.28	30,000,000	30.00	30,000,000	30.00	2,990,000	2.99	2,990,000	299.00
- 0.01% Compulsorily Convertible Preference Shares	-	-	24,137,932	241.38	13,793,104	137.93	-	-	-	-
- 2% Redeemable Non-cumulative preference shares	-	-	-	-	-	-	-	-	6,000	0.60
Total	**71,428,710**	**714.28**	**54,137,932**	**271.38**	**43,793,104**	**167.93**	**2,990,000**	**2.99**	**2,996,000**	**299.60**

Notes:

Financial year 2011-12

i) 6,000 2% Redeemable Non-cumulative preference share of Rs.100 each were redeemed by the Company in March 2012 at premium of Rs 475 per share which was received at the time of their issue.

ii) The paid up equity capital of the company as on 31 March, 2011 was Rs. 299.00 million consisting of 2,990,000 equity shares of Rs. 100 each fully paid up. On 28 September, 2011, the shareholders of the Company passed a Special Resolution for reduction of the face value of equity shares from Rs. 100 to Re. 1, subject to the approval of the High Court. Subsequently, the Hon'ble High Court of judicature at Bombay has approved the scheme of reduction vide its Order dated 13 January, 2012.

Financial year 2012-13

i) During the year, borrowings amounting to Rs. 291.49 million and Rs. 8.33 million from Nirmal Family Trust and Vivek Nirmal respectively were converted to equity share capital at premium.

Financial year 2014-15

i) During the year, Equity Shares of Re. 1 each issued against conversion of 24,137,932, 0.01% Compulsorily Convertible Preference Share of Rs. 10 each

Annexure VII: Restated Standalone Summary of Statement of Reserves and Surplus

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Capital subsidy (A)	5.85	5.85	5.85	5.85	5.85
Securities premium (B)	988.51	1,431.42	934.86	-	2.85
Capital reduction reserve (C)	296.01	296.01	296.01	296.01	-
Surplus in the Statement of Profit and Loss, as restated					
At the commencement of the period / year	315.35	257.05	229.73	199.01	104.21
Add: Addition on account of amalgamation					
Prabhat Agri Project Development Private Limited	-	-	(2.03)	-	-
Prabhat Nutritious & Frozen Foods Industries Private Limited	-	32.91	-	-	-
Total	**315.35**	**289.96**	**227.70**	**199.01**	**104.21**
Add: Restated profit / (loss) for the year	38.89	25.42	29.36	30.72	94.81
Less: Appropriations of profit					
Proposed Dividend to be distributed to preference shareholders (including tax on dividend)	0.03	0.03	0.01	-	0.01
Interim dividend distributed to equity shareholders (including tax on dividend)	5.73	-	-	-	-
Total (D)	**348.48**	**315.35**	**257.05**	**229.73**	**199.01**
	-	-	-	-	-
Total(A + B + C + D)	**1,638.85**	**2,048.63**	**1,493.77**	**531.58**	**207.71**

Notes:

1. During the year 2014-15, Equity Shares of Re. 1 each issued against conversion of 24,137,932, 0.01% Compulsorily Convertible Preference Share of Rs. 10 each.

2. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

3. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

4. The assets, liabilities and reserves of PAPDPL and PNFFIPL have been recorded at their book values in the books of PDPL on amalgamation as on 31 March 2013 and 1 April 2013 respectively, in accordance with the ‘Pooling of Interests method’ stated in Accounting Standard 14- Accounting for Amalgamations.

Annexure VIII : Restated Standalone Summary of Share Application Money Pending Allotment

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Share Application Money received from -					
Arvind Jagannath Nirmal	-	-	-	-	2.59
Kishor Ramchandra Nirmal	-	-	-	-	3.44
Sarandhar Ramchandra Nirmal	-	-	-	-	5.08
Total	**-**	**-**	**-**	**-**	**11.11**

a) The terms and conditions of equity shares to be issued were at par with the existing shares.

b) The Company had sufficient authorised share capital to cover the allotment of shares pending allotment as at 31 March 2011.

c) During the year ended 31 March 2011, the Company has made allotment of 375,000 equity shares of Rs. 100/- each at par (included in 2,940,000 equity shares issued during the year ranking pari passu with the then existing equity shares) against the share application money outstanding as at 31 March 2010. The Share application money outstanding on 31st March, 2011 together with that received during the year ended 31st March, 2012 has been repaid during the year ended 31 March 2012.

Annexure IX: Restated Standalone Statement of Long Term Provisions

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011 (Note 2)
Provision for employee benefits					
Gratuity (refer annexure IV)	9.22	5.72	3.83	1.63	0.98
Total	**9.22**	**5.72**	**3.83**	**1.63**	**0.98**

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. These figures, which were not disclosed in the audited Financial Statements, have now been disclosed as part of the restated Financial Statements. B S R & Co LLP has placed reliance on the Actuary's Report and Management disclosure for this purpose.

3. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure X: Restated Standalone Statement of Long Term Borrowings

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Borrowings from other than related parties:					
Term Loans					
From banks					
- Secured (Refer 3 a)	-	359.06	122.83	477.24	199.69
- Unsecured	-	-	1.04	2.74	-
From others					
- Secured – From others (Refer 3 c)	2.44	0.71	-	-	-
- Secured – From Non-Banking Financial Companies (Refer 3 b)	792.00	-	-	-	-
- Unsecured - From Non-Banking Financial Companies	-	-	-	15.17	-
Unsecured -From others	-	-	6.30	-	-
Borrowings from related parties:					
Unsecured					
From relatives of KMP	-	-	-	8.33	-
Nirmal Family Trust (Refer 3d)	49.91	49.91	49.91	338.01	-
Total	**844.35**	**409.68**	**180.08**	**841.49**	**199.69**

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. **a) Details of repayment and interest rate for term loan from Banks:**

   Term Loans from banks were under multiple banking arrangements carrying interest rate of 11.5% to 15.25% p.a. and were repayable in monthly installment ranging from 60 to 84. These loans have been foreclosed by way of takeover together with sanction of additional amount of term loan by a non-banking financial company viz. Indostar Capital Finance Private Limited in the month of July 2014 (refer sub-note b below).

   b) Details of repayment, interest rate, pre-payment and security provided for term loan from NBFC outstanding as on 31 March 2015:

   'During the year, terms loans availed (in earlier years) from State Bank of India, Axis Bank and Union Bank of India have been foreclosed by way of takeover of such loan facilities by a NBFC viz. Indostar Capital Finance Private Limited. Loan from Indostar Capital Finance Limited, sanction amount being

Rs. 900 million, and carry interest rate of 13.50% p.a. payable monthly on floating basis linked to Kotak Mahindra Bank Base Rate, and is repayable in 63 monthly installments (considering the amount of loan sanctioned) starting from April 2015 ranging between Rs 9 million to Rs 16.5 million . In case of prepayments, a prepayment penalty of 2% p.a. shall be payable. In the event of default the lender will cancel the outstanding commitments under the facility, recall / accelerate all amounts outstanding under the facility, levy of additional interest and enforcement of security. The loan has been secured by way of creation of the following security in favour of IL & FS Trust Company Limited (being the Security Trustee):

1. First ranking charge over the Company's moveable fixed assets / properties by way of hypothecation.

2. First ranking charge over the Designated Account & all rights, title, interest, benefits, claims & demands whatsoever of Company in, to, under and in respect of the said account by way of hypothecation.

3. Second ranking charge over the Company's all Current assets (present & future) by way of hypothecation.

4. First ranking charge by way of registered mortgage on the following lands and all the present & future structures thereon:

    i) Survey No. 121/2 adm. 0.81 Hectares owned by the Company.

    ii) Survey No. 121/3 or 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar R. Nirmal & leased to the Company.

    iii) Plot D37/4 , TTC MIDC Industrial Area, Turbhe, Navi Mumbai.

5. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

c) Details of repayment, interest rate and security provided for loans from banks and loans outstanding as on 31 March 2015:

The vehicle loans from banks are secured against such vehicles and carries interest rate ranging from 10.09% to 11.50% p.a.

d) Interest free term loan from Nirmal Family Trust is repayable after 31st March 2016.

Annexure XI: Restated Standalone Statement of Short Term Borrowings

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Loans Repayable on demand :					
From Bank :					
- Secured (Cash credit facilities for working capital)	550.68	531.73	381.48	303.00	200.43
- Unsecured (Cash credit facilities for working capital)	-	-	-	100.69	89.46
From Others (unsecured)					
From enterprises / proprietorship concern in which KMP or their relatives exercise significant influence	-	-	-	-	8.11
From KMP & their relatives					
From others					
Total	**550.68**	**531.73**	**381.48**	**403.69**	**298.00**

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. **Details of loans from bank repayable on demand outstanding as on 31 March 2015:**

   Loans repayable on demand are from various banks under multiple banking arrangements and in nature of cash credit facilities; and carry interest rate ranging from 11.50% to 12.25%. The securities offered under the said arrangements are as under:

   1) First pari passu charge on the all over current assets (including but not limited to entire inventory, book debts, all the stock in trade, cash & other current assets of the company (both Present & Future) by way of Hypothecation.

   2) Second ranking pari passu charge on entire movable fixed assets, including but not limited to plant & machinery, furniture, fixture, electrical equipment of the company (both Present & Future) by way of hypothecation.

   3) Second ranking pari passu charge by way of registered mortgage on the following lands and all the present & future structures thereon:

      i) Survey No. 121/2 adm. 0.81 Hectares owned by the Company.

      ii) Survey No. 121/3 or 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar R. Nirmal & leased to the Company.

      iii) Plot D37/4 , TTC MIDC Industrial Area, Turbhe, Navi Mumbai.

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

Annexure XII: Restated Standalone Statement of Trade Payable

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Dues to micro and small suppliers	2.79	-	-	-	-
Dues to others	493.84	384.04	195.79	311.28	380.29
Total	**496.63**	**384.04**	**195.79**	**311.28**	**380.29**

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XIII: Restated Standalone Statement of Other Current Liabilities

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long-term borrowings					
Term Loans					
From banks					
- Secured	-	140.39	34.28	55.40	30.20
- Unsecured	-	-	1.04	0.38	-
From other parties					
- Secured – Other than banks	0.60	0.26	-	-	-
- Secured - from Non-Banking Financial Corporation	108.00	-	-	-	-
- Unsecured - from Non-Banking Financial Corporation	-	-	15.18	29.58	-
Interest accrued and due on borrowings	-	-	2.09	5.17	-
Interest accrued and not due on borrowings	0.02	5.68	-	-	-
Sub Total (A)	**108.62**	**146.33**	**52.59**	**90.53**	**30.20**
Other payables					
Statutory liabilities	6.07	4.95	3.15	3.88	1.51
Payables on purchase of fixed assets	16.61	17.72	6.09	58.16	122.86
Advances from customers	246.56	6.64	3.18	5.26	2.23
Employee benefits payable	25.09	13.19	6.30	4.46	3.17
Others	8.22	62.60	4.68	2.56	0.36
Sub Total (B)	**302.55**	**105.10**	**23.40**	**74.32**	**130.13**
Total (A + B)	**411.17**	**251.43**	**75.99**	**164.85**	**160.33**

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XIV: Restated Standalone Statement of Short-Term Provisions

(Rs. in million)

Particulars	**As at 31st March, 2015**	**As at 31st March, 2014**	**As at 31st March, 2013**	**As at 31st March, 2012**	**As at 31st March, 2011**
Provision for Employee Benefits					
Gratuity	3.77	1.38	1.31	0.11	0.05
Others					
Income tax (net of advance taxes paid)	6.55	0.76	8.01	4.89	23.07
Proposed preference dividend	0.05	0.03	0.01	-	0.01
Tax on proposed preference dividend	0.00*	0.00*	0.00*	-	0.00*
Total	**10.37**	**2.17**	**9.33**	**5.00**	**23.13**

* These are non zero numbers rounded off in millions upto two decimal points.

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XV: Restated Standalone Statement of Non-Current Investments

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Investment in equity instruments					
(Unquoted, trade)					
(i) Subsidiaries					
99,999 (2014 : 99,999) (2013 : 99,999) (2012 : 99,999) Equity shares of Rs. 10/- each shares of Cheeseland Agro (India) Private Limited	1.00	1.00	1.00	1.00	-
Nil (2014: NIL) (2013 : NIL) (2012 : 279,994) (2011 : NIL) (2010 : NIL) Equity shares of Rs. 10/- each share of Prabhat Agri Project Development Private Limited	-	-	-	2.80	-
Nil (2014: NIL) (2013 : 17,499,999) (2012 : NIL) (2011 : NIL) (2010 : NIL) Equity Shares of Rs. 10/- each share of Prabhat Nutritious & Frozen Foods Industries Private Limited	-	-	175.00	-	-
(Unquoted, non-trade)					
(ii) Others	-	-	-	-	-
2 Shares of Rs. 100 each Shares of Abhyudaya Co-operative Bank	0.00*	0.00*	0.00*	0.00*	0.00*
70,000 (2014: 70,000) (2013 : NIL) (2012 : NIL) (2011 : NIL) units of Rs. 10 each in Union KBC Mutual Fund	0.70	0.70	-	-	-
National Saving Certificate	-	-	-	-	0.00*
Total	**1.70**	**1.70**	**176.00**	**3.80**	**0.00***

* These are non zero numbers rounded off in millions upto two decimal points

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XVI: Restated Standalone Statement of Long Term Loans and Advances

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
(Unsecured, considered good unless otherwise stated)					
To related parties (Refer Note 3 below)					
Cheeseland Agro (India) Private Limited	1,155.16	1,530.04	969.77	374.88	-
Sunfresh Agro Industries Private Limited	-	222.70	100.63	-	-
Prabhat Agri Project Development Limited	-	-	-	227.21	85.02
Prabhat Nutrious & Frozen Food Industries Private Limited	-	-	179.10	-	-
Total	**1,155.16**	**1,752.74**	**1,249.50**	**602.09**	**85.02**
To parties other than related parties					
Capital advances					
Considered good	21.10	24.62	8.72	170.31	116.17
Considered doubtful	5.00	5.00	5.00	5.00	5.00
	26.10	**29.62**	**13.72**	**175.31**	**121.17**
Less: Provision for doubtful advances	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)
	21.10	**24.62**	**8.72**	**170.31**	**116.17**
Other Advances to Parties	350.00	-	-	-	-
Security deposits	6.83	10.68	5.92	3.39	4.46
Advance tax (net of provision for tax)	5.32	5.32	6.45	3.45	2.96
MAT credit entitlement	-	27.59	11.32	19.91	17.81
Balances with government authorities	-	-	0.03	-	-
CENVAT credit receivables	3.02	3.25	3.16	-	-
Advance to other parties	-	-	1.20	-	-
Prepaid expenses	4.66	-	-	-	-
VAT receivables	62.89	61.23	29.99	15.07	17.88
	432.72	**108.07**	**58.07**	**41.82**	**43.11**
Total	**1,608.98**	**1,885.43**	**1,316.29**	**814.22**	**244.30**

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. Long-Term Loans and Advances include debts due from:

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Enterprises owned or					

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
significantly influenced by key management personnel or their relatives: (refer annexure no XXIV)					
Prabhat Agri Project Development Limited	-	-	-	-	85.02
Entity where control exists - Subsidiaries : (refer annexure no XXIV)					
Cheeseland Agro (India) Private Limited	1,155.16	1,530.04	969.77	374.88	-
Prabhat Agri Project Development Limited	-	-	-	227.21	-
Entity where control exists - Step-down subsidiaries : (refer annexure no XXIV)					
Sunfresh Agro Industries Private Limited	-	222.70	100.63	-	-
Prabhat Nutrious & Frozen Food Industries Private Limited	-	-	179.10	-	-

Annexure XVII: Restated Standalone Statement of Trade Receivables

(Rs. in million)

Particulars	**As at 31st March, 2015**	**As at 31st March, 2014**	**As at 31st March, 2013**	**As at 31st March, 2012**	**As at 31st March, 2011**
Receivables outstanding for a period exceeding six months from the date they are due for payment					
Considered good	135.12	11.95	-	-	60.01
Considered doubtful	3.56	3.93	3.33	-	0.27
	138.68	**15.88**	**3.33**	**-**	**60.28**
Less: Provision for doubtful receivables	(3.56)	(3.93)	(3.33)	-	(0.27)
Sub Total (A)	**135.12**	**11.95**	**-**	**-**	**60.01**
Other receivables					
Considered good (Refer note 3 below)	619.84	321.46	309.44	307.90	202.64
Considered doubtful	-	-	0.24	0.66	-
	619.84	**321.46**	**309.68**	**308.56**	**202.64**
Less: Provision for doubtful receivables	-	-	(0.24)	(0.66)	-
Sub Total (B)	**619.84**	**321.46**	**309.44**	**307.90**	**202.64**
Total (A+B)	**754.96**	**333.41**	**309.44**	**307.90**	**262.65**

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. Trade receivables include debts due from:

Particulars	**As at 31st March, 2015**	**As at 31st March, 2014**	**As at 31st March, 2013**	**As at 31st March, 2012**	**As at 31st March, 2011**
Enterprises owned or significantly influenced by key management personnel or their relatives: (refer annexure no XXIV)					
Prabhat Nutritious & Frozen Food Industries Pvt. Ltd.	-	-	-	-	0.66
Entity where control exists - Stepdown subsidiaries : (refer annexure no XXIV)					
Sunfresh Agro Industries Pvt. Ltd.	-	-	160.06	-	-
Prabhat Nutritious & Frozen Food Industries Pvt. Ltd.	-	-	21.33	176.48	-

Annexure XVIII: Restated Standalone Statement of Short-Term Loans and Advances

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
(Unsecured, considered good unless otherwise stated)					
To related parties (Refer Note 3)					
Prabhat Nutritious & Frozen Food Industries Private Limited	-	-	11.13	-	-
Prabhat Milk & Agro Industries	-	-	-	9.83	-
Prabhat Soya Oil & Refineries Ltd	-	-	-	-	12.24
Cheeseland Agro (India) Private Limited	374.88	-	-	-	-
Loans and advances to Key management personnel and their relatives	-	-	0.97	-	0.26
Sub Total	**374.88**	**-**	**12.10**	**9.83**	**12.50**
To parties other than related parties					
Loans and advances to employees	3.14	5.54	2.77	1.24	1.84
Prepaid expenses	5.02	3.75	0.61	-	-
VAT receivable	-	12.65	-	-	-
Security Deposits	2.05	-	-	-	-
MAT credit entitlement	10.24	-	-	-	-
Advances to suppliers	206.01	138.41	24.85	234.09	353.46
Other loans and advances	0.13	2.46	0.67	-	0.10
Balances with Government Authorities (Cenvat and Service Tax Credit receivable)	-	-	-	0.00*	-
Total	**601.47**	**162.81**	**41.00**	**245.16**	**367.90**

* This is a non zero number rounded off in millions upto two decimal points.

Notes:

1. The figures disclosed above are based on the restated standalone summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. Short-Term Loans and Advances include debts due from:

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Enterprises owned or significantly influenced by key management personnel or their relatives: (refer annexure no XXIV)					
Prabhat Nutritious & Frozen Food Industries Pvt. Ltd.	-	-	-	-	-

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Entity where control exists – Subsidiaries/ Step-down subsidiaries : (refer annexure no XXIV)					
Prabhat Nutritious & Frozen Food Industries Private Limited	-	-	11.13	-	-
Prabhat Milk & Agro Industries	-	-	-	9.83	-
Cheeseland Agro (India) Private Limited	374.88	-	-	-	-
Prabhat Soya Oil & Refineries Ltd	-	-	-	-	12.24
Loans and advances to Key management personnel & their relatives (refer annexure no XXIV)					
Key Managerial Personnel	-	-	0.95	-	0.14
Relatives of Key Managerial Personnel	-	-	0.01	-	0.11

Annexure XIX: Restated Standalone Statement of Revenue from operations

(Rs. in million)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Sale of products (net)					
Finished Goods	8,388.47	7,463.92	5,232.57	3,036.49	2,837.05
Traded goods (refer note 2)	244.97	293.08	364.67	1,616.36	26.95
Sale of services	105.11	35.68	10.56	-	0.05
Other operating revenue	4.60	3.18	2.14	2.61	1.66
Total	**8,743.15**	**7,795.86**	**5,609.94**	**4,655.46**	**2,865.71**

Notes:

1. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

2. Breakup of revenue from sale of products (Gross)

(Rs. in million)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Finished goods					
Flavoured milk	11.32	42.20	36.68	51.23	42.99
Butter	24.10	-	10.60	45.48	44.29
Ghee	1,060.69	792.38	484.86	465.31	220.41
Pouch milk	1,367.25	1,448.08	273.39	404.81	332.14
Skimmed milk powder	113.40	48.04	174.19	18.48	19.31
Whole milk powder	1.65	293.34	2.67	3.59	-
Skimmed/standardised milk	4,886.62	4,204.58	4,088.07	2,016.94	950.35
Condensed milk added sugar	-	-	152.26	-	1,087.81
Cream	597.69	543.30	-	-	-
Ice cream	98.56	40.69	-	-	-
Dahi	150.15	44.33	-	-	-
Others	80.17	8.94	10.76	31.02	139.75
Sub Total (A)	**8,391.60**	**7,465.88**	**5,233.48**	**3,036.86**	**2,837.05**
Less : Excise Duty (B)	**3.13**	**1.96**	**0.91**	**0.37**	**-**
Total C=(A-B)	**8,388.47**	**7,463.92**	**5,232.57**	**3,036.49**	**2,837.05**
Traded goods					
Condensed milk	-	-	314.50	1,561.07	-
Cattle Feed	240.74	275.62	13.04	17.33	0.67
Diesel	-	-	34.48	37.97	26.26
Others	4.23	17.46	2.65	-	0.02
Sub Total (D)	**244.97**	**293.08**	**364.67**	**1,616.37**	**26.95**

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Total (C + D)	**8,633.44**	**7,757.00**	**5,597.24**	**4,652.86**	**2,864.00**

Annexure XIX A: Break-up of cost of materials consumed

(Rs. in million)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Milk	6,023.52	5,089.25	4,613.62	2,413.07	2,224.18
Sugar	5.61	4.34	43.91	3.32	63.38
Cream	784.42	908.81	-	-	-
Others including packing material	453.27	579.39	73.19	131.20	157.70
Total	**7,266.82**	**6,581.79**	**4,730.72**	**2,547.59**	**2,445.26**

Annexure XIX B: Break-up of purchase of stock-in-trade

(Rs. in million)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Cattle feed	242.14	274.55	14.44	10.61	1.34
Condensed milk	-	-	278.34	1,452.48	-
Diesel	-	-	33.86	37.08	26.06
Others	-	13.13	4.32	51.13	0.04
Total	**242.14**	**287.68**	**330.96**	**1,551.30**	**27.44**

Annexure XX: Restated Standalone Statement of Other Income

(Rs. in million)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011	Nature: Recurring/ Nonrecurring	Related/Not related to business activity
Interest income from banks	2.36	1.49	2.05	2.46	1.43	Recurring	Not related
Profit on sale of fixed assets (net)	-	0.26	-	-	-	Non-recurring	Not related
Liabilities written back to the extent of no longer required	-	-	0.24	0.01	0.01	Non-recurring	Related
Miscellaneous income	3.23	2.01	0.64	0.99	1.06	Non-recurring	Not related
Total	**5.59**	**3.76**	**2.93**	**3.46**	**2.50**		

Notes:

1. The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.
2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XXI: Restated Standalone Statement of Rates and Amount of Dividend

Particular	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Number of equity shares of Rs.10 each (2014: Equity shares of Re. 1 each, 2013: Equity shares of Re. 1 each, 2012: Equity shares of Re. 1 each and 2011: Equity shares of Re. 1 each)	71,428,710	30,000,000	30,000,000	2,990,000	2,990,000
Number of Preference shares of Rs.10 each	-	24,137,932	13,793,104	-	6,000
Rate of equity dividend (%)	10	-	-	-	-
Interim dividend distributed to equity shareholders(Rs in millions)	4.76	-	-	-	-
Tax on Interim dividend distributed to equity shareholders(Rs in millions)	0.97	-	-	-	-
Rate of preference dividend (%)	0.01	0.01	0.01	-	2
Preference Dividend amount (Rs in millions)	0.02	0.02	0.01	-	0.01
Tax on Preference dividend (Rs in millions)	0.00*	0.00*	0.00*	-	0.00*

***** These are non zero numbers rounded off in millions upto two decimal points.

Note:

The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XXII:

A. Restated Standalone Statement of Accounting Ratios (before considering the impact of changes in capital structure)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Earnings Per Share (EPS) – Basic					
Profit for the year as restated (Rs. in million)	38.86	25.39	29.35	30.72	94.80
Weighted average number of equity shares (Considered for computation of basic EPS)	46,665,371***	30,000,000*	28,076,000*	2,990,000*	977,014**
EPS (in Rs.) – Basic	**0.83**	**0.85**	**1.05**	**10.27**	**97.03**
Earnings Per Share (EPS) – Diluted					
Profit for the year as restated (Rs. in million)	38.89	25.42	29.36	30.72	94.81
Weighted average number of equity shares (Considered for computation of diluted EPS)	71,428,710	46,379,153	33,582,389	2,990,000	977,014
EPS (in Rs.) – Diluted	**0.54**	**0.55**	**0.87**	**10.27**	**97.04**
Return on Net Worth					
Profit for the year as restated (Rs. In million)	38.89	25.42	29.36	30.72	94.81
Net worth at the end of the year (Rs. in million)	2,353.13	2,320.01	1,661.70	534.57	507.31
Return on Net Worth (%)	**1.65**	**1.10**	**1.77**	**5.74**	**18.69**
Net Asset Value Per Equity Share					
Net worth at the end of the year (Rs. in million)	2,353.13	2,320.01	1,661.70	534.57	507.31
Number of equity shares outstanding at the	71,428,710	30,000,000	30,000,000	2,990,000	2,990,000

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
end of the year					
Net Asset Value Per Equity Share (in Rs.)	**32.94**	**77.33**	**55.39**	**178.79**	**169.67**

(*) Par value of shares is Re. 1
(**) Par value of shares is Rs. 100
(***) Par value of shares is Rs. 10

Notes:

1. **The Ratio have been computed as below:**

Earnings per Share (Rs.)	=	Restated Profit after tax attributable to equity shareholders for the year / Weighted Average Number of equity shares
Diluted Earnings Per Share (Rs.)	=	Restated Profit after tax attributable to equity shareholders (before preference dividend) for the year / Weighted Average dilutive Number of equity shares
Return on Net Worth (%)	=	Restated Profit after tax attributable to equity shareholders for the year / Net Worth at the end of the year
Net Assets Value per Share (Rs.)	=	Net Worth at the end of the year / Total number of equity shares outstanding at the end of the year

2. Net worth for ratios mentioned represents sum of share capital, reserves and surplus (securities premium, capital reserve including those arising from merger schemes, general reserve and surplus in the statement of profit and loss).

3. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

4. During the year ended 31 March 2014 and 31 March 2013, the Company has issued 10,344,828 and 13,793,104, 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10 each on 7th June, 2013 and 28th September, 2012 respectively at a price of Rs. 58/- per share (including premium of Rs. 48/- per share) to Societe De Promotion Et De Participation Pour La Cooperation Economique, India Agri Business Fund Ltd. and REAL Trust. All the above mentioned CCPS were approved by Board of Directors for conversion into equity shares on 9th March 2015. Accordingly, the CCPS have been converted into 17,619,147 equity shares.

5. The figures disclosed above are based on the standalone restated summary Statements of the Company.

B. Restated Standalone Statement of Accounting Ratios (after considering the impact of changes in capital structure)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Earnings Per Share (EPS) – Basic					
Profit for the year as restated (Rs. in million)	38.86	25.39	29.35	30.72	94.80
Weighted average number of equity shares (Considered for computation of basic EPS)	46,665,371	45,000,000	42,114,000	4,485,000	1,465,521
EPS (in Rs.) – Basic	**0.83**	**0.56**	**0.70**	**6.85**	**64.69**
Earnings Per Share (EPS) - Diluted					
Profit for the year as restated (Rs. in million)	38.89	25.42	29.36	30.72	94.81
Weighted average number of equity shares (Considered for computation of diltuted EPS)	71,428,710	69,349,592	49,768,502	4,485,000	1,465,521
EPS (in Rs.) – Diluted	**0.54**	**0.37**	**0.59**	**6.85**	**64.69**
Return on Net Worth					
Profit for the year as restated (Rs. In million)	38.89	25.42	29.36	30.72	94.81
Net worth at the end of the year (Rs. in million)	2,353.13	2,320.01	1,661.70	534.57	507.31
Return on Net Worth (%)	**1.65**	**1.10**	**1.77**	**5.74**	**18.69**
Net Asset Value Per Equity Share					
Net worth at the end of the year (Rs. in million)	2,353.13	2,320.01	1,661.70	534.57	507.31
Number of equity shares outstanding at the end of the year	71,428,710	71,428,710	60,102,126	4,485,000	1,465,521
Net Asset Value Per Equity Share (in Rs.)	**32.94**	**32.48**	**27.65**	**119.19**	**346.16**

Notes:

1. The Ratio have been computed as below:

$$\text{Earnings per Share (Rs.)} = \frac{\text{Restated Profit after tax attributable to equity shareholders for the year}}{\text{Weighted Average Number of equity shares}}$$

$$\text{Diluted Earnings Per Share (Rs.)} = \frac{\text{Restated Profit after tax attributable to equity shareholders (before preference dividend) for the year}}{\text{Weighted Average dilutive Number of equity shares}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Restated Profit after tax attributable to equity shareholders for the year}}{\text{Net Worth at the end of the year}}$$

$$\text{Net Assets Value per Share (Rs.)} = \frac{\text{Net Worth at the end of the year}}{\text{Total number of equity shares outstanding at the end of the year}}$$

2. Net worth for ratios mentioned represents sum of share capital, reserves and surplus (securities premium, capital reserve including those arising from merger schemes, general reserve and surplus in the statement of profit and loss).

3. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

4. In the meeting of Board of Directors held on March 9, 2015 the Board of Directors passed the following resolutions:

   i) Conversion of 24,137,932 Compulsory Convertible Preference Shares ('CCPS') into 17,619,147 equity shares.

   ii) Consolidation of 10 equity shares of Re. 1 each into 1 equity share of Rs. 10 each, subject to approval of shareholders

   iii) Issue of Bonus shares of par value of Rs. 10 each in the proportion of 14:1, subject to approval of shareholders

   The members of the Company approved the abovementioned recommendations for consolidation of shares and bonus issue during the Extra Ordinary General Meeting held on March 9, 2015.

   For the purposes of computation of above ratios, impact of conversion of CCPS, consolidation of shares and issue of bonus shares has been considered. Impact of conversion of CCPS (on weighted average basis) has been considered from the period in which the shares were issued. Impact of consolidation of equity shares and issue of bonus shares has been considered for all the years/ period presented.

5. The figures disclosed above are based on the standalone restated summary Statements of the Company.

Annexure XXIII: Restated Standalone Statement of Tax Shelter

(Rs. in million)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Restated profit before tax **(A)**	70.33	40.42	45.18	45.95	119.83
Tax Rate					
Normal tax rate (%) **(B)**	33.99	32.45	32.45	32.45	32.25
Minimum alternate tax rate (%)	20.00	20.00	20.00	20.00	20.45
Tax thereon at above rate - normal tax rate **(C) = (A) * (B)**	**23.90**	**13.11**	**14.66**	**14.91**	**38.64**
Permanent differences					
Share issue expenses	-	3.57	0.80	-	-
Deduction under section 80IB	-	-	-	-	(49.76)
Preliminary Expenses allowable under section 35D	-	-	-	-	(2.72)
Corporate Social Responsibility (CSR)	1.03	-	-	-	-
Others	3.71	0.00*	0.34	-	-
Total (D)	**4.74**	**3.57**	**1.14**	**-**	**(52.48)**
Timing differences					
Differences in book depreciation and depreciation under the Income Tax Act.	28.60	(7.92)	4.50	(24.25)	(42.61)
Provision for Gratuity allowable on payment basis	5.90	1.83	3.40	0.72	1.02
Disallowance under section 40(a)(ia)	-	(1.14)	0.89	-	-
Provision for doubtful trade receivables, loans & advances	-	5.22	3.35	-	-
Unabsorbed depreciation	(6.32)	(37.88)	-	-	-
Expenses related to merger	(0.18)	0.72	-	-	-
Others	(0.51)	-	-	-	-
Total (E)	**27.49**	**(39.17)**	**12.14**	**(23.53)**	**(41.59)**
Total Adjustment **(F) = (D) + (E)**	**32.22**	**(35.60)**	**13.28**	**(23.53)**	**(94.07)**
Effect of restatement **(G)**	3.55	4.78	(0.19)	1.42	(5.11)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012	Year ended 31st March, 2011
Net Adjustment **(H) = (F) - (G)**	28.68	(40.38)	13.47	(24.95)	(88.96)
Tax expense/(saving) thereon **(I) = (H) * (B)**	**9.75**	**(13.10)**	**4.37**	**(8.10)**	**(28.69)**
Tax expenses **(J) = (I) + (C)**	33.65	0.01	19.03	6.81	9.95
Interest on Advance Tax and impact of surcharge on MAT (**K**)	-	0.64	-	0.50	1.63
Total current tax expense **(L) = (J+K)**	33.65	0.65	19.03	7.31	11.58

* These are non zero numbers rounded off in millions upto two decimal points.

Notes:

1. The aforesaid Tax Shelter Statement has been prepared as per the restated standalone summary Statements of Profit and Loss of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XXIV: Restated Standalone Statement of Related Party Transactions

Names of related parties and related party relationship

Related parties where control exists

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012 (Note 1)	Year ended 31st March, 2011 (Note 1)
Ultimate Holding Entity	Nirmal Family Trust	Nirmal Family Trust	Nirmal Family Trust	-	-
Entity where control exists – Subsidiaries	Cheeseland Agro (India) Private Limited	Cheeseland Agro (India) Private Limited	Cheeseland Agro (India) Private Limited	Cheese Land Agro (India) Private Limited	-
	-	-	Prabhat Agri Project Development Private Limited	Prabhat Agri Project Development Private Limited	-
Entity where control exists - Stepdown subsidiaries	Sunfresh Agro Industries Private Limited	Sunfresh Agro Industries Private Limited	Sunfresh Agro Industries Private Limited	Sunfresh Agro Industries Private Limited	-
	-	-	Prabhat Nutritious & Frozen Food Industries Private Limited	Prabhat Nutritious & Frozen Food Industries Private Limited	-
Enterprises owned or significantly influenced by key management personnel or their relatives	Prabhat Agro. Multi State Co-Operative Society Limited	Prabhat Agro. Multi State Co-Operative Society Limited	-	Prabhat Agro. Multi State Co-Operative Society Limited	Sunfresh Agro Industries Private Limited
	Nirmal Gograss LLP	-	-	Prabhat Milk & Agro Industries	Prabhat Agri Project Development Private Limited
	-	-	-	Nirmal Family Trust	Prabhat Nutritious & Frozen Food Industries Private Limited
	-	-	-	-	Prabhat Agro. Multi State Co-Operative Society Limited
	-	-	-	-	Feelfresh Agro Private Limited
	-	-	-	-	Prabhat Soya Oil & Refineries Ltd
	-	-	-	-	Prabhat Milk & Agro Industries
	-	-	-	-	Cheese Land Agro (India) Private Limited
Key Management Personnel (KMP)	Mr. Sarangdhar R. Nirmal, Chairman & Managing Director	Mr. Sarangdhar R. Nirmal	Mr. Sarangdhar R. Nirmal	Mr. Sarangdhar R. Nirmal	Mr. Sarangdhar R. Nirmal

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012 (Note 1)	Year ended 31st March, 2011 (Note 1)
	Mr. Kishor R. Nirmal, Executive Director (up to 09th March' 2015)	Mr. Kishor R. Nirmal	Mr. Kishor R. Nirmal	Mr. Kishor R. Nirmal	Mr. Kishor R. Nirmal
	Mr. Arvind J. Nirmal, Executive Director (up to 09th March' 2015)	Mr. Arvind J. Nirmal	Mr. Arvind J. Nirmal	Mr. Arvind J. Nirmal	Mr. Arvind J. Nirmal
	Mr. Vivek S. Nirmal, Joint Managing Director	Mr. Vivek S. Nirmal	Mr. Vivek S. Nirmal (wef 01 May, 2012)	-	-
	Mr. Keyur Shah, Chief Financial Officer (from 09th March' 2015)	-	-	-	-
	Ms. Priya Nagmoti, Company Secretary	-	-	-	-
Relatives of KMP	Mrs. Vijaya S. Nirmal	Mrs. Vijaya S. Nirmal	Mrs. Vijaya S. Nirmal	Mrs. Vijaya S. Nirmal	Mrs. Vijaya S. Nirmal
	Mrs. Nisha K. Nirmal	Mrs. Nisha K. Nirmal	Mrs. Nisha K. Nirmal	Mrs. Nisha K. Nirmal	Jagannath R Nirmal
	Mrs. Rupali A. Nirmal	Mrs. Rupali A. Nirmal	Mrs. Rupali A. Nirmal	Mrs. Rupali A. Nirmal	Mrs. Nisha K. Nirmal
	Mrs. Nidhi V. Nirmal	Mrs. Nidhi V. Nirmal	Mr. Vivek S. Nirmal (upto 30 April' 2012)	Mr. Vivek S. Nirmal	Mrs. Rupali A. Nirmal
	Mrs. Sneha Nirmal Astunkar	Mrs. Sneha Nirmal Astunkar	Mrs. Nidhi V. Nirmal Mrs. Sneha Nirmal Astunkar	Mrs. Sneha Nirmal Astunkar -	Mr. Vivek S. Nirmal Mrs. Sneha Nirmal Astunkar

Related party disclosures

(Rs. in million)

Nature of transaction	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012 (Note 1)	Year ended 31st March, 2011 (Note 1)
(A) Transaction during the year					
Purchase of goods	**270.31**	**755.76**	**679.56**	**1,566.05**	**1,099.20**
Sunfresh Agro Industries Private Limited	145.97	754.49	676.46	1,562.24	981.72
Feelfresh Agro Private Limited	-	-	-	-	82.31
Prabhat Nutritious & Frozen Food Industries Pvt. Ltd.	-	-	2.08	-	-
Prabhat Milk & Agro Industries	-	-	-	-	-
Prabhat Agro. Multi State Co-Operative Society Limited	124.34	1.26	1.01	3.81	35.17
Relatives of Key Managerial Personnel	-	0.01	0.01	-	-
Purchase of Service (Rental Services)	-	-	**0.30**	-	-
Sunfresh Agro Industries Private Limited	-	-	0.30	-	-
Transport Services	-	-	-	**8.94**	**13.26**
Sarangdhar R. Nirmal	-	-	-	3.41	4.77
Kishor R. Nirmal	-	-	-	1.25	2.22
Arvind J. Nirmal	-	-	-	2.79	4.13
Relatives of Key Managerial Personnel	-	-	-	1.49	2.14
Sale of goods	**4,647.40**	**4,293.39**	**3,710.86**	**1,573.72**	**296.68**
Sunfresh Agro Industries Private Limited	4,647.40	4,293.38	2,919.75	1,033.48	226.44
Feelfresh Agro Private Limited	-	-	-	-	0.00#
Prabhat Nutritious & Frozen Food Industries Private Limited	-	-	791.10	540.24	70.24
Relatives of Key Managerial Personnel	-	0.01	0.01	0.00#	-
Sale of Diesel	-	-	**0.81**	**5.80**	**4.52**
Sunfresh Agro Industries Private Limited	-	-	0.81	0.96	0.13
Sarangdhar R. Nirmal	-	-	-	1.93	1.37
Kishor R. Nirmal	-	-	-	0.55	0.68
Arvind J. Nirmal	-	-	-	1.60	1.70
Relatives of Key Managerial Personnel	-	-	-	0.76	0.64

Nature of transaction	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012 (Note 1)	Year ended 31st March, 2011 (Note 1)
Managerial Remuneration **	**25.33**	**18.47**	**9.50**	**11.40**	**5.64**
Sarangdhar R. Nirmal	7.00	7.00	3.00	3.00	1.20
Kishor R. Nirmal	5.04	5.50	3.00	3.00	1.20
Arvind J. Nirmal	5.04	5.50	3.00	3.00	1.20
Vivek Nirmal	5.80	-	-	-	-
Keyur Shah	0.23	-	-	-	-
Priya Nagmoti	1.44	-	-	-	-
Relatives of Key Managerial Personnel	0.78	0.47	0.50	2.40	2.04
Lease Rent payment	**3.61**	**3.30**	**4.07**	-	-
Sarangdhar R. Nirmal	1.26	1.09	1.34	-	-
Kishor R. Nirmal	1.26	0.92	1.21	-	-
Arvind J. Nirmal	1.09	1.29	1.52	-	-
Borrowings From	-	-	**3.38**	**690.70**	**53.40**
Prabhat Milk & Agro Industries	-	-	-	-	53.40
Nirmal Family Trust	-	-	3.38	377.44	-
Arvind Nirmal	-	-	-	26.75	-
Kishor Ramchandra Nirmal	-	-	-	23.08	-
Sarangdhar R. Nirmal	-	-	-	136.97	-
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	-	-
Relatives of Key Managerial Personnel	-	-	-	126.46	-
Borrowing Repaid	-	-	-	**344.35**	**98.75**
Nirmal Family Trust	-	-	-	39.42	-
Arvind Nirmal	-	-	-	26.75	-
Kishor Ramchandra Nirmal	-	-	-	23.08	-
Sarangdhar R. Nirmal	-	-	-	136.97	-
Prabhat Milk & Agro Industries	-	-	-	-	45.29
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	-	49.21
Relatives of Key Managerial Personnel	-	-	-	118.13	4.25
Sale / Transfer of Assets	-	-	**712.25**	-	-
Sunfresh Agro Industries Private Limited (Sale consideration).	-	-	396.64	-	-
Sunfresh Agro Industries Private Limited (Amount recovered against sale consideration)	-	-	315.61	-	-
Transfer of Balance	-	-	**584.55**	-	-

Nature of transaction	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012 (Note 1)	Year ended 31st March, 2011 (Note 1)
(net)					
Prabhat Nutritious & Frozen Food Industries Private Limited	-	-	353.63	-	-
Sunfresh Agro Industries Private Limited	-	-	230.92	-	-
Loans and advances given	-	**743.76**	**1,855.26**	**1,457.21**	**796.02**
Prabhat Agri Project Development Private Limited	-	-	126.13	365.39	127.61
Cheeseland Agro (India) Private Limited	-	560.27	594.89	387.88	79.39
Sunfresh Agro Industries Private Limited	-	122.07	593.22	74.23	35.05
Prabhat Nutritious & Frozen Food Industries Private Limited	-	-	230.85	139.76	105.01
Feelfresh Agro Private Limited	-	-	-	-	157.96
Prabhat Milk & Agro Industries	-	-	-	10.27	-
Prabhat Agro. Multi State Co-Operative Society Limited	-	61.42	310.17	459.07	279.21
Prabhat Soya Oil & Refineries Ltd	-	-	-	-	11.79
Relatives of Key Managerial Personnel	-	-	-	20.61	-
Loans and advances recovered	**222.70**	**61.42**	**1,117.01**	**930.42**	**784.26**
Prabhat Agri Project Development Private Limited	-	-	4.26	223.22	127.60
Sunfresh Agro Industries Private Limited	222.70	-	573.56	74.23	35.05
Prabhat Nutritious & Frozen Food Industries Pvt. Ltd.	-	-	219.72	139.76	105.01
Cheeseland Agro (India) Private Limited	-	-	-	13.00	79.39
Feelfresh Agro Private Limited	-	-	-	-	157.97
Prabhat Milk & Agro Industries	-	-	-	0.44	-
Prabhat Agro. Multi State Co-Operative Society Limited	-	61.42	319.47	459.07	279.21
Relatives of Key Managerial Personnel	-	-	-	20.70	0.03
Share Application Money Received	-	-	-	**167.55**	**250.90**

Nature of transaction	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012 (Note 1)	Year ended 31st March, 2011 (Note 1)
Arvind Nirmal	-	-	-	24.20	80.90
Kishor R. Nirmal	-	-	-	47.44	81.93
Sarangdhar R. Nirmal	-	-	-	95.91	88.07
Share Application Money Repaid	-	-	-	**178.68**	-
Arvind Nirmal	-	-	-	26.79	-
Kishor R. Nirmal	-	-	-	50.88	-
Sarangdhar R. Nirmal	-	-	-	101.01	-
Shares issued against the conversion of share application money / borrowing into shares	-	-	**299.82**	-	**286.62**
Arvind Nirmal	-	-	-	-	89.40
Kishor R. Nirmal	-	-	-	-	92.02
Sarangdhar R. Nirmal	-	-	-	-	105.20
Nirmal Family Trust			291.49		
Vivek Nirmal			8.33		
Investment made during the year	-	-	-	**3.80**	-
Cheeseland Agro (India) Private Limited	-	-	-	1.00	-
Prabhat Agri Project Development Private Limited	-	-	-	2.80	-
(B) Balances outstanding at the end of the year	-	-	-	-	-
Trade Receivable	-	-	**181.39**	**176.48**	**0.66**
Sunfresh Agro Industries Pvt. Ltd.	-	-	160.06	-	-
Prabhat Nutritious & Frozen Food Industries Pvt. Ltd.	-	-	21.33	176.48	0.66
Investment held by Company	**1.00**	**1.00**	**1.00**	**3.80**	-
Cheeseland Agro (India) Private Limited	1.00	1.00	1.00	1.00	-
Prabhat Agri Project Development Private Limited	-	-	-	2.80	-
Trade Payable	**1.14**	**0.16**	-	**57.44**	**140.26**
Sunfresh Agro Industries Private Limited	-	-	-	57.03	54.32
Feelfresh Agro Private Limited ****	-	-	-	-	68.98
Arvind Nirmal	-	-	-	0.16	0.69
Kishor R. Nirmal	-	-	-	-	1.45

Nature of transaction	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012 (Note 1)	Year ended 31st March, 2011 (Note 1)
Sarangdhar R. Nirmal	-	-	-	0.01	1.75
Prabhat Agro. Multi State Co-Operative Society Limited	1.14	0.16	-	-	9.83
Relatives of Key Managerial Personnel	-	-	-	0.24	3.24
Employee Benefits Payable	**7.80**	**0.15**	-	**0.79**	**0.66**
Kishor R. Nirmal	1.09	0.04	-	0.09	0.51
Arvind J. Nirmal	3.45	0.11	-	0.49	-
Sarangdhar R. Nirmal	1.09	-	-	0.02	0.15
Vivek Sarangdhar Nirmal	1.92	-	-	-	-
Priya Nagmoti	0.14	-	-	-	-
Relatives of Key Managerial Personnel	0.11	-	-	0.19	-
Advance to Suppliers	**-**	-	**0.26**	**9.32**	-
Prabhat Milk & Agro Industries	-	-	-	-	-
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	0.26	9.31	-
Relatives of Key Managerial Personnel	-	-	-	0.01	-
Employee Advance	-	-	-	-	**0.25**
Arvind Nirmal	-	-	-	-	0.14
Relatives of Key Managerial Personnel	-	-	-	-	0.11
Borrowings	**49.91**	**49.91**	**49.91**	**346.35**	**8.11**
Nirmal Family trust	49.91	49.91	49.91	338.02	-
Arvind Nirmal	-	-	-	-	-
Kishor Ramchandra Nirmal	-	-	-	-	-
Sarangdhar R. Nirmal	-	-	-	-	-
Prabhat Milk & Agro Industries	-	-	-	-	8.11
Prabhat Agro Multi State Co-Operative Society Limited	-	-	-	-	-
Relatives of Key Managerial Personnel	-	-	-	8.33	-
Other Current Liability	**236.00**	-	-	-	-
Sunfresh Agro Industries Private Limited	235.15	-	-	-	-
Relatives of Key Managerial Personnel	0.85	-	-	-	-
Share Application Money	-	-	-	-	**11.11**
Arvind Nirmal	-	-	-	-	2.59

Nature of transaction	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012 (Note 1)	Year ended 31st March, 2011 (Note 1)
Kishor R. Nirmal	-	-	-	-	3.44
Sarangdhar R. Nirmal	-	-	-	-	5.08
Loans and advances	**1,530.04**	**1,752.74**	**1,261.85**	**611.92**	**97.26**
Prabhat Agri Project Development Private Limited ***	-	-	-	227.21	85.02
Cheeseland Agro (India) Private Limited	1,530.04	1,530.04	969.77	374.88	-
Sunfresh Agro Industries Private Limited	-	222.70	100.89	-	-
Prabhat Nutritious & Frozen Food Industries Private Limited ***	-	-	190.23	-	-
Prabhat Milk & Agro Industries	-	-	-	9.83	-
Prabhat Soya Oil & Refineries Ltd ****	-	-	-	-	12.24
Sarangdhar R Nirmal	-	-	0.86	-	-
ivek Nirmal	-	-	0.09	-	-
Relatives of Key Managerial Personnel	-	-	0.01	-	-

This is a non zero number rounded off in millions upto two decimal places

* The Company has taken Land on lease from Directors and relatives of directors for a period ranging from 10 years to 30 years starting from Oct, 1999. In terms of the said lease agreement, the Company is required to pay an annual rent of Rs. 0.01 million 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' 2015 has been waived and that the company is not required to pay any lease rent for the above period.

** The remuneration to KMPs does not include provision for Gratuity as it is determined on actuarial basis for Company as a whole.

*** Refer note no 4 (b) of Annexure IV for details of Schemes of arrangement entered into by the Company.

**** During the year ended March 31st, 2012, six companies; Feelfresh Agro Private Limited, Food Land Agro (India) Private Limited, Prabhat Milk and Agro Industries Private Limited, Corntila Food and Packaging Private Limited, Annapurna Health Foods and Agro Products Private Limited and Sunfresh Soya Oils Refineries Limited; have been amalgamated with Sunfresh Agro Industries Private Limited in accordance with the merger scheme of arrangement sanctioned by High Court of Bombay on March 9th, 2012.

1. These figures, which were not disclosed in the audited Financial Statements, have now been disclosed as part of the restated Financial Statements. The auditors have placed reliance on the Management disclosure in this report.

Annexure XXV: Restated Standalone Statement of Contingent Liabilities

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
a) Bills Discounted:					
Bank of Maharashtra	-	-	39.72	-	-
b) Corporate Guarantees given by the Company:					
Prabhat Nutritious & Frozen Foods industries Private Limited	-	-	480.00	480.00	320.00
Sunfresh Agro Industries Private Limited	-	1,154.29	570.00	100.00	100.00
Various milk supplying farmers	20.12	114.58	107.86	7.86	7.86
Kausalya Milk Products Private Limited	-	40.06	58.50	58.50	58.50
c) Income Tax Matters (Refer note b)					
Financial year 2006-07	1.61	1.61	-	-	-
Financial year 2008-09	2.83	2.82	2.83	-	-
Financial year 2009-10	-	2.70	2.23	-	-
Financial year 2010-11	1.70	-	-	-	-
Financial year 2011-12	25.70	-	-	-	-
Total	**51.96**	**1,316.06**	**1,261.14**	**646.36**	**486.36**

Notes:

a) The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

b) 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 demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

Annexure XXVI: Capitalisation Statement

(Rs. in million)

Particulars	Pre-issue as at March 31, 2015		Post-issue
Debt			
Long term borrowings (Including current maturities)	**(A)**	952.98	
Short term borrowing	**(B)**	550.68	
	Total (C=A+B)	**1,503.66**	**-**
Shareholders' funds:			
Equity share capital		714.28	
0.01% Compulsorily Convertible Preference Shares		-	
Reserves and surplus, as restated			
Capital subsidy		5.85	
Securities premium		988.51	
Capital reduction reserve		296.01	
Profit and Loss account		348.48	
	Total (D)	**2,353.13**	**-**
Long Term Debt/Equity ratio	**(A) / (D)**	**0.40**	**-**
Debt/ equity ratio	**(C)/(D)**	**0.64**	

Notes:

1. The post issue debt equity ratio will be computed on conclusion of book building process.

2. Long Term Debt equity ratio = $\frac{\text{Long term borrowing}}{\text{Total shareholder fund}}$

3. Debt equity ratio = $\frac{\text{Total borrowing}}{\text{Total shareholder fund}}$

4. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

5. **0.01% Compulsorily Convertible Preference shares:** During the year ended 31 March 2014 and 31 March 2013, the Company has issued 10,344,828 and 13,793,104, 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10 each on 7th June, 2013 and 28th September, 2012 respectively at a price of Rs. 58/- per share (including premium of Rs. 48/- per share) to Societe De Promotion Et De Participation Pour La Cooperation Economique, India Agri Business Fund Ltd. and REAL Trust. The details of 0.01% Compulsorily Convertible Preference Shares are as under:

Date of Issue of preference shares	Name of shareholder	Total number of preference shares	Earliest Date of Conversion
28th September 2012	India Agri Business Fund Ltd.	13,744,828	Any time after 30th June, 2013
	REAL Trust	48,276	
07th June 2013	Societe De Promotion Et De Participation Pour La Cooperation Economique	10,344,828	
Total		**24,137,932**	

The Board of Directors
Prabhat Dairy Limited
Gut No. 121/2 B to 121/4
At Ranjankhol, P.O. – Tilaknagar
Taluka Rahata
Ahmednagar 413 720

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Prabhat Dairy Limited ('the Company') *(formerly, Prabhat Dairy Private Limited)* ('the Company') and its subsidiaries (hereinafter together with the Company referred to as the "Group"), as approved by the Board of Directors of the Company and prepared by the management of the Company in terms of the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the 'SEBI Regulations'), the 'Guidance Note on 'Reports in Company's Prospectus (Revised)' issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable ('Guidance Note') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 28 January 2015 in connection with the proposed issue of Equity Shares of the Company by way of fresh issue and / or an offer for sale by the existing shareholders.

2. This Restated Consolidated Financial Information has been extracted by the management from the Company's consolidated financial statements for the years ended 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012. The audit of the Company's consolidated financial statements for the years ended 31 March 2013 and 31 March 2012 was conducted by M/s Deloitte Haskins & Sells LLP, Chartered Accountants and M/s KSS & Company, Chartered Accountants respectively and reliance has been placed on the consolidated financial statements audited by them and the financial reports included for these years i.e., for the years 31 March 2013 and 31 March 2012 are based solely on the report submitted by them. The consolidated financial statements for the years ended 31 March 2015 and 31 March 2014 have been audited by us. For the purposes of Restated Consolidated Financial Information of the Group, the respective subsidiaries have been consolidated from the date they became the subsidiaries of the Company.

3. In accordance with the requirements of Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations; and the Guidance Note, as amended from time to time; and in terms of our engagement agreed with you, we further report that:

    a) The Restated Consolidated Statement of Assets and Liabilities of the Company as at 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 examined by us, as set out in Annexure I to this report read with the significant accounting policies in Annexure V, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Consolidated Financial Information enclosed as Annexure IV to XXV to this report. For the financial years ended 31 March 2013 and 31 March 2012 reliance has been placed by B S R & Co. LLP, Chartered Accountants on the consolidated financial statements audited by M/s Deloitte Haskins & Sells LLP, Chartered Accountants and M/s. KSS & Company, Chartered Accountants, respectively. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years.

    b) The Restated Consolidated Statement of Profit and Loss of the Company for the financial years ended 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012, as set out in Annexure II to this report read with the significant accounting policies in Annexure V, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Consolidated Financial Statements enclosed as Annexure IV to XXV to this report. For the years ended 31 March 2013 and 31 March 2012 reliance has been placed by B S R & Co. LLP, Chartered Accountants on the consolidated financial statements audited by M/s Deloitte Haskins & Sells LLP, Chartered Accountants and M/s. KSS & Company, Chartered Accountants, respectively. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years.

c) The Restated Consolidated Statement of Cash Flows of the Company for the financial years ended 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012, as set out in Annexure III to this report read with the significant accounting policies in Annexure V, are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Consolidated Financial Statements enclosed as Annexure IV to XXV to this report. For the financial years ended 31 March 2013 and 31 March 2012 reliance has been placed by B S R & Co. LLP, Chartered Accountants on the consolidated financial statements audited by M/s Deloitte Haskins & Sells LLP, Chartered Accountants and M/s. KSS & Company, Chartered Accountants, respectively. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years.

d) For our examination of the Restated Consolidated Financial Information, we have relied on the financial statements of the Company's subsidiaries, which were audited by the respective auditors, and whose audit reports have been furnished to us and our opinion in so far as it relates to the amounts included in the Restated Consolidated Statement of Assets and Liabilities, the Restated Consolidated Statement of Profit and Loss and the Restated Consolidated Statement of Cash Flows, are based solely on the audit reports of such auditors.

4. Based on the above, in respect of the Company's subsidiaries for the respective years, we confirm that the Restated Consolidated Financial Information, prepared by the management of the Company and approved by the Board of Directors, has been made after incorporating the following:

   i) adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting years;

   ii) adjustments for prior period and other material amounts in the respective financial years to which they relate;

   iii) qualifications in the auditor's report which require adjustments have been given effect to in the Restated Consolidated Financial Information in the respective financial years

   iv) and does not contain any extra-ordinary items that need to be disclosed separately in the Restated Consolidated Financial Information.

   Other remarks/comments in the annexure to the Auditors' report on the financial statements of the subsidiaries of the Company for the financial years ended 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 which do not require any corrective adjustment in the Restated Consolidated Financial Information are mentioned in Clause 7 "Non-adjusting items" under Annexure IV.

5. We have also examined the following restated consolidated financial information as set out in the Annexure prepared by the management of the Company and approved by the Board of Directors, relating to the Company for the financial years ended 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012. In respect of the financial years ended 31 March 2013 and 31 March 2012, this information has been included based upon the reports submitted by M/s Deloitte Haskins & Sells LLP, Chartered Accountants and M/s. KSS & Company, Chartered Accountants, respectively and relied upon by us. The financial statements of the Company's subsidiaries, audited by other auditors for the respective years (as stated in paragraph 2 above) have been relied upon by us.

   i) Statement of Capital and other Commitments, as restated, included in Annexure V(3)
   ii) Statement of Leases, as restated, included in Annexure V(4)
   iii) Statement of Employee Benefits, as restated, included in Annexure V(5)
   iv) Statement of Compliance with Micro, Small and Medium Enterprises Development Act, 2006, as restated, included in Annexure V(6)
   v) Statement of Reconciliation of Shares outstanding at the beginning and at the end of the year, as restated, included in Annexure VI
   vi) Statement of Reserves and Surplus, as restated, included in Annexure VII
   vii) Statement of Long Term Provisions, as restated, included in Annexure VIII
   viii) Statement of Long Term Borrowings, as restated, included in Annexure IX
   ix) Statement of Short Term Borrowings, as restated, included in Annexure X
   x) Statement of Trade Payable, as restated, included in Annexure XI
   xi) Statement of Other Current Liabilities, as restated, included in Annexure XII
   xii) Statement of Short-Term Provisions, as restated, included in Annexure XIII
   xiii) Statement of Non Current Investments, as restated, included in Annexure XIV
   xiv) Statement of Long Term Loans and Advances, as restated, included in Annexure XV
   xv) Statement of Trade Receivables, as restated, included in Annexure XVI
   xvi) Statement of Short-Term Loans and Advances, as restated, included in Annexure XVII
   xvii) Statement of Revenue from operations, as restated, included in Annexure XVIII
   xviii) Statement of Other Income, as restated, included in Annexure XIX
   xix) Statement of Rates and Amount of Dividend, as restated, included in Annexure XX
   xx) Statement of Accounting Ratios, as restated, included in Annexure XXI
   xxi) Statement of Tax Shelter, as restated, included in Annexure XXII
   xxii) Statement of Related Party Transactions, as restated, included in Annexure XXIII
   xxiii) Statement of Contingent Liabilities, as restated, included in Annexure XXIV
   xxiv) Capitalisation Statement, as restated, included in Annexure XXV

6. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as an opinion on any of the financial statements referred to herein.

7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

8. In our opinion, the above Restated Consolidated Financial Information is contained in Annexure I to III of this report read along with the Significant Accounting Policies and Notes to Restated Consolidated Financial Information (Refer Annexure IV to XXV) prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable; SEBI Regulations and the Guidance note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

9. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity Shares of the Company by way of fresh issue and /

or an offer for sale by the existing shareholders. Our report should not be used, referred to or distributed for any other purpose except with our consent in writing.

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

Chartered Accountants
Firm registration number: 101248W/ W-100022

Juzer Miyajiwala

Partner

Membership No.: 047483

Pune
Date: June 24, 2015

Annexure I: Restated Consolidated Summary Statement of Assets and Liabilities

(Rs. in million)

Sr.No.	Particulars	Annexure	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
A.	**Equity & Liabilities**					
	Shareholder's Funds					
	(a) Share capital	VI	714.28	271.38	169.45	4.51
	(b) Reserves and Surplus	VII	2,671.11	2,909.33	2,205.02	1,129.51
			3,385.39	**3,180.71**	**2,374.47**	**1,134.02**
B.	**Non-current liabilities**					
	(a) Long-term Provision	VIII	10.73	6.68	4.60	2.04
	(b) Long term Borrowings	IX	2,159.39	1,340.87	1,414.34	1,688.92
	(c) Deferred tax liabilities (Net)		177.61	180.89	150.70	127.34
			2,347.74	**1,528.44**	**1,569.64**	**1,818.30**
C.	**Current liabilities**					
	(a) Short-term borrowings	X	1,656.08	1,233.39	1,002.73	828.26
	(b) Trade payables	XI	622.02	435.64	255.70	295.88
	(c) Other current liabilities	XII	443.20	641.88	518.42	686.11
	(d) Short-term provisions	XIII	49.91	47.19	33.64	29.68
			2,771.21	**2,358.10**	**1,810.49**	**1,839.93**
	Total (A+B+C)		**8,504.34**	**7,067.25**	**5,754.60**	**4,792.25**
D.	**Non-current assets**					
	(a) Fixed assets:					
	Tangible assets		2,918.26	3,185.21	3,023.90	2,623.63
	Intangible assets		8.97	1.70	3.21	3.58
	Capital work-in-progress		1,590.65	922.53	388.77	411.65
			4,517.88	**4,109.44**	**3,415.88**	**3,038.86**
	(b) Non-current investments	XIV	0.73	0.73	0.23	0.05
	(c) Long-term loans and advances	XV	680.33	592.26	1,021.64	548.88
	(d) Other Non-Current assets		4.70	-	-	34.68
			5,203.64	**4,702.43**	**4,437.75**	**3,622.47**
E.	**Current assets**					
	(a)Inventories		634.36	435.04	360.73	232.69
	(b) Trade receivables	XVI	2,084.03	1,557.01	797.12	460.21
	(c) Cash and cash equivalents		215.41	43.91	61.53	28.86
	(d) Short-term loans and advances	XVII	284.27	327.37	58.85	413.99
	(e) Other current assets		82.63	1.49	38.62	34.03
			3,300.70	**2,364.82**	**1,316.85**	**1,169.78**
	Total (D+E)		**8,504.34**	**7,067.25**	**5,754.60**	**4,792.25**

Note:

1. The above statement should be read with the notes to restated consolidated summary Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement in Annexure IV and Annexure V.

2. Restated consolidated financial statements have been presented from the year ended 31 March 2012, as the Company did not have any subsidiaries for the year ended 31 March 2011. The financial statements of following companies are drawn upto the same reporting date i.e. for the year ended March 31 every year since its acquisition /formation and have been used for the purpose of consolidation.

Name of the Company	Relationship	Ownership held by	% of voting power held	Date of Acquisition.
Cheeseland Agro (India) Private Limited	Subsidiary	Prabhat Dairy Limited	100%	1st April 2011
Prabhat Agri Project Development Private Limited	Subsidiary	Prabhat Dairy Limited	100%	1st April 2011
Prabhat Nutritious & Frozen Food Industries Private Limited	Subsidiary	Prabhat Agri Project Development Private Limited	100%	1st April 2011
Sunfresh Agro Industries Private Limited	Subsidiary	Cheeseland Agro (India) Private Limited	100%	3rd April 2011

All the above mentioned companies are incorporated in India.

In accordance with the Scheme of Amalgamation approved by the Hon'able Mumbai High Court on 25 July 2014, Prabhat Agri Projects Development Private Limited and Prabhat Nutritious and Frozen Foods Industries Private Limited (hereinafter referred to as 'erstwhile Prabhat Agri Projects Development Private Limited' and 'erstwhile Prabhat Nutritious and Frozen Food Industries Private Limited' or "transferor companies") were merged with the Company with effect from 1 April 2013 and 31 March 2013 respectively.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Juzer Miyajiwala
Partner
Membership No.: 047483
Place: Pune
Date: June 24, 2015

For and on behalf of the Board of Directors of Prabhat Dairy Limited

Sarangdhar R Nirmal
Chairman cum Managing Director

Vivek S Nirmal
Joint Managing Director

Keyur Shah
Chief Financial Officer

Priya Nagmoti
Company Secretary

Date: June 24, 2015

Annexure II: Restated Consolidated Summary Statement of Profit and Loss

(Rs. in million)

Sr. No.	**Particulars**	**Annexure**	**For Year ended 31st March, 2015**	**For Year ended 31st March, 2014**	**For Year ended 31st March, 2013**	**For Year ended 31st March, 2012**
A.	**Revenues**					
	(a) Revenue from operations	XVIII	10,007.65	8,566.79	6,411.22	4,830.39
	(b) Other income	XIX	9.73	9.79	8.17	7.82
	Total revenue		**10,017.38**	**8,576.58**	**6,419.39**	**4,838.21**
B.	**Expenses**					
	(a) Cost of materials consumed		7,750.49	6,385.66	5,148.84	3,649.50
	(b) Purchase of traded goods		242.14	287.68	52.62	98.82
	(c) Changes in inventories of finished goods and work in progress and stock in trade		(230.73)	52.29	(164.99)	70.92
	(d) Employee benefits expense		255.98	193.61	116.25	102.12
	(e) Finance costs		411.97	329.88	296.86	184.10
	(f) Depreciation and amortization expense		344.00	334.63	244.10	164.55
	(g) Other expenses		974.00	740.12	530.53	422.27
	Total expenses		**9,747.85**	**8,323.87**	**6,224.21**	**4,692.28**
C.	**Restated Profit before tax**		**269.53**	**252.71**	**195.18**	**145.93**
D.	**Tax expense/(credit):**					
	Current tax		82.56	52.20	46.52	29.19
	MAT credit recognition		(20.20)	(37.46)	(15.36)	(19.82)
	Deferred tax expense /(credit)		(3.28)	30.18	23.36	41.43
	Restated Profit after tax		**210.45**	**207.79**	**140.66**	**95.13**

Note:

The above statement should be read with the notes to restated consolidated summary Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement in Annexure IV and Annexure V.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors of Prabhat Dairy Limited

Sarangdhar R Nirmal
Chairman cum Managing Director

Vivek S Nirmal
Joint Managing Director

Juzer Miyajiwala
Partner
Membership No.: 047483
Place: Pune
Date: June 24, 2015

Keyur Shah
Chief Financial Officer
Date: June 24, 2015

Priya Nagmoti
Company Secretary

Annexure III: Restated Consolidated Summary Statement of Cash Flows Statement

(Rs. in million)

Sr. No.	Particulars	For Year ended 31st March, 2015	For Year ended 31st March, 2014	For Year ended 31st March, 2013	For Year ended 31st March, 2012
A.	**CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES**				
	Profit before taxation (as restated)	**269.53**	**252.71**	**195.18**	**145.93**
	NON CASH ADJUSTMENT				
	Depreciation and amortization expense	344.00	334.63	244.11	164.55
	Finance cost	411.97	329.88	296.86	184.09
	(Profit) / loss on sale of assets (net)	-	(0.34)	2.12	-
	Miscellaneous Expenditure written off	-	-	-	33.51
	Interest income	(6.29)	(3.60)	(5.95)	(3.03)
	Operating profit before working capital changes (as restated)	**1,019.21**	**913.28**	**732.32**	**525.05**
	Adjustments for				
	(Increase) / decrease in long term loans and advances given	(349.96)	(13.09)	(34.62)	70.18
	(Increase) / decrease in inventories	(199.32)	(74.31)	(128.04)	56.14
	(Increase) / decrease in trade receivables	(527.02)	(759.89)	(336.90)	202.99
	(Increase) / decrease short term loans and advances	3.48	(189.72)	355.14	82.47
	Increase in long term provisions	4.06	2.08	2.55	0.99
	(Increase) in other current assets	-	-	-	(0.49)
	Increase / (decrease) in trade payables	186.38	179.94	(40.18)	(196.54)
	Increase / (decrease) in other current liabilities	(60.08)	71.73	38.91	(113.82)
	Increase in short term provisions	2.50	0.07	1.20	0.09
		(939.96)	**(783.19)**	**(141.94)**	**102.01**
	Cash flow from operations	79.25	130.09	590.38	627.06
	Income Tax paid	(65.07)	(44.43)	(33.23)	(92.07)
	Net cash generated from operating activities (A)	**14.18**	**85.66**	**557.15**	**534.99**
B.	**CASH FLOW FROM / (USED IN) INVESTING**				

Sr. No.	Particulars	For Year ended 31st March, 2015	For Year ended 31st March, 2014	For Year ended 31st March, 2013	For Year ended 31st March, 2012
	ACTIVITIES				
	Purchase of fixed assets including capital advances	(535.60)	(674.00)	(1,136.20)	(1,091.84)
	Proceeds from sale of tangible and intangible fixed assets	-	1.83	1.03	-
	Capital subsidy / reserves	54.40	26.90	-	-
	Payment made on account of business acquired	-	-	-	(3.80)
	Purchase of investments	-	(0.50)	(0.20)	-
	Bank / NBFC deposits not considered as Cash and cash equivalents				
	- Placed	(95.37)	(8.70)	(11.41)	(71.52)
	- Matured	37.08	37.49	41.04	3.01
	Proceeds from sale of investments	-	-	0.02	0.61
	Short term loan and advances given.	-	-	-	(469.34)
	Realization of short term loans and advances given	-	-	-	459.51
	Interest received	6.87	5.98	3.43	2.15
	Net cash (used in) investing activities (B)	**(532.62)**	**(611.00)**	**(1,102.29)**	**(1,171.22)**
C.	**CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES**				
	Share application money (refunded)	-	-	-	(244.16)
	Redemption of preference shares	-	(1.52)	-	(3.45)
	Proceeds from issue of preference shares	-	600.00	800.00	-
	Proceeds from short term borrowings (net)	422.69	230.66	174.48	328.91
	Proceeds from long-term borrowings	759.29	528.88	724.79	734.14
	Repayment of long-term borrowings	(10.62)	(527.27)	(740.13)	-
	IPO Related Advances	(26.69)	-	-	-
	Prepaid Expenses	(17.08)	-	-	-
	Finance cost paid	(430.47)	(328.04)	(388.63)	(167.02)
	Dividend Paid including dividend distribution tax	(5.74)	-	-	(0.01)
	Proceeds from long-term borrowings from firms / trust in which KMP are interested	-	-	3.38	-
	Net cash generated from financing activities (C)	**691.38**	**502.71**	**573.89**	**648.41**
D.	**Net Increase / (Decrease) in cash and cash equivalents (A+B+C)**	**172.94**	**(22.63)**	**28.75**	**12.18**

Sr. No.	Particulars	For Year ended 31st March, 2015	For Year ended 31st March, 2014	For Year ended 31st March, 2013	For Year ended 31st March, 2012
E.	**Cash and cash equivalents at the beginning of the year**	**29.37**	**52.00**	**23.25**	**11.07**
F.	**Total cash and cash equivalents at the end of the year (D+E)**	**202.31**	**29.37**	**52.00**	**23.25**
	Note : Cash and cash equivalents as at the year-end includes:				
	Cash on hand	6.08	12.14	27.75	12.06
	Balances with banks:				
	On current accounts	196.23	17.23	24.25	11.19
	Cash and cash equivalents as per the cash flow statement	**202.31**	**29.37**	**52.00**	**23.25**

Notes:

1. Figures in brackets indicate cash outflow.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. The cash flow statement has been prepared in accordance with indirect method as set out in the Accounting Standard ('AS-3') on cash flow statements as notified in Companies (Accounting Standard) Rules, 2006.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors of Prabhat Dairy Limited

Sarangdhar R Nirmal
Chairman cum Managing Director

Vivek S Nirmal
Joint Managing Director

Juzer Miyajiwala
Partner
Membership No.: 047483
Place: Pune
Date: June 24, 2015

Keyur Shah
Chief Financial Officer
Date: June 24, 2015

Priya Nagmoti
Company Secretary

Annexure IV: Notes on Material Adjustments

a) The summary of results of restatement made in the audited consolidated financial statements for the respective years and its impact on the profit/(loss) of the Company is as follows:

(Rs. in million)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Net profit as per audited financial statements (A)	259.89	173.37	151.20	62.93
Adjustments to net profit as per audited financial statements				
a. Prior period items (Refer note 2)	(25.97)	13.18	15.45	(2.66)
b. Other material adjustment (refer note 3)	6.64	3.56	(1.89)	3.71
c. (i). Current tax over and under provision (refer note 4)	(38.22)	31.41	(13.97)	23.67
(ii). Restatement of deferred tax over and under provision (refer note 4)	13.04	(17.07)	(10.13)	7.48
(iii). Deferred tax impact of other material adjustment in note no 2 below (refer note 4)	(4.93)	3.33	-	-
Total of adjustments (B)	(49.44)	34.41	(10.54)	32.20
Restated profit (A + B)	**210.45**	**207.79**	**140.66**	**95.13**

Notes: A positive figure represent addition and figures in bracket represent deletion to the corresponding head in the audited financial statement for respective years to arrive at the restated numbers.

b) The summary of restatement made in the audited consolidated financial statements for the respective years and its impact on the balance sheet of the Company is as follows:

(Rs. in million)

Sr. No	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
1	**Long Term Loans and Advances**	**-**	**-**	**7.10**	**243.72**
	Regrouping of following items done:				
	Trade Receivables (Refer Note 4)	-	-	-	(118.08)
	Short Term Loans and Advances (Refer Note 8)	-	-	(7.10)	(1.92)
	Capital Work in Progress (Refer Note 7)	-	-	-	(134.78)
	Other Non Current Assets (Refer Note 10)	-	-	-	5.22
	Other Current Liability (Refer note 11)	-	-	-	2.64
	Cash & Bank (Refer Note 9)	-	-	-	3.20
2	**Other Non Current**	**-**	**-**	**-**	**34.68**

Sr. No	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
	Assets				
	Regrouping of following items done:				
	Long Term Loans and Advances (Refer Note 10)	-	-	-	(5.22)
	Cash & Bank Balance (Refer Note 14)	-	-	-	(29.46)
3	**Capital Work in Progress**	**-**	**-**	**-**	**(134.78)**
	Regrouping of following items done:				
	Long Term Loans and Advances (Refer Note 7)	-	-	-	134.78
	Current Assets				
4	**Cash & Bank Balance**	**-**	**-**	**-**	**(26.74)**
	Regrouping of following items done:				
	Other Non Current Assets (Refer Note 14)	-	-	-	29.46
	Long Term Loans and Advances (Refer Note 9)	-	-	-	(3.20)
	Other Non Material regroupings	-	-	-	0.48
5	**Short Term Loans and Advances**	**-**	**-**	**(7.10)**	**398.59**
	Regrouping of following items done:				
	Trade Payables (Refer Note 12)	-	-	-	(335.61)
	Long term Loans and Advances (Refer Note 8)	-	-	7.10	1.92
	Long Term Borrowings (Refer Note 13)	-	-	-	8.24
	Trade Receivables (Refer Note 15)	-	-	-	(71.92)
	Other Non Material regroupings	-	-	-	(1.22)
6	**Trade Receivable**	**-**	**-**	**-**	**(176.02)**
	Regrouping of following items done:				
	Other Current Liabilities (Refer Note 16)	-	-	-	(13.98)
	Long Term Loans and Advances (Refer Note 4)	-	-	-	118.08
	Short Term Loans and Advances (Refer Note 15)	-	-	-	71.92
7	**Other Current Assets**	**-**	**-**	**-**	**(24.57)**
	Regrouping of following items done:				
	Long Term Borrowings (Refer Note 13)	-	-	-	24.57

Sr. No	Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
	Non - Current Liabilities				
8	**Long Term Borrowings**	**-**	**-**	**-**	**239.78**
	Regrouping of following items done:				
	Other Current Liabilities (Refer Note 5 & 6)	-	-	-	(105.89)
	Short Term Borrowings (Refer Note 17)	-	-	-	(100.69)
	Short Term Loans and Advances (Refer Note 13)	-	-	-	(8.25)
	Other Current Assets (Refer Note 13)	-	-	-	(24.57)
	Other Non Material regroupings	-	-	-	(0.38)
	Current Liabilities				
9	**Trade Payables**	**-**	**-**	**-**	**(286.41)**
	Regrouping of following items done:				
	Other Current Liabilities (Refer Note 2)	-	-	-	35.51
	Short Term Loans and Advances (Refer Note 1)	-	-	-	250.43
	Other Non-Material regroupings	-	-	-	0.47
10	**Short Term Borrowings**	**-**	**-**	**-**	**(100.69)**
	Regrouping of following items done:				
	Long Term Borrowings (Refer Note 17)	-	-	-	100.69
11	**Other Current Liabilities**	**-**	**-**	**-**	**(92.18)**
	Regrouping of following items done:				
	Long term Loans and Advances (Refer Note 3 & 11)	-	-	-	7.33
	Trade Payables (Refer Note 2)	-	-	-	(35.51)
	Trade Receivables (Refer Note 16)	-	-	-	13.98
	Long Term Borrowings (Refer Note 5 & 6)	-	-	-	105.89
	Other Non Material regroupings	-	-	-	0.49

Note:

1. Regrouping of Rs 250.43 million for the Financial Year ended 31 March 2012, from Trade Payables to Short Term Loans and Advances i.e. Advance to Suppliers (grossing up).

2. Regrouping of Rs 35.51 million for the Financial Year ended 31 March 2012, from Other Current Liabilities i.e. Capital Creditors to Trade Payables.

3. Regrouping of Rs 9.97 million for the Financial Year ended 31 March 2012 from Other Current Liabilities to Long Term Loans and Advances i.e. Capital Advances (Grossing up).

4. Regrouping of Rs 118.08 million for the Financial Year ended 31 March 2012 from Trade Receivables to Long Term Loans and Advances.

5. Regrouping of Rs 88.81 million for the Financial Year ended 31 March 2012 from Long Term Borrowings to Other Current Liabilities i.e. Current Maturity of Long Term Borrowings.

6. Regrouping of Rs 17.07 million for the Financial Year ended 31 March 2012 from Long Term Borrowings to Other Current Liabilities being Interest Accrued and due on borrowings.

7. Regrouping of Rs 134.78 million for the Financial Year ended 31 March 2012 from Capital Work in Progress to Long Term Loans and Advances.

8. Regrouping of Rs 1.92 million for the Financial Year ended 31 March 2012 from Short Term Loans and Advances to Long Term Loans and Advances. Further, regrouping of Rs 39.95 million and Rs 31.10 million for the Financial Year ended 31 March 2013 from Short Term Loans and Advances to Long Term Loans and Advances i.e. Capital Advances & Balance lying with Government Authorities respectively.

9. Regrouping of Rs 3.20 million for the Financial Year ended 31 March 2012 from Long Term Loans and Advances to Cash & Bank.

10. Regrouping of Rs 5.22 million for the Financial Year ended 31 March 2012 from Long Term Loans and Advances to Other Non Current Assets (pertains to FD with NBFC).

11. Regrouping of Rs 2.60 million for the Financial Year ended 31 March 2012 from Other Current Liabilities to Long Term Loans and Advances.

12. Regrouping of Rs 335.61 million for the year ended 31 March 2012, from Trade Payables to Short Term Loans and Advances i.e. Advance to Suppliers.

13. For the Financial Year ended 31 March 2012, Prepaid Interest appearing in Short Term Loans and Advances has been reversed by debiting to Long Term Borrowings.

14. Regrouping of Rs 29.24 million for the year ended 31 March 2012, from Cash & Bank to Other Non-Current Assets.

15. Regrouping of Rs 71.92 million for the year ended 31 March 2012, from Trade Receivable to Short Term Loans and Advances.

16. Regrouping of Rs 13.98 million for Financial Year ended 31 March 2012 from Other Current Liabilities to Trade Receivables (Grossing up).

17. Regrouping of Rs 100.7 million for the Financial Year ended 31 March 2012 from Long Term Borrowings to Short Term Borrowings.

1. <u>Presentation and disclosure of financial statements</u>

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956 ('the Act') has become applicable to the Company for preparation and presentation of its financial statements. Accordingly, the Company has prepared the financial statements for the year ended 31 March 2012 onwards in accordance with Revised Schedule VI of the Act. The adoption of Revised Schedule VI of the Act does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements.

2. <u>Prior period items</u>

During the years ended 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012, the Company had recognised income/expenses which pertained to the previous years. The Company on restatement has recorded the expenses in the financial statements of the respective years. The details of such prior period adjustments are as under:

(Rs. in million)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Amortization of leasehold land	-	-	6.15	(6.15)
Export incentive	(9.43)	9.43	-	-
Industrial Promotion Subsidy Received	(16.54)	3.75	9.29	3.50
Others	-	-	0.01	(0.01)
Total	**(25.97)**	**13.18**	**15.45**	**(2.66)**

3. **Other Material Adjustments**

(Rs. in million)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
VAT Disallowed	4.76	(1.63)	(0.79)	2.37
Bad debts / Provision for doubtful debts	1.88	0.51	0.11	(0.92)
Provision for doubtful debts (Capital Advance)	-	5.00	-	-
Revenue from operations	-	-	10.86	-
Other income	-	-	(10.86)	-
Others	-	(0.32)	(1.21)	2.26
Total	**6.64**	**3.56**	**(1.89)**	**3.71**

a. **VAT Disallowed**

During the year ended 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 the Company has recognised VAT disallowances which pertained to the previous years. The Company, on restatement, has recorded the expenses in the financial statements of the respective years.

b. **Bad debts / Provision for doubtful debts**

Provision for bad / doubtful debts has been made in the Statement of Profit and Loss in the year in which uncertainty as to the ultimate collection of outstanding amount arose. But for the purpose of Statement of Profit and Loss, as restated, provision for bad/ doubtful debts and bad debts written off are considered in the years in which amount of revenue was recognized.

c. **Reclassification of Other income**

During the year ended 31 March 2013, the Company has recognised revenue earned from letting of plant facility and other services in other income. The Company, on restatement, has grouped the same under revenue from sale of services.

4 **Tax adjustment**

Short or excess provision of current tax / deferred tax accounted in each of the financial years has been adjusted in the respective financial years for which the taxes were under or over provided.

Deferred tax has been restated in accordance with the impact of other material adjustment in note no 3 above.

(Rs. in million)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Restatement of current tax over and under provision	(38.22)	31.41	(13.97)	23.67
Restatement of deferred tax over and under provision	13.04	(17.07)	(10.14)	7.48
Deferred tax impact of other material adjustment in note no 3 above.	(4.94)	3.33	-	-
Total	**(30.12)**	**17.67**	**(24.11)**	**31.15**

5. Material Regrouping

a) Appropriate adjustments have been made in the restated consolidated summary Statements of Assets and Liabilities, Profit and Losses and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company for year ended 31 March 2015, prepared in accordance with Schedule III of the Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

b) The restated consolidated summary Statements of Assets and Liabilities have been presented after deducting the balance outstanding on revaluation reserve from both fixed assets and reserves in accordance with the requirement of the Securities and Exchange Board Of India (Issue of Capital and Disclosure Requirements), 2009 (as amended).

c) **Schemes of arrangement entered into by the Company or its subsidiaries during the period covered by the restated consolidated financial statements.**

Prabhat Agri Project Development Private Limited (PAPDPL), wholly owned subsidiary of the Company and Prabhat Nutritious And Frozen Food Industries Private Limited (PNFFIPL), wholly owned subsidiary of PAPDPL, have been amalgamated with the Company with effect from the closing business hours of 31st March 2013 (‘First Appointed Date’) and the opening business hours of 1st April 2013 (‘Second Appointed Date’) respectively as per the Scheme of Amalgamation approved by the Hon’able Mumbai High Court vide its Order dated 25th July 2014 which has become effective from 15th September 2014 (‘Effective Date’).

Pursuant to the aforesaid amalgamation, all the assets and liabilities including reserves of PAPDPL and PNFFIPL have been merged with the assets and liabilities including reserves of the Company at book value with effect from the First Appointed Date and the Second Appointed Date, respectively. Pursuant to this, all the transactions by the Company, PAPDPL and PNFFIPL inter-se during the year from the First Appointed Date and the Second Appointed Date respectively and 15th September 2014, have been considered to be carried on behalf of the Company itself and no separate disclosures in relation to the same have been made in these restated financial statements.

The assets, liabilities and reserves of PAPDPL and PNFFIPL have been recorded at their book values in the books of Prabhat Dairy Private Limited (PDPL) on amalgamation as on 31st March 2013 and 1st April 2013 respectively, in accordance with the 'Pooling of Interests method' stated in Accounting Standard 14- Accounting for Amalgamations.

d) Amalgamation with Sunfresh Agro Industries Private Limited

During the year ended March 31st, 2012, six companies; Feelfresh Agro Private Limited, Food Land Agro (India) Private Limited, Prabhat Milk and Agro Industries Private Limited, Corntila Food and Packaging Private Limited, Annapurna Health Foods and Agro Products Private Limited and Sunfresh Soya Oils Refineries Limited; have been amalgamated with Sunfresh Agro Industries Private Limited in accordance with the merger scheme of arrangement sanctioned by High Court of Bombay on March 9th, 2012.

Shareholders of the above companies were issued 151,700 0.01% Redeemable Non-Cumulative Preference shares (Rs. 10 each fully paid) of SAIPL as a consideration for transfer of business undertaking.

The assets, liabilities and reserves of the above companies were recorded at their book values in the books of SAIPL on amalgamation as on 1st April 2011, in accordance with the 'Pooling of Interests method' stated in Accounting Standard 14- Accounting for Amalgamations.

6. (i) Restatement adjustments made in the audited opening balance figure of the net reserve & surplus as at April 1, 2011 in audited consolidated financial statements (from the date of consolidation).

Particulars	Amount (Rs. in million)	Amount (Rs. in million)
Net reserve & surplus as at April 1, 2011 as per audited consolidated financial statements		747.83
a) Restatement adjustments related to PDPL upto 31 March 2011		
a. Other material adjustments	(9.55)	
b. (i). Tax over and under provision	(2.72)	
b. (ii). MAT credit recognition	1.09	
b. (iii). deferred tax impact of adjustments	0.37	
Sub Total		(10.81)
b) Restatement adjustments related to subsidiaries upto 31 March 2011		
a. Other material adjustments	(2.47)	
b. (i). Tax over and under provision	(1.71)	
b. (ii). MAT credit recognition	0.45	
b. (iii). deferred tax impact of adjustments	7.93	
Sub Total		4.20
Net reserve & surplus as at April 1, 2011 as restated		**741.22**

7. Non - adjusting items

For the financial years ended 31 March 2013 and 31 March 2012, financial statements were audited by firms other than B S R & Co LLP.

For the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012, in addition to the audit opinion on the financial statements, the auditors were required to comment upon the matters included in the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India under sub section (4A) of Section 227 of the Act.

For the financial year ended 31 March 2015 in addition to the audit opinion on the financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2015 (CARO - 2015) issued by the Central Government of India under sub section 11 of Section 143 of the Companies Act, 2013. Certain statements / comments included in audit opinion on the financial statements, CARO and CARO - 2015, which do not require an adjustment in the restated summary financial statements are reproduced below in respect of the financial statements presented:

Prabhat Diary limited

(i) Financial Year ended 31st March 2015

Companies (Auditor's Report) Order, 2015

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for certain delays in payment of Provident fund, Profession tax, Service tax and duty of Excise ranging from 1 to 176 days.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax and other statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable other than those stated below:

Name of the statute	Nature of the dues	Amount (Rs in million)	Period to which amount relates	Due date	Date of payment
The Finance Act, 1994	Service tax	0.01	Jun-14	6-Jul-14	14-May-15

b. According to the information and explanations given to us there are no dues of Income tax or Sales tax or Wealth tax or Service tax or duty of Customs or duty of Excise or Value added tax which have not been deposited with the appropriate authorities on account of disputes other than those stated below:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs. in million)	Amount paid under protest (Rs. in million)	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	AY 2007-08	1.61	-	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2009-10	2.83	1.90	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2011-12	1.70	-	Deputy Commissioner of Income Tax, Ahmednagar
The Income Tax Act, 1961	Income tax	AY 2012-13	25.70	-	Commissioner of Income Tax (Appeals), Pune

(ii) Financial Year ended 31st March 2014

<u>Emphasis of Matter - Main Audit Report</u>

a) We draw attention to note 33 (reproduced below) of the financial statements regarding arrangements with private companies where directors of the Company are interested, where the Company has either made or is in the process of making the application for the approval of the Central Government under Section 297 of the Companies Act, 1956, which is pending.

Note 33:- Approval of Central Government under section 297 of the Companies Act, 1956

During the year, the Company has entered into the following transactions with the parties covered u/s 297 of the Companies Act, 1956 viz. Sunfresh Agro Industries Private Limited (SAIPL), 100% step down subsidiary of the Company in which Key Managerial Personnel are interested as Directors:

(Rs. in million)

Name of the Transaction (1)	Total value of transactions for the period from 1 April 2013 to 31 March 2014 (2)	Total value of transactions for the period from 1 April 2013 to 30 Sept 2013 pursuant to compounding application filed with the vide SRN B91983064 dated 20/12/2013 (3)	Total value of transactions for the period from 1 Oct 2013 to 31 March 2014 pursuant to Central Government approval (4)	Total value of transactions for which approval of Central Government not obtained (5)
With Sunfresh Agro Industries Private Limited:				
Sale of Cream	543.30	-	-	543.30
Purchase of Milk	228.95	56.40	-	172.55
Purchase of Whole Milk Powder	280.59	-	-	280.59
Vehicles taken on lease from directors	3.30	-	-	3.30

The transactions in respect of purchase of milk have been carried out by the Company pursuant to agreements entered into by the Company with the aforesaid related parties at the time when there was no related party relationship between the parties as contemplated in section 297 of the Companies Act, 1956 (the Act). However, during the previous year, as a matter of caution, the Company had obtained the approval of Central Government u/s 297 of the Act for the transactions for purchase of milk.

Further, prior approval of the Central Government u/s 297 of the Act was required to be obtained for the transactions entered into by the Company in respect of items other than milk not covered by the agreement referred above.

For the transactions pertaining to the period from 1 April 2013 to 30 September 2013, the Company has submitted an application vide SRN B91983064 dated 20 December 2013 for compounding of offence u/s 297 of the Act to Regional Director and the said application is pending for approval by Regional Director. For the transactions for the period from 1 October 2013 to 31 March 2014, where the total value of transactions for which Central Government approval is not obtained as mentioned in column (5), the Company is in the process of filing an application for compounding of offence u/s 297 of the Act to the Regional Director.

In addition to the above, the Company has filed an application for compounding of offence u/s 297 for the transactions pertaining to 1 April 2012 to 31 March 2013, which is pending for approval by Regional Director as of 31 March 2014.

Companies (Auditor's Report) Order, 2003

a. The Company has maintained proper records showing full particulars, including situation of fixed assets *except for records relating to certain details of additions during the year*, which based on the information and explanations given to us, are in the process of being updated.

b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund and Employee's State Insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Sales tax, Service tax, Wealth tax, Customs duty, Excise duty and other material statutory dues were in arrears, as at 31 March 2014, for a period of more than six months from the date they became payable, except as disclosed below:

Name of Statute	Nature of Dues	Amount due (Rs. in million)	Amount paid (Rs. in million)	Due Date of payment	Date of payment
Income Tax Act, 1961	Tax deducted at source under section 194 A	0.90	0.90	30-04-2013	30-04-2014
Income Tax Act, 1961	Advance tax	0.82	Nil	Various	-

c. According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Wealth tax, Customs Duty and Excise Duty which have not been paid with the appropriate authorities on account of any dispute, except as disclosed below:

Name of Statute	Nature of Dues	Amount (Rs. in million)	Amount paid under protest (Rs. in million)	Net Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Penalties	2.83	1.90	0.93	2008-09	Commissioner of Income Tax, Pune
Income Tax Act, 1961	Income Tax and Penalties	2.70	2.00	0.70	2009-10	Commissioner of Income Tax, Pune

d. *According to the information and explanations given to us, and on an overall examination of the Balance sheet of the Company, there are funds aggregating to Rs. 332.04 million raised on short term basis, which have been used for long term investment.*

(iii) Financial Year ended 31st March 2013

Qualification - Main Audit Report

Cash on hand as at 31st March 2013 aggregating to Rs. 8.08 million could not be physically verified by us. Based on the explanations provided to us and as stated in note no. 41 {reproduced below} of the financial statements, the said cash was held with certain Promoter Directors of the Company and has been accordingly confirmed by the respective directors. However, in the absence of appropriate accounting records indicating so, we are unable to express an opinion regarding the existence of the said cash as on that date and the consequential effect thereof on these financial statements.

Note No. 41:- Cash in hand as on 31st March' 2013 includes cash balance of Rs. 8.08 million lying with Promoter Directors. The Company procures milk through various channels including direct purchase of milk in small quantities from a large number of farmers on a day to day basis. Payments to farmers supplying milk to the Company are generally made in cash and this is the normal practice in the dairy industry. Timely and convenient means of payment to farmers are critical factors for ensuring regular supply of quality milk to the Company. In view of the above, it is normal practice and a genuine business requirement for dairy engaged in direct milk procurement from small farmers, to keep ready cash (as a thumb rule, cash equivalent of about three days of milk purchased price) in the Company premises. From risk management point of view, such large amount of cash is kept partly in the locker in the cashier's room and partly with the Company's promoter directors residing in the Company premises only.

Emphasis of Matter - Main Audit Report

a) **Note No. 31 (reproduced below)** of the financial statements regarding arrangements with private companies where directors of the Company are interested, where the Company has made application for the approval of the Central Government under Section 297 of the Companies Act, 1956, which is pending.

Note No. 31 - Approval of Central Government under section 297 of the Companies Act, 1956:

During the year, the Company has entered into the following transactions with the parties covered u/s 297 of the Companies Act, 1956 viz. Sunfresh Agro Industries Private Limited (SAIPL) and Prabhat Nutritious & Frozen Food Industries Private Limited (PNFFIPL), 100% step down subsidiaries of the Company in which KMP are interested as Directors:

(Rs. in million)

Nature of Transactions	Total value of transactions during the period from 1st April, 2012 to 31st March, 2013	Total value of transactions from 1st April, 2012 to 20th August, 2012 pursuant to Agreements executed in the year 2010 & 2011	Total value of transactions from 21st August, 2012 to 31st March, 2013 pursuant to Central Govt. approval u/s 297 of the Companies Act, 1956	Total value of transactions for which approval of Central Government not obtained
With Sunfresh Agro Industries Private Limited (SAIPL)				
Sale of milk	2,919.68	754.80	2,029.26	135.62
Sale of Diesel	0.81	-	-	0.81
Sale of Ghee	0.07	-	-	0.07
Purchase of Cream	11.26	-	-	11.26
Purchase of Dairy Whitener	0.08	-	-	0.08
Purchase of Juice	2.93	-	-	2.93
Purchase of processed i.e. standard milk	340.38	-	-	340.38
Purchase of SCM	278.34	-	-	278.34
Purchase of	43.46	-	-	43.46

Nature of Transactions	Total value of transactions during the period from 1st April, 2012 to 31st March, 2013	Total value of transactions from 1st April, 2012 to 20th August, 2012 pursuant to Agreements executed in the year 2010 & 2011	Total value of transactions from 21st August, 2012 to 31st March, 2013 pursuant to Central Govt. approval u/s 297 of the Companies Act, 1956	Total value of transactions for which approval of Central Government not obtained
Sugar				
Availing services	0.30	-	-	0.30
With Prabhat Nutritious & Frozen Food Industries Pvt. Ltd. (PNFFIPL)				
Sale of milk	790.93	232.24	552.33	6.36
Sale of SMP	0.17	-	-	0.17
Purchase of Cream	2.08	-	-	2.08

The transactions in respect of sale of milk which have been mentioned in the above table in column (3) have been carried out by the Company pursuant to agreements entered into by the Company with the aforesaid related parties at the time when there was no related party relationship between the parties as contemplated in section 297 of the Companies Act, 1956 (the Act). However, during the previous year, as a matter of caution, the Company had obtained the approval of Central Government u/s 297 of the Act for the transactions for sale of milk upto the limits as mentioned in column (4) in above table. However, the Company has carried out the transactions exceeding the limits so approved by an amount as mentioned in column (5) in above table.

Further, prior approval of the Central Government u/s 297 of the Act was required to be obtained for the transactions entered into by the Company in respect of items other than milk not covered by the agreement referred above and as mentioned in column (1) for amount in column (5) above. However, the Company has not obtained the same.

Hence, subsequent to the Balance Sheet date, the Company has submitted an application for compounding of offence under section 297 of the Act to Regional Director for all the transaction amounts as mentioned in column (5) above and the said application is pending for approval by Regional Director.

b) Note no. 42 (reproduced below) to the financial statements, which describes that, in the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification.

Note no. 42: Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure except for the Cash Flow Statement. In the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified to correspond with current year's classification.

Companies (Auditor's Report) Order, 2003

a) The Company has maintained proper records showing full particulars, including situation of fixed assets *except for additions and quantitative details*, which based on the information and explanations given to us, are in the process of being updated.

b) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories *except for the quantitative item wise day to* *day production records*. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. *Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, we are unable to comment whether they are material.*

c) In our opinion and according to the information and explanations given to us, having regard to the explanations that most of the items purchased and some of the item sold are of special nature and suitable alternative sources are not readily available for obtaining comparable quotation, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to sale of goods and services. *However the Company does not have an adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of inventory and fixed asset.*

d) *In our opinion the internal audit function carried out during the year by firm of Chartered Accountants appointed by the Management is not adequate to make it commensurate with the size of the Company and the nature of its business.*

e) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, having regard to our comments in paragraph (ii)(c) (reproduced below) above, the prescribed cost records are in the process of being updated. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

Paragraph (ii) (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories *except for the quantitative item wise day to day production records*. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. *Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, we are unable to comment whether they are material.*

f) According to the information and explanations given to us in respect of statutory dues, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Wealth tax, Custom Duty, Service Tax, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. *However the Company has not been regular in depositing Income Tax, Sales Tax, Works Contract Tax and Profession Tax dues with the appropriate authorities*. As explained to us, the Company was not required to deposit any amounts with the Investor Education and Protection Fund and the provisions of Employees State Insurance Act, 1948 are not applicable to the Company for the year ended 31st March 2013.

There were no undisputed amounts payable in respect of Provident Fund, Wealth tax, Custom Duty, Income-tax, Sales Tax, Works Contract Tax, Service Tax, Excise Duty, Profession Tax, Cess and other material statutory dues in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable other than as given below:

Statute	**Nature of Dues**	**Amount (Rs. in million)**	**Due Date**	**Date of Payment**
Maharashtra Value Added Tax Act, 2005	Sales Tax	2.09	21st June 2012	24th September 2013

g) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in million)
Income Tax Act 1961	Income Tax	Commissioner of Income Tax (Appeals)	F.Y. 2008-09 (A.Y. 2009-10)	1.33
Income Tax Act 1961	Income Tax	Commissioner of Income Tax (Appeals)	F.Y. 2009-10 (A.Y. 2010-11)	0.19
Income Tax Act 1961	Income Tax	Dy. Commissioner of Income Tax (Appeals)	F.Y. 2010-11 (A.Y. 2011-12)	1.52

h) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that short term funds amounting to Rs.108.74 million have, prima facie, been used during the year for long-term investment.

(iv) Financial Year ended 31st March 2012

Qualification - Main Audit Report

In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *save and except the Accounting Standard 15 on "Employee Benefits".*

Prabhat Nutritious & Frozen Food Industries Private Limited

(i) **Financial Year ended 31st March 2013**

Emphasis of Matter - Main Audit Report

a) Note No. 30 (reproduced below) of the financial statements regarding arrangements with private companies where directors of the Company are interested, where the Company has made application for the approval of the Central Government under section 297 of the Companies Act, 1956, which is pending.

Note 30:- Approval of Central Government under section 297 of the Companies Act, 1956:

During the year, the Company has entered into the following transactions with the parties covered u/s 297 of the Companies Act, 1956 viz. Prabhat Dairy Private Limited (PDPL), the ultimate holding company and Sunfresh Agro Industries Private Limited (SAIPL) where both PDPL and SAIPL are the Companies in which KMP are interested as Directors:

(Rs. in million)

Nature of Transactions	Total value of transactions during the period from 1st April, 2012 to 31st March, 2013	Total value of transactions from 1st April, 2012 to 20th August, 2012 pursuant to Agreements executed in the year 2010 & 2011	Total value of transactions from 21st August, 2012 to 31st March, 2013 pursuant to Central Govt. approval u/s 297 of the Companies Act, 1956	Total value of transactions for which approval of Central Government not obtained
(1)	(2)	(3)	(4)	(5)
With Prabhat				

Nature of Transactions	Total value of transactions during the period from 1st April, 2012 to 31st March, 2013	Total value of transactions from 1st April, 2012 to 20th August, 2012 pursuant to Agreements executed in the year 2010 & 2011	Total value of transactions from 21st August, 2012 to 31st March, 2013 pursuant to Central Govt. approval u/s 297 of the Companies Act, 1956	Total value of transactions for which approval of Central Government not obtained
(1)	**(2)**	**(3)**	**(4)**	**(5)**
Dairy Pvt. Ltd. (PDPL)				
Sale of Cream	2.08	-	-	2.08
Purchase of milk	790.93	232.24	552.33	6.36
Purchase of SMP	0.17	-	-	0.17
With Sunfresh Agro Industries Private Limited (SAIPL)				
Sale of miscellaneous items	0.01	-	-	0.01
Purchase of milk	278.95	-	-	278.95

The transactions in respect of purchase of milk which have been mentioned in the above table in column (3) have been carried out by the Company pursuant to agreements entered into by the Company with the aforesaid related parties at the time when there was no related party relationship between the parties as contemplated in section 297 of the Companies Act, 1956 (the Act). However, during the previous year, as a matter of caution, the Company had obtained the approval of Central Government u/s 297 of the Act for the transactions for purchase of milk upto the limits as mentioned in column (4) in above table. However, the Company has carried out the transactions exceeding the limits so approved by an amount as mentioned in column (5) in above table.

Further, prior approval of the Central Government u/s 297 of the Act was required to be obtained for the transactions entered into by the Company in respect of items other than milk not covered by the agreement referred above and as mentioned in column (1) for amount in column (5) above. However, the Company has not obtained the same.

Hence, subsequent to Balance Sheet date, the Company has submitted an application for compounding of offence under section 297 of the Act to Regional Director for all the transaction amounts as mentioned in column (5) above and the said application is pending for approval by Regional Director.

b) Note No. 40 (reproduced below) of the financial statements, which describes that, in the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification.

Note 40:- Previous year figures: Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure except for the Cash Flow Statement. In the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash

Flow Statement have not been regrouped / reclassified to correspond with current year's classification.

Companies (Auditor's Report) Order, 2003

a) The Company has maintained proper records showing full particulars, including situation of fixed assets *except for the additions and quantitative details*, which based on the information and explanations given to us, are in the process of being updated.

b) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories *except for the quantitative item wise day to day production records*. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. *Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, we are unable to comment whether they are material.*

c) In our opinion and according to the information and explanations given to us, having regard to the explanations that most of the items purchased and some of the items sold are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard sale of services. *However, the Company does not have an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and sale of goods.*

d) *In our opinion the internal audit function carried out during the year by firm of Chartered Accountants appointed by the Management is not adequate to make it commensurate with the size of the Company and the nature of its business.*

e) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, having regard to our comments in paragraph (ii)(c) {reproduced below} above, the prescribed cost records are in the process of being updated. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

   Paragraph (ii) (c) :- In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories *except for the quantitative item wise day to day production records*. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. *Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, we are unable to comment whether they are material.*

f) According to the information and explanations given to us in respect of statutory dues, the Company has generally been regular in depositing undisputed statutory dues, including, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Works Contracts Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. *However the Company has not been regular in depositing Profession Tax and Provident Fund Dues as further explained in note no. 32(A) {reproduced below} to the financial statements*. As explained to us, the Company was not required to deposit any amounts with the Investor Education and Protection Fund and the provisions of Employees State Insurance Act, 1948 are not applicable to the Company for the year ended 31st March 2013.

There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales tax, Wealth tax, Service Tax, Customs Duty, Excise Duty, Works Contract Tax, Profession Tax, Cess and other material statutory dues in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable other than those as given below:

Statute	Nature of Dues	Amount (Rs. in million)	Due Date	Date of Payment
Maharashtra Profession Tax Act, 1975	Profession Tax	0.001	31st May, 2012	17th July, 2013
		0.001	30th June, 2012	17th July, 2013
		0.001	31st July, 2012	17th July, 2013
		0.001	31st Aug, 2012	17th July, 2013
		0.001	30th September, 2012	17th July, 2013
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	0.604	Various	Not yet paid

Note No.32 (A):- Defined Contribution Plan: -The Company makes provident fund contributions to defined contributions plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised Rs. 0.28 million (March 31, 2012 Rs. Nil) for provident fund contributions in the statement of Profit & Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme. The Company has registered itself with the Provident Fund authority subsequent to the year end. The payment of the employee contribution deducted during the year and the employer contribution amounting to Rs. 0.28 million each along with the applicable charges Rs. 0.04 million has not yet been made to the respective authority.

g) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

h) *In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we* *report that short term funds amounting to Rs.112.30 million have, prima facie, been used during the year for long-term investment.*

Sunfresh Agro Industries Private Limited

(i) Financial Year ended 31st March 2015

Companies (Auditor's Report) Order, 2015

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for certain delays in payment of Provident fund, Profession tax, Work contract tax and Tax deducted at source, ranging from 1 to 25 days.

b. According to the information and explanations given to us there are no dues of Income tax or Sales tax or Wealth tax or Service tax or duty of Customs or duty of Excise or Value added tax which have not been deposited with the appropriate authorities on account of disputes other than those stated below:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs in million.)	Amount paid under protest (Rs. in million)	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	AY 2011-12	0.98	-	Assistant Commissioner of Income Tax, Ahmednagar
The Income Tax Act, 1961	Income tax	AY 2012-13	0.83	-	Income tax office, Ahmednagar
Maharashtra Value Added Tax, 2002	VAT	AY 2011-12	12.29	-	Joint Commissioner of Sales Tax, Nashik Division

(ii) Financial Year ended 31st March 2014

Emphasis of Matter - Main Audit Report

a) We draw attention to note 28 (reproduced below) of the financial statements regarding arrangements with private companies where directors of the Company are interested, where the Company has either made or is in the process of making the application for the approval of the Central Government under Section 297 of the Companies Act, 1956, which is pending. Our opinion is not qualified in respect of this matter.

Note 28:- Approval of Central Government under section 297 of the Companies Act, 1956:

During the year, the Company has entered into the following transactions with the parties covered u/s 297 of the Companies Act, 1956 viz. Prabhat Dairy Private Limited (PDPL), 100% ultimate holding company of the Company in which Key Managerial Personnel are interested as Directors:

(Rs. in million)

Name of the Transaction	Total value of the transactions for the period			
	Total value of transactions for the period from 1 April 2013 to 31 March 2014	Total value of transactions for the period from 1 April 2013 to 30 Sept 2013 pursuant to compounding application filed	Total value of transactions for the period from 1 Oct 2013 to 31 March 2014 pursuant to Central Government approval	Total value of transactions for which approval of Central Government not obtained
(1)	(2)	(3)	(4)	(5)
With Prabhat Dairy Private Limited (merged):				
Sale of Milk	228.95	56.40	-	172.55
Sale of Whole Milk Powder	280.59	-	-	280.59
Purchase of Cream	543.30	-	-	543.30

The transactions in respect of purchase of milk have been carried out by the Company pursuant to agreements entered into by the Company with the aforesaid related parties at the time when there was no related party relationship between the parties as contemplated in section 297 of the Companies Act, 1956 (the Act). However, during the previous year, as a matter of caution, the Company had obtained the approval of Central Government u/s 297 of the Act for the transactions for purchase of milk.

Further, prior approval of the Central Government u/s 297 of the Act was required to be obtained for the transactions entered into by the Company in respect of items other than milk not covered by the agreement referred above.

For the transactions pertaining to the period from 1 April 2013 to 30 September 2013, the Company has submitted an application vide SRN B91983064 dated 20 December 2013 for compounding of offence u/s 297 of the Act to Regional Director and the said application is pending for approval by Regional Director. For the transactions for the period from 1 October 2013 to 31 March 2014, where the total value of transactions for which Central Government approval for not obtained as mentioned in column (5), the Company is in the process of filing an application for compounding of offence u/s 297 of the Act to the Regional Director.

In addition to the above, the Company has filed an application for compounding of offence u/s 297 for the transactions pertaining to 1 April 2012 to 31 March 2013, which is pending for approval by Regional Director as of 31 March 2014.

Companies (Auditor’s Report) Order, 2003

a) The Company has maintained proper records showing full particulars, including situation of fixed assets *except for records relating to certain additions during the year,* which based on the information and explanations given to us, are in the process of being updated..

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Income tax, Wealth tax, Sales tax, Service tax, Customs duty and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities, *except for certain dues relating to Sales tax wherein there have been delays* *ranging from 17 to 102 days and Service tax wherein there have been delays ranging from 49 to 82 days and Income tax.* As explained to us, the Company did not have any dues on account of Excise duty, Investor Education and Protection Fund and Employee's State Insurance.

According to information and explanations given to us , no undisputed amounts payable in respect of provident fund, Income tax, Wealth tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears , as at 31 March 2014, for period of more than six months from the date they became payable, except as disclosed below:

Name of Statute	Nature of Dues	Amount due (Rs. in million)	Amount paid (Rs. in million)	Due Date of payment	Date of payment
Income Tax Act, 1961	Tax deducted at source under section 194 A	1.05	1.05	30-Apr-13	30-Apr-14
Income Tax Act, 1961	Advance tax	39.16	Nil	Various	-

According to the information and explanations given to us, there are no dues of sales tax, customs duty, income tax, wealth tax, service tax and excise duty which have not been deposited on account of any dispute.

(iii) **<u>Financial Year ended 31st March 2013</u>**

<u>Qualification - Main Audit Report</u>

Cash on hand as at 31st March 2013 aggregating to Rs.4.80 million could not be physically verified by auditors. Based on the explanations provided to auditor by management the said cash was held with one of the Promoter Directors of the Company and has been accordingly confirmed by the director. However, in the absence of appropriate records indicating so, auditors were unable to express an opinion regarding the existence of the said cash as on that date and the consequential effect thereof on these financial statements.

<u>Emphasis of Matter - Main Audit Report</u>

a) **Approval of Central Government under section 297 of the Companies Act, 1956:**

During the year, the Company has entered into the following transactions with the parties covered u/s 297 of the Companies Act, 1956 viz. Prabhat Dairy Private Limited (PDPL), the ultimate holding company and Prabhat Nutritious & Frozen Food Industries Private Limited (PNFFIPL). Both PDPL & PNFFIPL are the Companies in which KMP are interested as Directors:

(Rs. in million)

Nature of Transactions	Total value of transactions during the period from 1st April, 2012 to 31st March, 2013	Total value of transactions from 1st April, 2012 to 20th August, 2012 pursuant to Agreements executed in the year 2010 & 2011	Total value of transactions from 21st August, 2012 to 31st March, 2013 pursuant to Central Govt. approval u/s 297 of the Companies Act, 1956	Total value of transactions for which approval of Central Government not obtained

Nature of Transactions	Total value of transactions during the period from 1st April, 2012 to 31st March, 2013	Total value of transactions from 1st April, 2012 to 20th August, 2012 pursuant to Agreements executed in the year 2010 & 2011	Total value of transactions from 21st August, 2012 to 31st March, 2013 pursuant to Central Govt. approval u/s 297 of the Companies Act, 1956	Total value of transactions for which approval of Central Government not obtained
(1)	(2)	(3)	(4)	(5)
With Prabhat Dairy Pvt. Ltd. (PDPL)				
Purchase of milk	2,919.68	754.80	2,029.26	135.62
Purchase of Diesel	0.81	-	-	0.81
Purchase of Ghee	0.07	-	-	0.07
Sale of Cream	11.26	-	-	11.26
Sale of Dairy Whitener	0.08	-	-	0.08
Sale of Juice	2.93	-	-	2.93
Sale of processed i.e. standard milk	340.38	-	-	340.38
Sale of SCM	278.34	-	-	278.34
Sale of Sugar	43.46	-	-	43.46
Providing services	0.30	-	-	0.30
With Prabhat Nutritious & Frozen Food Industries Private Ltd. (PNFFIPL)				
Purchase of misc. items	0.01	-	-	0.01
Sale of milk (std. & loose)	278.95	-	-	278.95

The transactions in respect of purchase of milk which have been mentioned in the above table in column (3) have been carried out by the Company pursuant to agreements entered into by the Company with the aforesaid related parties at the time when there was no related party relationship between the parties as contemplated in section 297 of the Companies Act, 1956 (the Act). However, during the previous year, as a matter of caution, the Company had obtained the approval of Central Government u/s 297 of the Act for the transactions for purchase of milk upto the limits as mentioned in column (4) in above table. However, the Company has carried out the transactions exceeding the limits so approved by an amount as mentioned in column (5) in above table.

Further, prior approval of the Central Government u/s 297 of the Act was required to be obtained for the transactions entered into by the Company in respect of items other than milk not covered by the agreement referred above and as mentioned in column (1) for amount in column (5) above. However, the Company has not obtained the same.

Hence, subsequent to Balance Sheet date, the Company has submitted an application for compounding of offence under section 297 of the Act to Regional Director for all the transactions amounts as mentioned in column (5) above and the said application is pending for approval by Regional Director.

b) **Note No. 42 (reproduced below)** to the financial statements, which describes that, in the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification.

Note 42:- Previous Year Figures:

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure except for the Cash Flow Statement. In the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified to correspond with current year's classification.

Companies (Auditor's Report) Order, 2003

a) The Company has maintained proper records showing full particulars, including situation of fixed assets *except for the additions and quantitative details*, which based on the information and explanations given to us, are in the process of being updated.

b) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories *except for the quantitative item wise day to day production records*. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. *Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, we are unable to comment whether they are material.*

c) In our opinion and according to the information and explanations given to us, and having regard to the explanation that most of the items purchased and some of the items sold are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system with regard sale of services. *However, the company does not have an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and sale of goods.*

d) *In our opinion, the Company has an internal audit function carried out during the year by firm of Chartered Accountants appointed by the Management is not adequate to make it commensurate with the size of the Company and the nature of its business.*

e) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, having regard to our comments in paragraph (ii) (c) above (reproduced below) the prescribed cost records are in the process of being updated. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

Para (ii)(c):- In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories *except for the quantitative item wise day to day production records*. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. *Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, we are unable to comment whether they are material.*

f) According to the information and explanations given to us in respect of statutory dues, the Company has been regular in depositing undisputed statutory dues, including, Wealth Tax, Customs Duty, Cess and other material statutory dues applicable to it with appropriate authorities. *However, the Company has not been regular in depositing Provident Fund, Income Tax, Sales Tax, Service Tax, Profession tax, Excise Duty and Works Contract Tax dues with the appropriate authorities.* As explained to us, the Company was not required to deposit any amounts with the Investor Education and Protection Fund and the provisions of Employees State Insurance Act, 1948 are not applicable to the Company for the year ended 31st March 2013.

There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth tax, Service Tax, Customs Duty, Excise Duty, Works Contract Tax, Profession Tax, Cess and other material statutory dues in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable except as given below:

Statute	Nature of Dues	Amount (Rs. in million)	Due Date	Date of Payment
Maharashtra Value Added Tax Act, 2005	Sales Tax	8.72	21st May, 2012	Unpaid till date
		5.12	21st July, 2012	Unpaid till date
		22.36	21st Aug, 2012	Unpaid till date
		2.00	21st September, 2012	Unpaid till date

g) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained other than temporary deployment pending application.

h) *In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that an amount of Rs.5.65 million raised on short-term basis have been used for long-term investment.*

(iv) <u>Financial Year ended 31st March 2012</u>

<u>Qualification - Main Audit Report</u>

In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with all the accounting standards referred in sub-section {3C} of section 211 of the Companies Act, 1956, *save and except the Accounting Standard 15 "Employee Benefits".*

Cheeseland Agro (India) Private Limited

(i) Financial year ended 31st March 2013

Emphasis of Matter - Main Audit Report

a) We draw attention to note no. 19 (reproduced below) to the financial statements, which describe that, in the absence of the necessary details being readily available; the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification. Our opinion is not qualified in respect of this matter.

Note no. 19:- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure except for the Cash Flow Statement. In the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified to correspond with current year's classification.

Prabhat Agri Project Development Private Limited

(i) Financial year ended 31st March 2013

Emphasis of Matter - Main Audit Report

a) We draw attention to note no. 25 (reproduced below) to the financial statements, which describe that, in the absence of the necessary details being readily available; the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification. Our report is not qualified in respect of this matter.

Note no. 25:- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure except for the Cash Flow Statement. In the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified to correspond with current year's classification.

Prabhat Dairy Limited (Consolidated Financial statements)

(i) Financial Year ended 31st March 2015

Companies (Auditor's Report) Order, 2015

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for certain delays in payment of Provident fund, Profession tax, Works contract tax, Tax deducted at source, Service tax and duty of Excise, ranging from 1 to 176 days.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax and other statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable other than those stated below:

Name of the statute	Nature of the dues	Amount (Rs in million)	Period to which amount relates	Due date	Date of payment
The Finance Act, 1994	Service tax	0.01	Jun-14	6-Jul-14	14-May-15

b. According to the information and explanations given to us there are no dues of Income tax or Sales tax or Wealth tax or Service tax or duty of Customs or duty of Excise or Value added tax which have not been deposited with the appropriate authorities on account of disputes other than those stated below:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs in million.)	Amount paid under protest (Rs in million.)	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	AY 2007-08	1.61	-	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2009-10	2.83	1.90	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2011-12	1.70	-	Deputy Commissioner of Income Tax, Ahmednagar
The Income Tax Act, 1961	Income tax	AY 2012-13	25.70	-	Commissioner of Income Tax (Appeals), Pune
The Income Tax Act, 1961	Income tax	AY 2011-12	0.98	-	Assistant Commissioner of Income Tax, Ahmednagar
The Income Tax Act, 1961	Income tax	AY 2012-13	0.83	-	Income tax office, Ahmednagar
Maharashtra Value Added Tax, 2002	VAT	AY 2011-12	12.29	-	Joint Commissioner of Sales Tax, Nashik Division

(ii) **<u>Financial year ended 31st March 2014</u>**

<u>Emphasis of Matter - Main Audit Report</u>

a) We draw attention to note 33 {refer note no.11 (ii) (a) of Annexure V} of the financial statements regarding arrangements with private companies where directors of the Company are interested, where the Company has either made or is in the process of making the application for the approval of the Central Government under section 297 of Companies Act 1956, which is pending. Our opinion is not qualified in respect of these matters.

(ii) **<u>Financial year ended 31st March 2013</u>**

Qualification Main Audit Report

Cash on Hand as at 31st March 2013 amounting to Rs 12.88 million could not be physically verified by us. Based on the explanation provided to us and as stated in note no. 39 (reproduced below) of the consolidated financial statements, the said cash was held with certain Promoter Directors of the Company and has been accordingly confirmed by the respective directors. However, in the absence of appropriate accounting records indicating so, we are unable to express an opinion regarding the existence of the said cash as on that date and the consequential effect thereof on these consolidated financial statements.

Note no. 39:- Cash in hand as on 31st March' 2013 includes cash balance of Rs. 12.88 million lying with Promoter Directors. The Company procures milk through various channels including direct purchase of milk in small quantities from a large number of farmers on a day to day basis. Payments to farmers supplying milk to the Company are generally made in cash and this is the normal practice in the dairy industry. Timely and convenient means of payment to farmers are critical factors for ensuring regular supply of quality milk to the Company. In view of the above, it is normal practice and a genuine business requirement for dairy engaged in direct milk procurement from small farmers, to keep ready cash (as a thumb rule, cash equivalent of about three days of milk purchased price) in the Company premises. From risk management point of view, such large amount of cash is kept partly in the locker in the cashier's room and partly with the Company's promoter directors residing in the Company premises only.

Emphasis of Matter - Main Audit Report

a) Attention is invited to note no. 40 (reproduced below) of consolidated financial statement, which describes that, in the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification and therefore they are not comparable. Our opinion is not qualified in respect of these matters.

Note no. 40:- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure except for the Cash Flow Statement. In the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified to correspond with current year's classification.

8. Other Matter:-

Prabhat Dairy Limited

a) The Company Law Board has vide its order dated March 18, 2015 compounded the violation under section 297 of the Companies Act, 1956 for carrying out the following transactions with related parties by levying a compounding fee of Rs. 0.03 million each on the Company, its Directors, namely, Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal, and its former Directors, namely, Kishor Ramchandra Nirmal and Arvind Jagannath Nirmal and the said compounding fee has been duly paid by all of them:

(***Rs in millions)***

Related Party to the Transaction	Nature of Related Party	Nature of Transaction	Period of transactions		Total value for compounding
			1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	
Transactions by the Company with Sunfresh Agro Industries Private Limited (SAIPL)	100% step down subsidiary	Sale of milk to SAIPL	135.58	1,980.00	2,115.58
		Sale of milk to SAIPL	0.03	-	0.03
		Sale of Diesel to SAIPL	0.80	-	0.80
		Sale of Ghee to SAIPL	0.07	-	0.07
		Sale of Cream to SAIPL	-	543.30	543.30
		Purchase of std. milk from SAIPL	187.89	-	187.89
		Purchase of Cream from SAIPL	11.26	24.75	37.01
		Purchase of Dairy	0.08	-	0.08

Related Party to the Transaction	Nature of Related Party	Nature of Transaction	Period of transactions		Total value for compounding
			1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	
		Whitener from SAIPL			
		Purchase of Juice from SAIPL	2.93	.	2.93
		Purchase of SCM from SAIPL	278.34	-	278.34
		Purchase of Sugar from SAIPL	43.46	-	43.46
		Purchase of std. milk from SAIPL	152.50	-	152.50
		Purchase of Skimmed Milk Powder from SAIPL	-	19.68	19.68
		Purchase of milk from SAIPL	-	176.48	176.48
		Purchase of whole milk powder from SAIPL	-	280.59	280.59
		Services availed from SAIPL	0.50	-	0.50
Transactions with SAIPL by Prabhat Nutritious & Frozen Food Industries Private Ltd. (PNFFIPL) now amalgamated with the Company	100% step down subsidiary	Sale of miscellaneous items to SAIPL	0.01	-	0.01
		Purchase of milk from SAIPL	278.95	4.37	353.32
		Purchase of Cream from SAIPL	-	59.68	59.68
		Purchase of Skimmed Milk Powder from SAIPL	-	112.01	112.01
		Other Purchases from SAIPL	-	0.07	0.07
Prabhat Nutritious & Frozen Food Industries Private Ltd. (PNFFIPL) now amalgamated with the Company	100% step down subsidiary	Sale of milk to PNFFIPL	6.35	-	6.35
		Sale of skimmed milk powder to PNFFIPL	0.17	-	0.17
		Sale of milk to PNFFIPL	0.01	-	0.01
		Purchase of Cream from	2.08	-	2.08

Related Party to the Transaction	Nature of Related Party	Nature of Transaction	Period of transactions		Total value for compounding
			1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	
		PNFFIPL			
Mr. Sarangdhar R. Nirmal	Chairman & Managing Director of the Company	Goods Transport Vehicles taken on rent	-	1.17	1.17
Mr. Kishor R. Nirmal	Executive Director of the Company	Goods Transport Vehicles taken on rent	-	0.88	0.88
Mr. Arvind J. Nirmal	Executive Director of the Company	Goods Transport Vehicles taken on rent	-	1.25	1.25

Sunfresh Agro Industries Private Limited

a) The Company Law Board has vide its order dated March 18, 2015 compounded the violation under section 297 of the Companies Act, 1956 for carrying out the following transactions with related parties by levying a compounding fee of Rs. 0.01 million each on SAIPL, and its Directors, namely, Vivek Sarangdhar Nirmal and Arvind Jagannath Nirmal. The said compounding fee has been duly paid by all of them.

(Rs in millions)

Related Party to the Transaction	Nature of Related Party	Nature of Transaction	Period of Transactions		Total value for compounding
			1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	
Transactions by the Company with Prabhat Dairy Private Limited (PDPL)	Ultimate holding company	Purchase of milk	135.62	1,980.00	2,115.62
		Purchase of Diesel	0.81	-	0.81
		Purchase of Ghee	0.07	-	0.07
		Purchase of Cream	-	543.30	543.30
		Sale of std. milk	340.38	-	340.38
		Sale of Cream	11.26	25.75	37.01
		Sale of Dairy Whitener	0.08	-	0.08
		Sale of Juice	2.93	-	2.93
		Sale of SCM	278.34	-	278.34
		Sale of Sugar	43.46	-	43.46
		Sale of Skimmed Milk Powder	-	19.68	19.68
		Sale of milk	-	176.48	176.48
		Sale of whole milk powder	-	280.59	280.59
		Sale of Services	0.50	-	0.50
Transactions of the Company with Prabhat	Ultimate holding company	Purchase of miscellaneous items	0.01	.	0.01
		Sale of milk	278.95	74.37	353.32

Related Party to the Transaction	Nature of Related Party	Nature of Transaction	Period of Transactions		Total value for compounding
			1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	
Nutritious & Frozen Food Industries Private Ltd. (PNFFIPL) which is now amalgamated with Prabhat Dairy Private Ltd. (PDPL)		Sale of Cream	-	59.68	59.68
		Sale of Skimmed Milk Powder	-	112.01	112.01
		Other sales	-	0.07	0.07

Annexure V: Notes to Restated Consolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flows

1. Background

Prabhat Dairy Limited (formerly known as Prabhat Dairy Private Limited) ("the Holding Company") was incorporated on 25 November 1998 as a Private Limited Company and was converted to a Public Limited Company on 19 March 2015. The Holding company and its subsidiaries (together referred to as "Group") is engaged in the business of sale of milk and milk products like Ghee, Flavored Milk, Skimmed Milk Powder, Whole Milk Powder and Sweet and Condensed Milk etc. catering to the needs of retail as well as the industrial trade sector.

The subsidiaries considered in the consolidated financial statements are:

Name of the Company	Relationship	Ownership held by	% of voting power held
Cheeseland Agro (India) Private Limited	Subsidiary	Prabhat Dairy Limited (formerly known as Prabhat Dairy Private Limited)	100%
Sunfresh Agro Industries Private Limited	Subsidiary	Cheeseland Agro (India) Private Limited	100%

All the above mentioned companies are incorporated in India.

In accordance with the Scheme of Amalgamation approved by the Hon'able Mumbai High Court on 25 July 2014, Prabhat Agri Projects Development Private Limited and Prabhat Nutritious and Frozen Foods Industries Private Limited (hereinafter referred to as 'erstwhile Prabhat Agri Projects Development Private Limited' and 'erstwhile Prabhat Nutritious and Frozen Foods Industries Private Limited' or "transferor companies") were merged with the Company with effect from 1 April 2013.

The 'erstwhile Prabhat Agri Projects Development Private Limited was engaged in the business of rendering professional /consultancy services to its customers. The 'erstwhile Prabhat Nutritious and Frozen Foods Industries Private Limited was engaged in the business of manufacturing and sale of milk and milk products like pouch milk, loose milk, curd, ice cream etc. Consequent to the merger, the business of transferor companies is being carried by the Company.

2. Significant accounting policies

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

(The Company adopted Accounting Standard 15 (AS 15)- Employee Benefits for defined benefit plans from the financial year ended 31 March 2013. However, AS-15 has been applied consistently to the periods presented in the restated financial statements.)

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (as listed in Note 1 above) are collectively referred to as the 'Prabhat Group' or 'Group'. The consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis. The Company has prepared these financial statements to comply in all material respects with the applicable accounting standards notified pursuant to Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules 2014.

2.2 Basis of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures prescribed by AS 21-'Consolidated Financial Statements', prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government.

The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered.

The consolidated financial statements are prepared using uniform accounting policies for transactions and other similar events in similar circumstances across the Group.

2.3 Use of estimates

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

2.4 Current-non-current classification

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

Assets

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

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.

2.4 Current-non-current classification

Liabilities

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

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

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

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

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

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

Operating cycle

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

2.6 Revenue recognition

a) Product sales

Revenue from sale of goods is recognized when all significant risks and rewards of ownership of goods are passed onto the customers. Sales are recorded including excise duty but net of sales tax/ value added tax, discounts and rebates.

b) Sale of services

Income from services is recognized when the services are rendered.

c) Export incentives

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

d) Interest income

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

e) Other

Other items of income are accounted as and when the right to receive arises.

2.7 Fixed assets and depreciation

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost less accumulated depreciation and/or impairment loss if any. The cost of an item comprises its purchase price including inward freight, duties, taxes, relevant foreign exchange fluctuation differences and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Tangible fixed assets under construction are disclosed as capital work-in-progress. Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation on tangible fixed assets

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and appropriate disclosure is made in the financial statements.

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

Accordingly, depreciation on cost of fixed assets is provided on straight line method at estimated useful lives, which for certain categories of assets is different than the 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)
Computers	3	3
Plant and equipment	10	8*
Factory building	15	30
Office equipment	3	5
Electrical installations	10	10
Vehicles	11	10
Furniture and fixtures	16	10

* For General laboratory equipment under plant and machinery, 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 fixed assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition. Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice, however, the management has decided to continue following the existing policy.

Tangible fixed assets acquired wholly or part with specific grant/subsidy from government, are recorded at the net acquisition cost to the Company.

Intangible fixed assets and amortization

Intangible assets are recognized 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 assets are initially recorded at their acquisition price and are amortized over its estimated useful life / period of contractual rights 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 assets are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortization period is changed to reflect the changed pattern.

2.7 Impairment of assets

In accordance with Accounting Standard 28 – Impairment of Assets (AS 28), 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 recognized 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.

2.8 Government grants

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

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

Subsidy related to the specific fixed assets is reduced from the gross value of the assets.

Where the government grants are of the nature of promoters' contribution, i.e., they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected in respect thereof, the grants are treated as special capital incentive and are transferred to capital reserve.

2.9 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 realizable 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.

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.

2.10 Investments

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

Long-term investments are valued at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are valued at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.11 Employee benefits

a) Short term employee benefits

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

b) Post-employment benefits (defined benefit plans)

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. The liability for gratuity is unfunded, wherein contributions are made and charged to revenue on annual basis. Actuarial gains and losses and past service costs are recognized immediately in the Statement of Profit and Loss.

c) Post-employment benefits (defined contribution plans)

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. Contribution to the provident fund which are defined contribution schemes is recognised as an expense in the Statement of Profit and Loss in the period in which the contribution is due.

2.12 Foreign exchange transactions

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

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

2.13 Taxation

Income-tax comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expense is recognized in the Statement of Profit and Loss except that tax expense related to items recognized directly in reserves is also recognized in these reserves.

Deferred tax is recognized in respect of timing difference between taxable income and accounting income i.e. difference that originate in one period and are capable of reversal in one or more subsequent period. Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax law. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation and carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized of realization of the assets. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonable/ virtually certain (as the case may be) to be realized.

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

Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income Tax 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.

2.14 Provisions and contingencies

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

Contingencies

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

2.15 Operating lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Operating lease rentals are recognized over the period of the lease in the Statement of Profit and Loss on a straight line basis.

2.16 Borrowing costs

Borrowing costs are expensed in the year in which they are incurred except for borrowing costs directly attributable to the acquisition or construction of those qualifying assets which necessarily take a substantial period of time to get ready for their intended use. These costs are capitalized as part of cost of such assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.17 Segment reporting

The Company's operating businesses comprise only one business segment, viz. manufacturing and sale of milk and milk products. Accordingly, revenue from sale of milk and milk products comprises the primary and only reportable segment and there are no reportable secondary - geographical segments that have been set out in these financial statements.

2.18 Earnings per share

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

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

2.19 Cash and cash equivalents

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

3. Capital and other commitments

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012 (Note b)
Estimated amount of contracts remaining to be executed on capital account and not provided for				
(net of advances)				
- Tangible fixed assets	240.34	156.68	464.48	563.01
- Intangible fixed assets	-	5.86	6.10	-
(i) Estimated amount of contracts remaining to be executed on revenue account and not provided for				
Other commitments (Lease rent)	0.38	0.40	0.40	0.40
Total	**240.72**	**162.94**	**470.98**	**563.41**

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 Oct, 1999. In terms of the said lease agreement, the Company is required to pay an annual rent of Rs. 0.02 million pa. However the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till 31st March 2015 has been waived and that the company is not required to pay any lease rent for the above referred period.

b. These figures which were not disclosed in the audited Financial Statements have now been disclosed as part of the restated Financial Statements. B S R & Co LLP has relied on management for these disclosures, which are unaudited.

4. Leases:

The Company has entered into operating lease arrangements for office space. Certain lease arrangements provide for cancellation by either party and also contain a clause for renewal of the lease agreement. Lease payments on cancellable and non-cancellable operating lease arrangements are debited to the Statement of Profit and Loss on a straight line basis over the lease term.

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

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Not later than one year	1.20	1.20	-	-
Later than one year and not later than five years.	0.70	1.90	-	-
Later than five years	-	-	-	-
Total	**1.90**	**3.10**	**-**	**-**
Lease payments charged to the Statement of Profit and Loss				
- cancellable leases	15.72	1.36	-	-
- non cancellable leases	1.35	0.56	-	-
Total	**17.07**	**1.92**	**-**	**-**

5. Employee Benefits:

a) Defined Contribution Plan

The Company makes provident fund contributions to defined contributions plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised (March 31st, 2015 Rs. 9.38 million) (March 31st, 2014 Rs. 5.58 million) (March 31st, 2013 Rs. 1.41million) (March 31st, 2012 Rs. 0.48 million) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

b) Defined Benefit Plan

1. Actuarial gains and losses in respect of defined benefit plans are recognized in the Statement of Profit and Loss.

2. The Defined Benefit Plan comprise Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Disclosures as required by Accounting Standard (AS) - 15 (Revised 2005) “Employee Benefits” notified by the Companies (Accounting Standards) Rules, 2006 as amended are given below:

i) **The amounts recognised on account of Defined Benefit Plan in the statement of Profit & Loss Account are as follows:**

(Rs. in million)

Particulars	Gratuity			
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Current service cost	3.78	2.72	1.75	0.83
Interest cost on benefit obligation	0.74	0.48	0.18	0.09
Past service cost	-	-	-	-
Expected return on plan assets	-	-	-	-
Net actuarial(gain)/loss recognized in the year	2.04	(1.01)	1.82	0.21
Net benefit expense under the head Employee Benefit Expense	6.56	2.19	3.75	1.13
Actual return on plan assets	-	-	-	-

ii) **The amounts recognised on account of Defined Benefit Plan in the Balance Sheet are as follows:**

(Rs. in million)

Particulars	Gratuity			
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Present value of defined benefit obligation	14.63	8.07	5.92	2.17
Less: Fair value of plan assets	-	-	-	-
Funded status (deficit)	(14.63)	(8.07)	(5.92)	(2.17)
Net Liability included under the head provision for Gratuity	14.63	8.07	5.92	2.17

iii) **Changes in the present value of defined benefit obligation are as follows:**

(Rs. in million)

Particulars	Gratuity			
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Present Value of Defined Benefit Obligation as on 1st April	8.07	5.92	2.17	1.04
Past Service cost		-	-	-
Current Service cost	3.78	2.72	1.75	0.83
Interest Cost	0.74	0.48	0.18	0.09

Particulars	Gratuity			
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Actuarial (gains) / losses	2.04	(1.01)	1.82	0.21
Benefits paid	-	(0.04)	-	-
Present value of Defined Benefit Obligation as on Balance Sheet date.	**14.63**	**8.07**	**5.92**	**2.17**

iv) The principal actuarial assumptions as at the Balance Sheet date:

Particulars	Gratuity			
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Discount rate	7.80%	9.20%	8.20%	8.50%
Salary Escalation (%)	8.00%	8.00%	8.00%	10.00%

1. Mortality tables: It has been assumed that active members of the scheme will experience in-service mortality in accordance with the standard table LIC (2006-08) ultimate.

2. 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.

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

v) Gratuity plan (Unfunded):

Experience History:

(Rs. in million)

Particulars	Gratuity			
	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Gratuity				
Present value of Defined benefit obligation	14.63	8.07	5.92	2.17
Plan assets	-	-	-	-
Surplus/ (Deficit)	(14.63)	(8.07)	(5.92)	(2.17)
Experience adjustments on plan liabilities (Loss)/Gain	0.52	0.29	(2.56)	(0.26)
Experience adjustments on plan assets (Loss)/Gain	-	-	-	-

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

The Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (‘MSMED Act’) as at period end

(Rs. in million)

Particular	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
The disclosure pursuant to the MSMED Act is as under :				
Principal amount due to suppliers under MSMED Act , 2006	2.79	-	-	-
Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid	-	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-	-	-
Total	**2.79**	**-**	**-**	**-**

Annexure VI: Reconciliation of shares outstanding at the beginning and at the end of the year:

Particulars of shares	As at 31st March, 2015		As at 31st March, 2014		As at 31st March, 2013		As at 31st March, 2012	
	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)
At the commencement of the year								
- Equity shares	30,000,000	30.00	30,000,000	30.00	2,990,000	2.99	2,990,000	299.00
- 2% Redeemable Non-cumulative preference shares	-	-	-	-	-	-	6,000	0.60
- 0.01% Compulsorily Convertible Preference Shares	24,137,932	241.38	13,793,104	137.93	-	-	-	-
Add: Additional shares issued, subscribed and paid-up during the period								
- Equity Shares	-	-	-	-	27,010,000	27.01	-	-
- 0.01% Compulsorily Convertible Preference Shares of Rs 10 each	-	-	10,344,828	103.45	13,793,104	137.93	-	-
- Equity Shares of Re. 1 each issued against conversion of 24137932, 0.01% Compulsorily Convertible Preference Share of Rs. 10 each	17,619,147	17.62						
Less: Shares forfeited / converted / bought back during the year								
- Equity Shares (paid up value per share reduced from Rs. 100/- to Re. 1/- per share vide the Order dated 13th January, 2012 of the Hon'ble High Court of judicature at Mumbai & accordingly amount of reduction transferred to Capital Reduction Reserve.	-	-	-	-	-	-	-	(296.01)
- 2% Redeemable Non-cumulative preference shares -	-	-	-	-	-	-	6,000	0.60

Particulars of shares	As at 31st March, 2015		As at 31st March, 2014		As at 31st March, 2013		As at 31st March, 2012	
	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)
Redeemed (Refer note no (i) below)								
- 0.01% Compulsorily Convertible Preference Shares of Rs. 10 each converted into 17619147 equity shares of Re. 1 each fully paid up	24,137,932	241.38	-	-	-	-	-	-
Balance Shares:								
- Equity shares	47,619,147	47.62	30,000,000	30.00	30,000,000	30.00	2,990,000	2.99
- 2% Redeemable Non-cumulative preference shares - Redeemed (Refer note no (a) below)	-	-	-	-	-	-	-	-
- 0.01% Compulsorily Convertible Preference Shares	-	-	24,137,932	241.38	13,793,104	137.93	-	-
After the consolidation of 10 equity shares of Re. 1 each into 1 equity share of Rs. 10 each on March 9, 2015								
Balance shares:								
- Equity shares of Rs. 10 each	4,761,914	47.62	30,000,000	30.00	30,000,000	30.00	2,990,000	2.99
- 2% Redeemable Non-cumulative preference shares - Redeemed (Refer note no (a) below)	-	-	-	-	-	-	-	-
- 0.01% Compulsorily Convertible Preference Shares	-	-	24,137,932	241.38	13,793,104	137.93	-	-
Add : Bonus Shares issued during the year								
- Equity shares of Rs. 10 each (issued in the ratio of 14:1)	66,666,796	666.67	-	-	-	-	-	-
At the end of the year								
- Equity Shares	71,428,710	714.29	30,000,000	30.00	30,000,000	30.00	2,990,000	2.99
- 0.01% Compulsorily Convertible	-	-	24,137,932	241.38	13,793,104	137.93	-	-

Particulars of shares	As at 31st March, 2015		As at 31st March, 2014		As at 31st March, 2013		As at 31st March, 2012	
	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)	No of shares	Amount (Rs. in million)
Preference Shares								
Sub-total (A)	**71,428,710**	**714.29**	**54,137,932**	**271.38**	**43,793,104**	**167.93**	**2,990,000**	**2.99**
Non-Cumulative Redeemable Preference Shares (issued by subsidiary company) (B)	**-**	**-**	**-**	**-**	**151,700**	**1.52**	**151,700**	**1.52**
Total (A+B)	**71,428,710**	**714.29**	**54,137,932**	**271.38**	**43,944,804**	**169.45**	**3,141,700**	**4.51**

Notes:

Financial year 2011-12

i) 6,000 2% Redeemable Non-cumulative preference share of Rs.100 each were redeemed by the Company in March 2012 at premium of Rs 475 per share which was received at the time of their issue.

ii) The paid up equity capital of the company as on 31 March, 2011 was Rs. 299.00 million consisting of 2,990,000 equity shares of Rs. 100 each fully paid up. On 28 September, 2011, the shareholders of the Company passed a Special Resolution for reduction of the face value of equity shares from Rs. 100 to Re. 1, subject to the approval of the High Court. Subsequently, the Hon'ble High Court of judicature at Bombay has approved the scheme of reduction vide its Order dated 13 January, 2012.

Financial year 2012-13

i) During the year, borrowings amounting to Rs. 291.49 million and Rs. 8.33 million from Nirmal Family Trust and Vivek Nirmal respectively were converted to equity share capital at premium.

Financial year 2014-15

ii) During the year, Equity Shares of Re. 1 each issued against conversion of 24,137,932, 0.01% Compulsorily Convertible Preference Share of Rs. 10 each

Annexure VII: Restated Consolidated Summary of Reserves & Surplus

(Rs. in million)

Particular	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Capital subsidy	5.85	5.85	5.85	5.85
Securities premium	988.51	1,431.41	934.86	-
Capital reduction reserve	296.01	296.01	296.01	296.01
Capital Reserve	418.99	418.99	418.99	418.99
Capital Reserve on Consolidation				
At the commencement of the year	114.53	114.53	114.53	-
Add: Prabhat Nutritious & Frozen Food Industries Private Limited	-	-	-	10.16
Add: Sunfresh Agro (India) Private Limited	-	-	-	100.28
Add: Cheeseland Agro (India) Private Limited	-	-	-	(0.11)
Effect of restatement	-	-	-	4.20
	114.53	**114.53**	**114.53**	**114.53**
Surplus in Statement of Profit and Loss				
At the commencement of the year	642.54	434.78	294.13	199.00
Add: Profit for the year	210.45	207.79	140.66	95.13
Less: Appropriations	-	-	-	-
Proposed Dividend to be distributed to preference shareholders (including dividend distribution tax)	0.03	0.03	0.01	-
Proposed Dividend to be distributed to equity shareholders (including dividend distribution tax)	5.74	-	-	-
Net surplus in Statement of Profit and Loss	**847.22**	**642.54**	**434.78**	**294.13**
Total	**2,671.11**	**2,909.33**	**2,205.02**	**1,129.51**

Notes:

1. During the year, Equity Shares of Re. 1 each issued against conversion of 24,137,932, 0.01% Compulsorily Convertible Preference Share of Rs. 10 each.

2. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

3. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

4. The restated consolidated summary Statements of Assets and Liabilities have been presented after deducting the balance outstanding on revaluation reserve from both fixed assets and reserves in accordance with the requirement of the Securities and Exchange Board Of India (Issue of Capital and Disclosure Requirements), 2009 (as amended).

Annexure VIII: Restated Consolidated Statement of Long Term Provisions

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits				
-Gratuity	10.73	6.68	4.60	2.05
Total	**10.73**	**6.68**	**4.60**	**2.05**

Note:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure IX: Restated Consolidated Statement of Long Term Borrowings

(Rs. in million)

Particulars	**As at 31st March, 2015**	**As at 31st March, 2014**	**As at 31st March, 2013**	**As at 31st March, 2012**
Borrowings from other than related parties:				
Term Loans				
Secured				
From Bank (Refer 3a)	-	1,270.26	1,338.17	1,239.38
From NBFC (Refer 3b)	2,100.00	-	-	-
Unsecured	-	-	1.04	2.74
Vehicle Loans				
From banks				
- Secured (refer note 3c)	9.48	1.12	-	-
Unsecured				
From NBFC	-	-	-	37.80
From others	-	8.96	14.55	19.23
Borrowings from related parties:				
Unsecured				
a) From Directors	-	0.03	0.07	0.04
b) Others				
- Nirmal Family Trust (refer note 3d)	49.91	49.91	49.91	338.02
- Relatives of key Management Personnel	-	10.59	10.60	51.71
Total	**2,159.39**	**1,340.87**	**1,414.34**	**1,688.92**

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. Details of loans are as follows:

   a) Details of repayment and interest rate for term loan from Banks:

   Term Loans from banks were under multiple banking arrangements carrying interest rate 11.5% to 15.25% p.a. and were repayable in monthly installment ranging from 59 to 84. These loans have been foreclosed by way of takeover together with sanction of additional amount of term loan by a non-banking financial company viz. Indostar Capital Finance Private Limited in the month of July 2014 (refer sub-note b below).

   b) **Details of repayment, interest rate, pre-payment and security provided for term loan from NBFC outstanding as on 31 March 2015:**

   'Loan from NBFC is availed from Indostar Capital Finance Limited, sanction amount being Rs. 2,400 million, and carry interest rate of 13.50% p.a. payable monthly on floating basis linked to Kotak Mahindra Bank Base Rate, and is repayable in 63 monthly installments (considering the amount of loan sanctioned) starting from April 2015 ranging between Rs 25 million to Rs 50.5 million. In case of prepayments, a prepayment penalty of 2% p.a. shall be payable. In the event of default the lender will cancel the outstanding commitments under the facility, recall / accelerate all amounts outstanding under the facility, levy of additional interest and enforcement of security. The loan has been secured by way of creation of the following security in favour of IL & FS Trust Company Limited (being the Security Trustee):

1. First ranking charge over the Company's moveable fixed assets / properties by way of hypothecation.

2. First ranking charge over the Designated Account & all rights, title, interest, benefits, claims & demands whatsoever of Company in, to, under and in respect of the said account by way of hypothecation.

3. Second ranking charge over the Company's all Current assets (present & future) by way of hypothecation.

4. First ranking charge by way of registered mortgage on the following lands and all the present and future structures thereon:

   i) Survey No. 121/2 adm. 0.81 Hectares owned by the Company.

   ii) Survey No. 121/3 or 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar R. Nirmal & leased to the Company.

   iii) Survey No. 787 adm. 0.21 Hectares owned by the Company.

   iv) Survey No. 121/6 adm. 0.21 Hectares owned by Mr. Vivek S. Nirmal.

   v) Survey No. 121/7 adm. 0.20 Hectares owned by Mr. Vivek S. Nirmal.

   vi) Survey No. 121/10 adm. 0.56 Hectares owned by Mr. Vivek S. Nirmal.

   vii) Survey No. 121/5 adm. 0.50 Hectares owned by Mr. Arvind J. Nirmal.

   viii) Plot D37/4 , TTC MIDC Industrial Area, Turbhe, Navi Mumbai.

5. Personal guarantee of Mr. Sarangdhar R. Nirmal and Mr. Vivek S. Nirmal.

c) Details of repayment, interest rate and security provided for loans from banks outstanding as on 31 March 2015:

   The vehicle loans from banks are secured against such vehicles and carries interest rate ranging from 10.09% to 11.75% p.a.

d) Interest free term loan from Nirmal Family Trust is repayable after 31st March 2016.

Annexure X: Restated Consolidated Statement of Short Term Borrowings

(Rs. in million)

Particulars	**As at 31st March, 2015**	**As at 31st March, 2014**	**As at 31st March, 2013**	**As at 31st March, 2012**
Loans Repayable on demand				
From Bank				
- Secured (Cash credit facilities for working capital) (refer note 3a)	1,498.24	1,083.39	963.67	727.57
- Unsecured (Cash credit facilities for working capital)	157.84	150.00	39.06	100.69
Total	**1,656.08**	**1,233.39**	**1,002.73**	**828.26**

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. Details of loans are as follows:

   a) Details of loans from bank repayable on demand outstanding as on 31 March 2015:

   Loans repayable on demand are from various banks under multiple banking arrangements and in nature of cash credit facilities; and carry interest rate ranging from 10.75% to 14.50%. The securities offered under the said arrangements are as under:

   1) First pari passu charge on the all over current assets (including but not limited to entire inventory, book debts, all the stock in trade, cash & other current assets of the company (both Present & Future) by way of Hypothecation.

   2) Second ranking pari passu charge on entire movable fixed assets, including but not limited to plant & machinery, furtiture, fixture, electrial equipments of the company (both Present & Future) by way of hypothecation.

   3) Second ranking pari passu charge by way of registered mortgage on the following lands and all the present & future structures thereon:

      i) Survey No. 787 adm. 0.21 Hectares owned by the Company.

      ii) Survey No. 121/6 adm. 0.21 Hectares owned by Mr. Vivek S. Nirmal.

      iii) Survey No. 121/7 adm. 0.20 Hectares owned by Mr. Vivek S. Nirmal.

      iv) Survey No. 121/10 adm. 0.56 Hectares owned by Mr. Vivek S. Nirmal.

      v) Survey No. 121/2 adm. 0.81 Hectares owned by the Company.

      vi) Survey No. 121/3 or 121/2A adm. 0.39 Hectares owned by Mr. Sarangdhar R. Nirmal & leased to the Company.

      vii) Plot D37/4, TTC MIDC Industrial Area, Turbhe, Navi Mumbai.

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

Annexure XI: Restated Consolidated Statement of Trade Payable

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Dues to micro and small suppliers	2.79	-	-	-
Dues to others	619.23	435.64	255.70	295.88
Total	**622.02**	**435.64**	**255.70**	**295.88**

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XII: Restated Consolidated Statement of Other Current Liabilities

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Current maturities of long-term borrowings				
Term Loans				
From banks				
- Secured	-	371.49	254.53	244.97
- Unsecured	-	-	1.04	0.38
- Secured – Vehicle Loan	2.20	0.56		
From other parties				
- Secured - from Non-Banking Financial Corporation	300.00	-	-	-
- Unsecured - from Non-Banking Financial Corporation	-	-	41.40	88.81
Interest accrued and due on borrowings	-	-	16.30	17.08
Interest accrued and not due on borrowings	0.06	18.55	0.42	-
Subtotal (A)	**302.26**	**390.60**	**313.69**	**351.24**
Other payables				
Statutory liabilities	27.81	21.56	41.10	8.20
Payables on purchase of fixed assets	55.42	105.68	130.87	299.92
Security deposit	3.06	3.27	5.28	1.60
Advances from customers	16.74	37.59	11.78	14.77
Employee benefits payable	29.69	17.91	6.30	7.31
Others	8.22	65.27	9.40	3.07
Subtotal (B)	**140.94**	**251.28**	**204.73**	**334.87**
Total (A + B)	**443.20**	**641.88**	**518.42**	**686.11**

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. 'The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XIII: Restated Consolidated Statement of Short-Term Provisions

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Provision for Employee Benefits				
Gratuity	3.90	1.38	1.33	0.12
Others				
Income tax (net of advance taxes paid)	45.96	45.77	32.30	29.56
Preference dividend	0.05	0.03	0.01	-
Tax on Preference dividend	0.00*	0.01	0.00*	-
Total	**49.91**	**47.19**	**33.64**	**29.68**

***** This is a non zero number rounded off in millions upto two decimal points.

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XIV: Restated Consolidated Statement of Non-Current Investments

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Investment in equity instruments				
(Unquoted, trade)	-	-	-	-
(Unquoted, non-trade)				
(i) Others				
2 Shares of Rs. 100/- each Shares of Abhyudaya Co-operative Bank	0.00*	0.00*	0.00*	0.00*
640 Shares of Rs.50 each (2014 : 640 Shares of Rs.50 each) (2013 : 640 Shares of Rs. 50 each) (2012 : 2160 Shares of Rs.25 each) of The Mula Pravara Electric Co-operative Society Limited)	0.03	0.03	0.03	0.05
ii) In units of Mutual fund:				
70,000 units (2014 : 70,000) (2013 : 20,000) (2012 : Nil) of Rs. 10 each in Union KBC Mutual Fund	0.70	0.70	0.20	-
Total	**0.73**	**0.73**	**0.23**	**0.05**

***** These are non zero numbers rounded off in millions upto two decimal points.

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XV: Restated Consolidated Statement of Long Term Loans and Advances

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
To parties other than related parties				
Capital advances:				
Considered good	112.10	379.20	864.82	431.49
Considered doubtful	5.00	5.00	5.00	5.00
	117.10	**384.20**	**869.82**	**436.49**
Less: Provision for doubtful advances	(5.00)	(5.00)	(5.00)	(5.00)
Subtotal (A)	**112.10**	**379.20**	**864.82**	**431.49**
Other Advances to Parties	350.00	-	-	-
Security deposits	16.19	20.37	23.09	13.20
Advance tax (net of provision for tax)	12.42	12.37	6.68	3.45
MAT credit entitlement	101.95	109.34	71.88	70.30
Prepaid expenses	12.55	-	-	-
CENVAT credit receivables	3.02	3.25	3.16	-
VAT receivables	72.10	67.73	50.81	28.72
Others	-	-	1.20	1.72
Subtotal (B)	**568.23**	**213.06**	**156.82**	**117.39**
Total (A + B)	**680.33**	**592.26**	**1,021.64**	**548.88**

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XVI: Restated Consolidated Statement of Trade Receivables

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Receivables outstanding for a period exceeding six months from the date they are due for payment				
Considered good	222.02	301.89	4.64	87.03
Considered doubtful	4.63	4.63	4.14	0.65
	226.65	**306.52**	**8.78**	**88.68**
Less: Provision for doubtful receivables	(4.63)	(4.63)	(4.14)	(0.65)
Sub Total (A)	**222.02**	**301.89**	**4.64**	**87.03**
Other receivables				
Considered good	1,862.01	1,255.12	792.48	373.18
Considered doubtful	-	-	0.02	-
	1,862.01	1,255.12	792.50	373.18
Less: Provision for doubtful receivables	-	-	(0.02)	-
Sub Total (B)	1,862.01	1,255.12	792.48	373.18
Total (A + B)	**2,084.03**	**1,557.01**	**797.12**	**460.21**

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XVII: Restated Consolidated Statement of Short-Term Loans and Advances

(Rs. in million)

Particulars	**As at 31st March, 2015**	**As at 31st March, 2014**	**As at 31st March, 2013**	**As at 31st March, 2012**
(Unsecured, considered good unless otherwise stated)				
To related parties (Refer Note 3 below)				
Enterprise where Key Managerial Personnel (KMP) exercises significant influence				
- Prabhat Milk & Agro Industries	-	-	-	9.83
- Prabhat Agro. Multi State Co-Operative Society Limited	-	44.09	-	121.32
Loans and advances to Key management personnel	-	-	2.54	0.12
Sub Total	**-**	**44.09**	**2.54**	**131.27**
To parties other than related parties				
Loans and advances to employees	3.34	6.23	3.42	1.39
Prepaid expenses	9.98	4.10	0.94	-
VAT receivable	-	21.48	-	-
Security deposits	3.72	-	-	-
MAT credit entitlement	10.24	-	-	-
Advances to suppliers	209.61	142.72	38.00	276.83
Subsidy income receivable	47.25	95.35	12.79	3.49
Other loans and advances	0.13	3.96	0.85	0.99
Export incentive receivable	-	9.43	-	-
Balances with Government Authorities (Cenvat and Service Tax Credit receivable)	-	0.01	0.31	0.02
Total	**284.27**	**327.37**	**58.85**	**413.99**

Notes:

1. The figures disclosed above are based on the restated consolidated summary Statements of Assets and Liabilities of the Company.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. Short-Term Loans and Advances include debts due from:

Particulars	**As at 31st March, 2015**	**As at 31st March, 2014**	**As at 31st March, 2013**	**As at 31st March, 2012**
Enterprises owned or significantly influenced by key management personnel or their relatives: (refer annexure no XXIII)				
Prabhat Agro. Multi State Co-Operative Society Limited	-	44.09	-	121.32
Prabhat Milk & Agro Industries	-	-	-	9.83

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Loans and advances to Key managerial personnel and relatives of Key managerial personnel (refer annexure no XXIII)				
Key Managerial Personnel	-	-	0.86	-
Relatives of Key Managerial Personnel	-	-	1.68	0.12

Annexure XVIII: Restated Consolidated Statement of Revenue from Operations

(Rs. in million)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Sale of products (net)				
Finished Goods	9,634.93	8,201.59	6,296.06	4,658.53
Traded goods	244.97	293.08	86.33	163.88
Sale of services	110.78	46.20	11.97	-
Other operating revenue	16.97	25.92	16.86	7.98
Total	**10,007.65**	**8,566.79**	**6,411.22**	**4,830.39**

Notes:

1. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XIX: Restated Consolidated Statement of Other Income

(Rs. in million)

Particulars	**For the Year ended 31st March, 2015**	**For the Year ended 31st March, 2014**	**For the Year ended 31st March, 2013**	**For the Year ended 31st March, 2012**	**Nature: Recurring/ Nonrecurring**	**Related/Not related to business activity**
Interest income from banks	6.29	3.60	5.95	3.03	Recurring	Not related
Net gain on foreign currency transaction	-	3.40	-	-	Non-recurring	Not related
Profit on sale of fixed assets (net)	-	0.35	-	-	Non-recurring	Not related
Liabilities written back to the extent no longer required	-	-	-	1.96	Non-recurring	Related
Miscellaneous income	3.44	2.44	2.22	2.83	Non-recurring	Not related
Total	**9.73**	**9.79**	**8.17**	**7.82**		

Notes:

1. The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.

2. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XX: Restated Consolidated Statement of Rates and Amount of Dividend

Particular	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
Number of equity shares of Rs.10 each (2014: Equity shares of Re. 1 each, 2013: Equity shares of Re. 1 each and 2012: Equity shares of Re. 1 each)	71,428,710	30,000,000	30,000,000	-
Number of convertible Preference shares of Rs.100/- each	-	24,137,932	13,793,104	-
Rate of equity dividend (%)	10	-	-	-
Interim Equity Dividend (Rs in million)	4.76	-	-	-
Tax on Equity dividend (Rs in million)	0.97	-	-	-
Rate of preference dividend (%)	0.01	0.01	0.01	-
Preference Dividend amount (Rs in million)	0.02	0.02	0.01	-
Tax on Preference dividend (Rs in million)	0.00*	0.00*	0.00*	-

* These are non zero numbers rounded off in millions upto two decimal points.

Note:

The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XXI:

A. Restated Consolidated Statement of Accounting Ratios (before considering the impact of changes in capital structure)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Earnings Per Share (EPS) – Basic				
Profit for the year as restated (Rs. In million)	210.42	207.76	140.65	95.12
Weighted average number of equity shares (Considered for computation of basic EPS) (Par value of Re. 1)	46,665,371	30,000,000	28,076,000	2,990,000
EPS (in Rs.) – Basic	**4.51**	**6.93**	**5.01**	**31.81**
Earnings Per Share (EPS) – Diluted				
Profit for the year as restated (Rs. in million)	210.45	207.79	140.65	95.12
Weighted average number of equity shares (Considered for computation of diluted EPS)	71,428,710	46,379,153	33,582,389	2,990,000
EPS (in Rs.) – Diluted	**2.95**	**4.48**	**4.19**	**31.81**
Return on Net Worth				
Profit for the year as restated (Rs. in million)	210.45	207.79	140.65	95.12
Net worth at the end of the year (Rs. in million)	3,385.39	3,180.71	2,374.47	1,134.01
Return on Net Worth (%)	**6.22**	**6.53**	**5.92**	**8.39**
Net Asset Value Per Equity Share				`
Net worth at the end of the year (Rs. in million)	3,385.39	3,180.71	2,374.47	1,134.01
Number of equity shares outstanding at the end of the year	71,428,710	30,000,000	30,000,000	2,990,000
Net Asset Value Per Equity Share (in Rs.)	**47.40**	**106.02**	**79.15**	**379.27**

Notes:

1. The Ratio have been computed as below:

$$\text{Earnings per Share (Rs.)} = \frac{\text{Restated Profit after tax attributable to equity shareholders for the year}}{\text{Weighted Average Number of equity shares}}$$

$$\text{Diluted Earnings Per Share (Rs.)} = \frac{\text{Restated Profit after tax attributable to equity shareholders (before preference dividend) for the year}}{\text{Weighted Average dilutive Number of equity shares}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Restated Profit after tax attributable to shareholders for the year}}{\text{Net Worth at the end of the year}}$$

$$\text{Net Assets Value per Share (Rs.)} = \frac{\text{Net Worth at the end of the year}}{\text{Total number of equity shares outstanding at the end of the year}}$$

2. Net worth for ratios mentioned represents sum of Share capital, reserves and surplus (securities premium, capital reserve including those arising from merger schemes, general reserve and surplus in the statement of profit and loss).

3. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Company.

4. During the year ended 31 March 2014 and 31 March 2013, the Company has issued 10,344,828 and 13,793,104, 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10 each on 7th June, 2013 and 28th September, 2012 respectively at a price of Rs. 58/- per share (including premium of Rs. 48/- per share) to Societe De Promotion Et De Participation Pour La Cooperation Economique, India Agri Business Fund Ltd. and REAL Trust. All the above mentioned CCPS were approved by Board of Directors for conversion into equity shares on 9th March 2015. Accordingly, the CCPS have been converted into 17,619,147 equity shares.

5. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

B. Restated Consolidated Statement of Accounting Ratios (after considering the impact of changes in capital structure)

Particulars	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Earnings Per Share (EPS) – Basic				
Profit for the year as restated (Rs. In million)	210.42	207.76	140.65	95.12
Weighted average number of equity shares (Considered for computation of basic EPS)	46,665,371	45,000,000	42,114,000	4,485,000
EPS (in Rs.) – Basic	**4.51**	**4.62**	**3.34**	**21.21**
Earnings Per Share (EPS) – Diluted				
Profit for the year as restated (Rs. in million)	210.45	207.79	140.65	95.12
Weighted average number of equity shares (Considered for computation of diluted EPS)	71,428,710	69,349,592	49,768,502	4,485,000
EPS (in Rs.) – Diluted	**2.95**	**3.00**	**2.83**	**21.21**
Return on Net Worth				
Profit for the year as restated (Rs. in million)	210.45	207.79	140.65	95.12
Net worth at the end of the year (Rs. in million)	3,385.39	3,180.71	2,374.47	1,134.01
Return on Net Worth (%)	**6.22**	**6.53**	**5.92**	**8.39**
Net Asset Value Per Equity Share				`
Net worth at the end of the year (Rs. in million)	3,385.39	3,180.71	2,374.47	1,134.01
Number of equity shares outstanding at the end of the year	71,428,710	71,428,710	60,102,126	4,485,000
Net Asset Value Per Equity Share (in Rs.)	**47.40**	**44.53**	**39.51**	**252.85**

Notes:

1. The Ratio have been computed as below:

$$\text{Earnings per Share (Rs.)} = \frac{\text{Restated Profit after tax attributable to equity shareholders for the year}}{\text{Weighted Average Number of equity shares}}$$

Diluted Earnings Per Share (Rs.) = Restated Profit after tax attributable to equity shareholders (before preference dividend) for the year

$$\frac{}{\text{Weighted Average dilutive Number of equity shares}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Restated Profit after tax attributable to shareholders for the year}}{\text{Net Worth at the end of the year}}$$

$$\text{Net Assets Value per Share (Rs.)} = \frac{\text{Net Worth at the end of the year}}{\text{Total number of equity shares outstanding at the end of the year}}$$

2. Net worth for ratios mentioned represents sum of Share capital, reserves and surplus (securities premium, capital reserve including those arising from merger schemes, general reserve and surplus in the statement of profit and loss).

3. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the Company.

4. In the meeting of Board of Directors held on March 9, 2015 the Board of Directors passed the following resolutions:

   i) Conversion of 24,137,932 Compulsory Convertible Preference Shares ('CCPS') into 17,619,147 equity shares.

   ii) Consolidation of 10 equity shares of Re. 1 each into 1 equity share of Rs. 10 each, subject to approval of shareholders

   iii) Issue of Bonus shares of par value of Rs. 10 each in the proportion of 14:1, subject to approval of shareholders

   The members of the Company approved the abovementioned recommendations for consolidation of shares and bonus issue during the Extra Ordinary General Meeting held on March 9, 2015.

   For the purposes of computation of above ratios, impact of conversion of CCPS, consolidation of shares and issue of bonus shares has been considered. Impact of conversion of CCPS (on weighted average basis) has been considered from the period in which the shares were issued. Impact of consolidation of equity shares and issue of bonus shares has been considered for all the years/ period presented.

5. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XXII: Restated Standalone Statement of Tax Shelter - Prabhat Dairy Limited

(Rs. in million)

Particulars		**Year ended 31st March, 2015**	**Year ended 31st March, 2014**	**Year ended 31st March, 2013**	**Year ended 31st March, 2012**
Restated profit before tax	(A)	70.33	40.42	45.18	45.95
Tax Rate					
Normal tax rate (%)	(B)	33.99	32.45	32.45	32.45
Minimum alternate tax rate (%)		20.00	20.00	20.00	20.00
Tax thereon at above rate - normal tax rate	**(C) = (A) * (B)**	**23.90**	**13.11**	**14.66**	**14.91**
Permanent differences					
Share issue expenses		-	3.57	0.80	-
Corporate Social Responsibility (CSR)		1.03	-	-	-
Others		3.71	0.00**	0.34	-
Total	**(D)**	**4.74**	**3.57**	**1.14**	**-**
Timing differences					
Differences in book depreciation and depreciation under the Income Tax Act.		28.60	(7.92)	4.50	(24.24)
Provision for Gratuity allowable on payment basis		5.90	1.83	3.40	0.71
Disallowance under section 40(a)(ia)		-	(1.14)	0.90	-
Provision for doubtful trade receivables, loans and advances		-	5.22	3.35	-
Unabsorbed depreciation		(6.32)	(37.88)	-	-
Expenses related to merger		(0.18)	0.72	-	-
Others		(0.51)	-	-	-
Total	**(E)**	**27.49**	**(39.17)**	**12.15**	**(23.53)**
Total Adjustment	(F) = (D) + (E)	32.23	(35.60)	13.29	(23.53)
Effect of restatement	(G)	3.55	4.78	(0.19)	1.42
Net Adjustment	(H) = (F) - (G)	28.68	(40.38)	13.48	(24.95)
Tax expense/(saving) thereon	(I) = (H) * (B)	9.75	(13.10)	4.37	(8.10)
Tax expenses	(J) = (I) + (C)	33.65	0.01	19.03	6.81

***** This is a non zero number rounded off in millions upto two decimal points.

Notes:

1. The aforesaid Tax Shelter Statement has been prepared as per the restated standalone summary Statements of Profit and Loss of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

3. The subsidiary companies Cheeseland Agro India Private Limited and Prabhat Agri Project Development Private Limited have incurred net loss for the years when these were consolidated. Therefore, disclosure of tax shelter has not been given for these entities.

Annexure XXII: Restated Standalone Statement of Tax Shelter - Sunfresh Agro Industries Private Limited

(Rs. in million)

Particulars		Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Restated profit before tax	(A)	177.44	203.70	139.06	75.66
Tax Rate					
Normal tax rate (%)	(B)	33.99	33.99	32.45	32.45
Minimum alternate tax rate (%)		20.00	20.00	20.00	20.00
Tax thereon at above rate - normal tax rate	**(C) = (A) * (B)**	**60.31**	**69.24**	**45.12**	**24.55**
Permanent differences					
Share issue expenses		-	15.22	-	-
Deduction under section 80IB		-	(110.63)	-	-
Deduction Investment allowance u/s 32AC		(171.77)	-	-	-
Loss on sale of fixed assets		-	(0.07)	1.24	-
Disalowed as per Sec 36 (1)(iii)		-	-	23.77	-
Unabsorbed depreciation		-	-	(46.27)	-
Interest paid on delay payment of Income Tax		3.00	5.20	-	-
Corporate Social Responsibility (CSR)		2.80	-	-	-
Provision for VAT payable		-	(28.80)	-	-
Others		-	0.17	0.17	0.22
Total	**(D)**	**(165.97)**	**(118.91)**	**(21.09)**	**0.22**
Timing differences					
Differences in book depreciation and depreciation under the Income Tax Act.		19.79	(40.86)	(72.52)	(120.75)
Provision for Gratuity and PF allowable on payment basis		0.66	0.35	0.35	-
Disallowance under section 40(a)(ia)		(0.37)	(0.52)	0.89	-
Provision for VAT payable		-	-	2.01	-
Provision for doubtful trade receivables, loans and advances.		-	0.87	0.20	-
Total	**(E)**	**20.08**	**(40.16)**	**(69.07)**	**(120.75)**
Total Adjustment	(F) = (D) + (E)	(145.89)	(159.07)	(90.16)	(120.53)
Effect of restatement	(G)	(52.92)	3.35	6.51	1.40
Net adjustment	(H) = (F) - (G)	(92.97)	(162.42)	(96.67)	(121.93)
Tax expense/(saving) thereon	(I) = (H) * (B)	(31.60)	(55.21)	(31.36)	(39.56)
Net Tax expenses	(J) = (I)	28.71	14.03	13.76	(15.01)

Particulars		Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
	+ (C)				
Final current tax charge	(K)	28.71	14.03	13.76	-

Notes

1.The aforesaid Tax Shelter Statement has been prepared as per the restated standalone summary Statements of Profit and Loss of the Company and its subsidiaries.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XXII: Restated Standalone Statement of Tax Shelter - Prabhat Nutritious & Frozen Food Industries Private Limited

(Rs. in million)

Particulars		**Year ended 31st March, 2013**	**Year ended 31st March, 2012**
Restated profit before tax	(A)	6.97	24.97
Tax Rate			
Normal tax rate (%)	(B)	30.90	32.45
Minimum alternate tax rate (%)		20.00	20.00
Tax thereon at above rate - normal tax rate	**(C) = (A) * (B)**	**2.16**	**8.11**
Permanent differences			
Others		0.10	0.14
Total	(D)	0.10	0.14
Timing differences			
Differences in book depreciation and depreciation under the Income Tax Act.		(34.84)	(38.57)
Provision for Gratuity and PF allowable on payment basis		0.71	-
Disallowance under section 40(a)(ia)		0.75	-
Preliminary Expenses allowable under section 35D		(2.21)	(2.21)
Total	(E)	(35.59)	(40.78)
Total Adjustment	(F) = (D) + (E)	(35.49)	(40.64)
Effect of restatement	(G)	2.10	(2.16)
Net Adjustment	(H) = (F) - (G)	(37.59)	(38.48)
Tax expense/(saving) thereon	(I) = (H) * (B)	(11.62)	(12.49)
Tax expenses	(J) = (I) + (C)	(9.46)	(4.38)
Final current tax charge	(K)	-	-

Notes:

1. The aforesaid Tax Shelter Statement has been prepared as per the restated standalone summary Statements of Profit and Loss of the Company.

2. The above statement should be read with the notes to restated standalone summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

Annexure XXIII: Notes to Restated Consolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flows

Names of related parties and related party relationship

Related parties where control exists

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
Ultimate holding entity	Nirmal Family Trust	Nirmal Family Trust	Nirmal Family Trust	-
Enterprises owned or significantly influenced by key management personnel or their relatives	-	-	-	Nirmal Family Trust
	Prabhat Agro. Multi State Co-Operative Society Limited	Prabhat Agro. Multi State Co-Operative Society Limited	Prabhat Agro. Multi State Co-Operative Society Limited	Prabhat Agro. Multi State Co-Operative Society Limited
	Nirmal Gograss LLP	-	-	-
	-	-	-	Prabhat Milk & Agro Industries
Key management personnel or their relatives	Mr. Sarangdhar R. Nirmal, Chairman & Managing Director	Mr. Sarangdhar R. Nirmal	Mr. Sarangdhar R. Nirmal	Mr. Sarangdhar R. Nirmal
	Mr. Kishor R. Nirmal, Executive Director (up to 09th March' 2015)	Mr. Kishor R. Nirmal	Mr. Kishor R. Nirmal	Mr. Kishor R. Nirmal
	Mr. Arvind J. Nirmal, Executive Director (up to 09th March' 2015)	Mr. Arvind J. Nirmal	Mr. Arvind J. Nirmal	Mr. Arvind J. Nirmal
	Mr. Keyur Shah, Chief Financial Officer (from 09th March' 2015)	Mr. Vivek S. Nirmal	Mr. Vivek S. Nirmal (wef 1 May 2012).	-
	Ms. Priya Nagmoti, Company Secretary (from 09th March' 2015)	-	-	-
	Anil Goel (from 09th March' 2015)	-	-	-
	Mr. Vivek S. Nirmal, Joint Managing Director	-	-	-
Relatives of KMP	Mrs. Vijaya S. Nirmal	Mrs. Vijaya S. Nirmal	Mrs. Vijaya S. Nirmal	Mrs. Vijaya S. Nirmal
	Mrs. Nisha K. Nirmal	Mrs. Nisha K. Nirmal	Mrs. Nisha K. Nirmal	Mrs. Nisha K. Nirmal
	Mrs. Rupali A. Nirmal	Mrs. Rupali A. Nirmal	Mrs. Rupali A. Nirmal	Mrs. Rupali A. Nirmal
	Mrs. Nidhi V. Nirmal	Mrs. Nidhi V. Nirmal	Mr. Vivek S. Nirmal (upto 30 April 2012).	Mr. Vivek S. Nirmal
	Mrs. Sneha Nirmal Astunkar	Mrs. Sneha Nirmal Astunkar	Mrs. Nidhi V. Nirmal	Mrs. Sneha Nirmal Astunkar
			Mrs. Sneha	

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014	Year ended 31st March, 2013	Year ended 31st March, 2012
			Nirmal Astunkar	

Annexure XXIII: Notes To Restated Consolidated Summary Statement of Assets and Liabilities, Profit and Loss and Cash Flows

(Rs. in million)

Nature of transaction	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
(A) Transaction during the year				
Purchase of goods	**340.58**	**461.04**	**454.86**	**450.23**
Prabhat Agro. Multi State Co-Operative Society Limited	340.58	461.03	454.85	450.23
Relatives of Key Managerial Personnel	-	0.01	0.01	-
Sale of goods	-	**0.01**	**0.01**	**4.83**
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	4.83
Relatives of Key Managerial Personnel	-	0.01	0.01	0.00*
Sale of Diesel	**-**	**-**	**-**	**4.84**
Sarangdhar R. Nirmal	-	-	-	1.93
Kishor R. Nirmal	-	-	-	0.55
Arvind J. Nirmal	-	-	-	1.60
Relatives of Key Managerial Personnel	-	-	-	0.76
Transport Services:	**-**	**-**	**-**	**8.94**
Sarangdhar R. Nirmal	-	-	-	3.41
Kishor R. Nirmal	-	-	-	1.25
Arvind J. Nirmal	-	-	-	2.79
Relatives of Key Managerial Personnel	-	-	-	1.49
Managerial Remuneration	**34.30**	**24.71**	**12.68**	**14.40**
Sarangdhar R. Nirmal	7.00	7.00	3.00	3.00
Kishor R. Nirmal	5.50	5.50	3.00	3.00
Arvind J. Nirmal	5.50	5.50	3.00	3.00
Vivek S Nirmal	6.00	6.00	3.00	-
Keyur Shah	4.01	-	-	-
Anil Goel	3.79	-	-	-
Priya Nagmoti	1.44	-	-	-
Relatives of Key Managerial Personnel	1.06	0.71	0.68	5.40
Lease Rent payment	**4.60**	**3.30**	**4.64**	**-**
Sarangdhar R. Nirmal	1.26	1.09	1.34	-
Kishor R. Nirmal	1.26	0.92	1.20	-
Arvind J. Nirmal	1.09	1.29	1.52	-
Vivek S Nirmal & Nidhi Nirmal	0.99	-	0.58	-
Borrowings From	**-**	**-**	**3.38**	**734.24**
Nirmal Family Trust	-	-	3.38	377.44
Arvind Nirmal	-	-	-	26.75
Kishor Ramchandra Nirmal	-	-	-	23.13
Sarangdhar R. Nirmal	-	-	-	136.97
Relatives of Key Managerial	-	-	-	169.95

Nature of transaction	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Personnel				
Borrowing Repaid:-	**10.62**	**-**	**32.87**	**345.61**
Nirmal Family Trust	-	-	-	39.42
Arvind Nirmal	-	-	-	26.75
Kishor Ramchandra Nirmal	-	-	-	23.08
Sarangdhar R. Nirmal	-	-	-	138.23
Vivek S Nirmal	0.03	-	16.20	-
Relatives of Key Managerial Personnel	10.59	-	16.67	118.13
Shares issued against the conversion of borrowings into share application money	**-**	**-**	**299.82**	**-**
Nirmal Family Trust	-	-	291.49	-
Vivek Nirmal	-	-	8.33	-
Loans and advances given	**-**	**61.42**	**314.43**	**536.38**
Prabhat Milk & Agro Industries	-	-	-	10.27
Prabhat Agro. Multi State Co-Operative Society Limited	-	61.42	310.17	459.07
Sarangdhar R. Nirmal	-	-	-	0.86
Relatives of Key Managerial Personnel	-	-	4.26	66.18
Loans and advances recovered	**-**	**61.42**	**320.74**	**525.22**
Prabhat Milk & Agro Industries	-	-	-	0.44
Prabhat Agro. Multi State Co-Operative Society Limited	-	61.42	319.47	459.07
Relatives of Key Managerial Personnel	-	-	1.27	65.71
Share Application Money Received	**-**	**-**	**-**	**167.55**
Arvind Nirmal	-	-	-	24.20
Kishor R. Nirmal	-	-	-	47.44
Sarangdhar R. Nirmal	-	-	-	95.91
Share Application Money Repaid	**-**	**-**	**-**	**178.67**
Arvind Nirmal	-	-	-	26.79
Kishor R. Nirmal	-	-	-	50.88
Sarangdhar R. Nirmal	-	-	-	101.00
(B) Balances outstanding at the end of the year				
Trade Payable	**9.36**	**0.16**	**-**	**0.41**
Arvind Nirmal	-	-	-	0.16
Sarangdhar R. Nirmal	-	-	-	0.01
Prabhat Agro. Multi State Co-Operative Society Limited	9.36	0.16	-	-
Relatives of Key Managerial Personnel	-	-	-	0.24

Nature of transaction	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Employee Benefits Payable	**10.37**	**0.15**	**-**	**0.79**
Kishor R. Nirmal	1.42	0.04	-	0.09
Arvind J. Nirmal	3.78	0.11	-	0.49
Vivek Sarangdhar Nirmal	3.07	-	-	-
Sarangdhar R. Nirmal	1.09	-	-	0.02
Keyur Shah	0.37	-	-	-
Anil Goel	0.35	-	-	-
Priya Nagmoti	0.14	-	-	-
Relatives of Key Managerial Personnel	0.15	-	-	0.19
Advance to Suppliers	**-**	**-**	**-**	**9.32**
Prabhat Agro. Multi State Co-Operative Society Limited	-	-	-	9.31
Relatives of Key Managerial Personnel	-	-	-	0.01
Other Current Liabilities:	**0.85**	**0.48**	**-**	**0.44**
Vivek Nirmal	-	-	-	-
Relatives of Key Managerial Personnel	0.85	0.48	-	0.44
Borrowings	**49.91**	**60.53**	**60.58**	**389.88**
Nirmal Family trust	49.91	49.91	49.91	338.02
Arvind Nirmal	-	0.03	0.07	-
Kishor Ramchandra Nirmal	-	-	-	0.04
Relatives of Key Managerial Personnel	-	10.59	10.60	51.82
Loans and Advances	**-**	**44.09**	**2.54**	**131.17**
Prabhat Agro. Multi State Co-Operative Society Limited	-	44.09	-	121.32
Prabhat Milk & Agro Industries	-	-	-	9.83
Sarangdhar R Nirmal	-	-	0.86	-
Relatives of Key Managerial Personnel	-	-	1.68	0.02

***** This is a non zero number rounded off in millions upto two decimal points.

Notes:

1. The remuneration to KMPs does not include provision for Gratuity as it is determined on actuarial basis for the Company as a whole.

2. The Company has taken Land on lease from Directors and relatives of directors for a period ranging from 10 years to 30 years starting from Oct, 1999. In terms of the said lease agreement, the Company is required to pay an annual rent of Rs. 0.02 Million pa. However the Company has received a letter of waiver from them indicating that the total rent payable since inception of the lease till September' 2014 has been waived and that the Company is not required to pay any lease rent for the above referred period.

3. These figures which were not disclosed in the audited Financial Statements have now been disclosed as part of the restated Financial Statements. We have placed reliance on the Management disclosure in this report.

Annexure XXIV: Restated Consolidated Statement of Contingent Liabilities

(Rs. in million)

Particulars	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012
a) Bills Discounted:				
Bank of Maharashtra	-	-	39.72	-
b) Corporate Guarantees given by the Company:				
Various milk supplying farmers	20.12	114.57	107.86	-
Kausalya Milk Products Private Limited	-	40.06	58.50	-
c) Income Tax Matters *[refer note (2) below]*				
Financial year 2006-07	1.61	1.61	-	-
Financial year 2008-09	2.83	2.83	2.83	-
Financial year 2009-10	-	2.70	2.23	-
Financial year 2010-11	2.67	-	-	-
Financial year 2011-12	26.53	-	-	-
d) Sales Tax Matters *[refer note (2) below]*				
Financial year 2010-11	12.29	-	-	-
Total	**66.05**	**161.77**	**211.14**	**-**

Notes:

1. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

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

Annexure XXV: Capitalisation Statement

(Rs. in million.)

Particulars	As at 31st March, 2015	Post issue
Debt:		
Long term borrowings (Including current maturities) **(A)**	2,461.65	
Short term borrowing **(B)**	1,656.08	
Total (C=A+B)	**4,117.73**	
Shareholders' funds:		
Equity share capital	714.28	
0.01% Compulsorily Convertible Preference Shares	-	
Reserves and surplus, as restated		
Capital subsidy	5.85	
Securities premium	988.51	
Capital reduction reserve	296.01	
Capital reserve	418.99	
Capital Reserve on Consolidation	114.53	
Profit and Loss account	847.22	
Total (D)	**3,385.39**	
Long Term Debt/Equity ratio (A/D)	0.73	-
Debt/Equity ratio (C) / (D)	1.22	

Notes:

1. The post issue debt equity ratio will be computed on conclusion of book building process.

2. Long term debt equity ratio = $\dfrac{\text{Long term borrowing}}{\text{Total shareholder fund}}$

3. Debt equity ratio = $\dfrac{\text{Total borrowing}}{\text{Total shareholder fund}}$

4. **0.01% Compulsorily Convertible Preference shares:** During the year ended 31 March 2014 and 31 March 2013, the Company has issued 10,344,828 and 13,793,104, 0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs. 10 each on 7th June, 2013 and 28th September, 2012 respectively at a price of Rs. 58/- per share (including premium of Rs. 48/- per share) to Societe De Promotion Et De Participation Pour La Cooperation Economique, India Agri Business Fund Ltd. and REAL Trust. The details of 0.01% Compulsorily Convertible Preference Shares are as under:

Date of Issue of preference shares	Name of shareholder	Total number of preference shares	Earliest Date of Conversion
28th September 2012	India Agri Business Fund Ltd.	13,744,828	Any time after 30th June, 2013
	REAL Trust	48,276	
7th June 2013	Societe De Promotion Et De Participation Pour La Cooperation Economique	10,344,828	
Total		**24,137,932**	

4. The above statement should be read with the notes to restated consolidated summary of Statement of Assets and Liabilities, Statement of Profit and Loss and Cash Flow Statement appearing in Annexure IV and Annexure V.

FINANCIAL INDEBTEDNESS

The details of indebtedness of our Company as at June 30, 2015 are provided below:

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
1.	Indostar Capital Finance Limited facility for ₹900.00 million sanctioned through facility agreement dated July 2, 2014 and sanction letter dated May 30, 2014	Term Loan	900.00	864.00	Not exceeding June 30, 2020	Kotak Mahindra Bank Base Rate+ 3.50% per annum, subject to reset on the first day of every calendar quarter. As of June 30, 2015, the rate of interest was 13.50%.	See Note 1	Refinancing the existing term loan, other purposes as specified in the facility agreement and transaction expenses	63 un-equated instalments commencing from April, 2015.
2.	Societe Generale facility for ₹200.00 million sanctioned through the working capital facility agreement dated September 17, 2014, sanction letter dated July 9, 2014 and the extension letter dated July 9, 2015.	Overdraft (“**OD**”)	200.00	-	Not exceeding 364 days	12% per annum (subject to minimum bank base rate), at monthly rests Interest shall be compounded monthly.	See Note 2	For meeting working capital requirements	Repayable on demand or at maturity
		Working Capital Demand Loan (“**WCDL**”)	200.00	200.00	Not exceeding 120 days	To be agreed from time to time (subject to minimum bank base rate). As of June 30, 2015, the rate of interest was 10.50%.			Repayable on demand or at maturity

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
		Export Credit (“**EC**”), pre-shipment and post-shipment	100.00	-	Not exceeding 120 days	To be agreed from time to time (subject to minimum bank base rate). For foreign currency EPC, applicable 6M LIBOR			Repayable on demand or at maturity
		Letter of Credit (“**LC**”)	100.00	-	120 days	1.25% per annum			On maturity
		Bank Guarantee (“**BG**”)	50.00	-	12 months including the claim period	Funded facilities rate+1%, in the event non-payment is invoked.			Immediately on invocation
		Foreign Exchange forward cover facilities	USD 2.00 million	-	One	-			-
3.	Rabobank International loan facilities for ₹300.00 million sanctioned through the multiple facility agreement dated June 4, 2014, sanction letter	WCDL	250.00	250.00	180 days from the date of disbursement	Interest rate shall be determined at each drawdown, provided that such rate shall not be below the Rabo Base Rate. As of June 30, 2015 the interest rate was	See Note 2	For the purpose of meeting working capital requirements.	Repayable on demand

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
	dated June 4, 2014 and extension letter dated June 9, 2015.					10.90%			
		OD/ Cash Credit ("**CC**")	50.00	-	-	Rabo Base Rate+2.50% per annum at monthly rests			
		Export Packaging Credit ("**EPC**") (pre-shipment)	250.00	-	180 days from each drawdown	Interest rate shall be determined at each drawdown, provided, such rate shall not be below the Rabo Base Rate if the loans are drawn in Indian currency			
		Export Bill Discounting (post-shipment) ("**EBD**")	250.00	-	180 days from each disbursement	Interest rate shall be determined at each drawdown, provided, such rate shall not be below the Rabo Base Rate if the loans are drawn in Indian currency			
		LC	50.00	48.20	180 days from the date of issuance of each LC	1.25% p.a. of value of the LC.			

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
4.	ICICI Bank Limited facility of ₹170.00 million sanctioned through facility agreement dated June 4, 2014, the sanction letter dated May 13, 2014 and the extension letter dated July 3, 2015.	CC	150.00	80.73	Upto April 28, 2015	ICICI Bank base rate + spread p.a. As of June 30, 2015, the rate of interest was 12.00%.	See Note 2	For the purpose of meeting working capital requirements	Repayable on demand
		FCNR, as a sub-limit of CC	USD 2.00 million equivalent to 120.00	-	30 days to 180 days	To be decided by ICICI Bank at the time of disbursement		For the purpose of meeting working capital requirements	Repayable in full on maturity date
		WCDL, as a sub-limit of CC	75.00	65.00	Up to April 28, 2015	ICICI Bank base rate + 1.75% p.a. As of June 30, 2015, the rate of interest was 11.50%.		Running of warehouses for storing of agri produce/ products.	Minimum of 30 days up to 180 days or up to validity period of the facility, whichever is earlier
		Derivatives	20.00	-	Up to April 28, 2015	-		To enter into forwards, swaps, options, or other derivatives with ICICI Bank, to hedge interest rate or currency risk	-
5.	IndusInd Bank facility of ₹100.00 million sanctioned through facility agreement dated June 4, 2014, the	CC	100.00	99.61	12 months	11.75%	See Note 2	To finance dairy business and management and maintenance of storage facilities used for storing	Repayable on demand

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
	sanction letter dated May 23, 2014, and the extension letter dated July 9, 2015.							milk procured from famers and farmers societies	

Note 1:

This note sets out the details in relation to the security as set out in the facility agreement entered into by our Company with Indostar Capital Finance Limited dated July 2, 2014.

The loan availed from Indostar Capital Finance Limited is secured by:

A. Mortgage

A first ranking mortgage charge on:

- Piece and parcel of non-agricultural land bearing survey no. 121/2 situated at Rajankhol, Post Tilaknagar, Tal Rahata, Dist. Ahmednagar admeasuring 0.81 hectares;

- Piece and parcel of non-agricultural land bearing survey no. 121/3 or 121/2A situated at Rajankhol, Post Tilaknagar, Tal Rahata, Dist. Ahmednagar admeasuring 0.39 hectares;

- Piece and parcel of land known as Plot no. E-1 in the Shrirampur Industrial Area in the Village Limits of Khandala and outside the limits of Shrirampur Municipal Council, Taluka Shrirampur, Dist. Ahmednagar, admeasuring 72,000 sq.mtrs. Piece and parcel of property consisting of land and building, structures, civil works, etc known as Plot no. D-37/4 in the TTC, MIDC Industrial Area, Turbhe, Navi Mumbai 400 063, admeasuring 5,160 sq. mtrs.

B. Hypothecation

A first ranking hypothecation charge on:

- The whole of the Company's moveable properties, tangible and intangible including without limitation its movable plant and machinery, non-trade receivables, the whole of the machinery purchased/to be purchased on deferred payment terms, insurance policies taken in respect of fixed assets etc.

- The designated account and all rights, title, interest, benefits, claims and demands whatsoever of the Company in, to under in respect of the said account.

A second ranking hypothecation charge on:

- The whole of the Company's current assets including without limitation stocks of raw materials, goods-in-process, semi-finished and finished goods, consumable stores and spares and such other movables, including book debts, bills, both present and future, bank balances, bank accounts and all cash flows and receivables.

C. Personal Guarantee from Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal dated July 2, 2014.

D. Demand Promissory Note dated July 2, 2014 for ₹900.00 million dated July 2, 2014 and July 3, 2014.

E. Assignment of insurance policies for all fixed assets of our Company.

F. Pari passu charge on all rights, title, interest, entitlements of our Company under their contracts and agreements;

Note 2:

This note sets out the details in relation to the security as set out in the working capital facilities availed by our Company from Societe Generale, Rabobank International, ICICI Bank and IndusInd Bank.

A. Hypothecation

A *pari passu* first charge on:

- All current assets including book debts, stock, raw materials and receivables (both present and future) of the Company and all benefits, rights and incidentals attached thereto which are now or shall at anytime be owned and/or acquired together with all rights, title, interests, claims and demands of the Borrower.

A *pari passu* second charge on:

- All movable assets (both present and future) of the Company and all benefits, rights and incidentals attached thereto which are now or shall at anytime hereafter be owned and/or acquired together with all rights, title, interests, claims and demands of the Company.

B. Mortgage

A second *pari passu* security over the present and future immovable and movable fixed assets at:

- 121/2 at Ranjankhol, Post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 0.81 hectares;

- 121/3 or 121/2A at Ranjankhol, Post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 0.39 hectares; and

- Plot No- E1, MIDC Shrirampur, Nirmalnagar, Post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 72,000 sq. mtrs; and
- Plot no. D-37/4 in the TTC, MIDC Industrial Area, Turbhe, Navi Mumbai 400 063, admeasuring 5,160 sq. mtrs.

C. Personal Guarantees from Vivek Sarangdhar Nirmal and Sarangdhar Ramchandra Nirmal.

Restrictive and Financial Covenants

Certain actions for which our Company requires prior approval and/or written consent of the lenders include:

(a) To make any change in its equity structure, management and operating structure;

(b) To declare or pay dividends in respect of any financial year if any event of default has occurred;

(c) To effect any merger, de-merger, consolidation, reorganization, scheme of arrangement or compromise or amalgamation;

(d) To effect any material change in the shareholding of the Borrower;

(e) Take or request any channel facility or other unsecured loans or bill discounting from other banks or financial institutions;

(f) Amendment or modification of its constitutional documents;

(g) Undertake ant new project, diversification, modernization, which are material in nature, or substantial expansion of any if its projects; and

(h) Creating any charge, lien, hypothecation, mortgage, pledge, encumbrance or any type of preferential arrangement on any of its assets which constitute securities.

Our Company has availed unsecured interest free loans from its Promoter, Nirmal Family Trust, amounting to ₹49.91 million which shall not be repaid until IABF, REAL and Proparco exit from our Company. Further, as of June 30, 2015 the amount outstanding for the vehicle loans availed by our Company from HDFC Bank is ₹2.85 million.

The details of the indebtedness of SAIPL as at June 30, 2015 are provided below:

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
1.	Indostar Capital Finance Limited	Term Loan	1,500.00	1,436.00	Not exceeding	Kotak Mahindra Bank Base Rate+ 3.50% per	See	Refinancing the existing term loan, other	63 un-equated instalments

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
	facility for ₹1,500 million sanctioned through facility agreement dated July 2, 2014 and sanction letter dated May 30, 2014				June 30, 2020	annum, subject to reset on the first day of every calendar quarter. As of June 30, 2015, the rate of interest is 13.50%	Note 4	purposes as specified in the facility agreement and transaction expenses	commencing from April, 2015.
2.	Societe Generale facility for ₹200.00 million sanctioned through the working capital facility agreement dated September 17, 2014, the sanction letter dated July 9, 2014 and the extension letter dated July 23, 2015	OD	200.00	-	Not exceeding 364 days	12% per annum (subject to minimum bank base rate); at monthly rests Interest shall be compounded monthly.	See Note 5	For meeting working capital requirements	Repayable on demand or at maturity.
		WCDL	200.00	200.00	Not exceeding 120 days	To be agreed from time to time (subject to minimum bank base rate) at monthly rests. Interest shall be compounded monthly. As of June 30, 2015 the rate of interest was 10.50%.			Repayable on demand or at maturity
		Export Credit ("**EC**"), pre-shipment and post-shipment	100.00 for pre-shipment and post-shipment, each	-	Not exceeding 120 days	To be agreed from time to time (subject to minimum bank base rate). For foreign currency EPC, applicable 6M			Repayable on demand or at maturity

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
						LIBOR			
		LC	100.00	-	120 days	1.25% per annum			On maturity
		BG	50.00	-	12 months including the claim period	Funded facilities rate+1%			Immediately on invocation
		Foreign Exchange forward cover facilities	USD 2.00 million	-	One	-			-
3.	Rabobank International loan facilities for ₹300.00 million sanctioned through the multiple facility agreement dated June 4, 2014, sanction letter dated June 4, 2014 and the extension letter dated June 9, 2015	WCDL	200.00	179.22	180 days from the date of disbursement	Interest rate shall be determined at each drawdown, provided, such rate shall not be below the Rabo Base Rate, payable on a monthly basis. As of June 30, 2015, the rate of interest was 10.90%.	See Note 5	For the purpose of meeting working capital requirements.	Repayable on demand
		OD/ CC	40.00	-	-	Rabo Base Rate+2.50% per annum at monthly rests			Repayable on demand
		Export Packaging Credit ("**EPC**") (pre-shipment)	200.00	-	180 days from each drawdown	Interest rate shall be determined at each drawdown, provided, such rate shall not be below the Rabo Base			To be liquidated on or before the due date agreed upon at the time of each drawdown,

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
						Rate if the loans are drawn in Indian currency, payable on a monthly basis			and shall in no case exceed 180 days from each draw down
		Export Bill Discounting (post-shipment) ("**EBD**")	200.00	-	180 days from each disbursement	Interest rate shall be determined at each drawdown, provided, such rate shall not be below the Rabo Base Rate if the loans are drawn in Indian currency. Interest amount shall be paid / discounted upfront at the time of each drawdown			To be repaid on the due date of the bills discounted as per RBI specified means, and in no case shall exceed a period of 180 days from each drawdown
		LC	100.00	89.16	180 days from the date of issuance of each LC	1.25% p.a. of the value of the LC.			On the due date
4.	ICICI Bank Limited facility of ₹270.00 million sanctioned through facility agreement dated June 4, 2014, the sanction letter dated May 12, 2014 and the extension letter	CC	250.00	174.96	Upto April 28, 2015	ICICI Bank base rate + spread p.a. As of February June 30, 2015 the rate of interest was 12.00%.	See Note 5	For the purpose of meeting working capital requirements LC for procurement of raw materials, consumable stores, spares and tools; Derivatives, for entering into forwards, swaps,	-
		FCNR, as a sub-limit of CC	USD 2.00 million equivalent to 120.00	-	30 days to 180 days	To be decided by ICICI Bank at the time of disbursement			Repayable in full on maturity date

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
	dated July 3, 2015.	WCDL, as a sub-limit of CC	100.00	75.00	Up to April 28, 2015	ICICI Bank base rate + 1.50% p.a. As of June 30, 2015 the rate of interest was 11.25%.		options, or other derivatives with ICICI Bank to hedge interest rate or currency risk	Minimum of 30 days up to 180 days or up to validity period of the facility, whichever is earlier
		Post-shipment Credit in Foreign Currency, Foreign Usuance Bill Discounting, Foreign Bill Purchase, as a sub-limit of CC	100.00	-	Up to April 28, 2015. In case of DA Bills, usuance not exceeding 180 days	To be decided by ICICI Bank at the time of disbursement			-
		EPC/PCFC, as a sub-limit of CC	100.00	-	Up to April 28, 2015	EPC: I-Base+2.00% per annum; PCFC: To be decided by ICICI Bank at the time of disbursement			EPC: Up to 90 days or expiry of contracts of export LCs or expiry of process cycles, whichever is earlier;
		LC, sub-limit of CC	100.00	-	Up to April 28, 2015	1.00% and other charges			Maximum usuance of 90 days from the date of shipment or dispatch
		Derivatives	20.00	-	Up to April 28, 2015	-			12 months or up to April 28, 2015, whichever is

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
									earlier
5.	IndusInd Bank Limited facilities for ₹300.00 million sanctioned through multi-facility loan agreement dated June 4, 2014, the sanction letter dated May 22, 2014 and the extension letter dated July 9, 2015.	CC	300.00	298.02	12 months	As mutually agreed above the IndusInd Bank base rate. As of June 30, 2015 the rate of interest was 11.75%	See Note 5	To finance dairy business and management and maintenance of storage facilities used for storing milk procured from famers and farmers societies	Repayable on demand
		BG, as a sub-limit of CC	50.00	1.72 (of which, 0.36 is a performance guarantee)	18 months including the claim period	At the rates quoted by IndusInd Bank from time to time. As of June 30, 2015 the rate of commission was 1.00%.		Bid-bond, performance, retention money, customs/excise guarantee, quota for exports, etc., relating to normal trade of our Company. No BG to be issued for EPCG, DPG, ECB or disputed liability without permission of the corporate office.	Repayable on demand
		WCDL, as a sub-limit of CC	300.00	-	30 days upto a maximum of 180 days for each drawdown	As mutually agreed from time to time		To finance dairy business and management and maintenance of storage facilities used for storing milk procured from famers and farmers societies	Repayable on demand
		EPC/ PCFC, as a	100.00	-	180 days	Linked to IndusInd		Pre-shipment working	Repayable on

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
		sub-limit of CC				Bank's BPLR		capital for exports	demand
		PSC/ FBP/FBD/ Advance against bills on collection, as a sub-limit of CC	100.00	-	12 months	As per IndusInd Bank's extant policy		For the purposes of working capital requirements	Repayable on demand
		LC	50.00	-	12 months	-		For procurement of raw materials and consumables	Repayable on demand
6.	Kotak Mahindra Bank Limited facilities for ₹200.00 million sanctioned through master loan agreement dated February 24, 2014, supplemental master facility agreement dated February 12, 2015 and the sanction letters dated February 5, 2014, July 11, 2014 and February 6, 2015.	Purchase Order financing against sales to Mondelez India Foods Limited (the "**PO**")/ Bills Discounting	200.00	200.83	60 days	As agreed between SAIPL and Kotak Mahindra Bank Limited at the time of disbursement. As of June 30, 2015, the rate of interest was 11.10%.	See Note 6	Working capital	The liquidation of the first disbursement on day 1, month 0 shall be from hundis received on day 1, month 1, onwards. Day 1 will start from the date of disbursement in the month. No further disbursement in month 2 on the limit if a disbursement made in month 0 is not liquidated.

Sr. No.	Name of the Lenders and details of facilities	Details of the Borrowing	Amount Sanctioned (In ₹ million)	Amount outstanding as on June 30, 2015 (In ₹ million)	Tenure	Rate of Interest/ Commission	Security	Purpose	Repayment Schedule
		Export Packing Credit / Packing Credit in Foreign Currency as a sub-limit of the PO	120.00	-	Maximum 90 days	As agreed between SAIPL and Kotak Mahindra Bank Limited at the time of disbursement.		Working capital	Repayable on demand

Note 4:

This note sets out the details in relation to the security as set out in the facility agreement entered into by SAIPL with Indostar Capital Finance Limited dated June 2, 2014.

The loan availed from Indostar Capital Finance Limited is secured by:

A. Mortgage

A first ranking mortgage charge on:

- Piece and parcel of non-agricultural land bearing survey no. 787 situated at Rajankhol, Post Tilaknagar, Tal Rahata, Dist. Ahmednagar admeasuring 0.21 hectares;
- Piece and parcel of non-agricultural land bearing survey no. 121/6 situated at Rajankhol, Post Tilaknagar, Tal Rahata, Dist. Ahmednagar admeasuring 0.21 hectares;
- Piece and parcel of non-agricultural land bearing survey no. 121/7 situated at Rajankhol, Post Tilaknagar, Tal Rahata, Dist. Ahmednagar admeasuring 0.20 hectares;
- Piece and parcel of non-agricultural land bearing survey no. 121/10 at Ranjankhol, post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 0.56 hectares;
- Piece and parcel of non-agricultural land bearing survey no. 121/5 situated at Rajankhol, Post Tilaknagar, Tal Rahata, Dist. Ahmednagar admeasuring 0.50 hectares; and
- Plot No- E2, E3 and E4, MIDC Shrirampur, Nirmalnagar, Post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 288,000 sq. mtrs.

B. Hypothecation

A first ranking hypothecation charge on:

- The whole of the Company's moveable properties tangible and intangible including without limitation its movable plant and machinery, non-trade receivables, the whole of the machinery purchased/to be purchased on deferred payment terms, insurance policies taken in respect of fixed assets etc.

- The designated account and all rights, title, interest, benefits, claims and demands whatsoever of the Company in, to under in respect of the said account.

A second ranking hypothecation charge on:

- The whole of the Company's current assets including without limitation stocks of raw materials, goods-in-process, semi-furnished and furnished goods, consumable stores and spares and such other movables, including book debts, bills, both present and future, bank balances, bank accounts and all cash flows and receivables.

Note 5:

This note sets out the details in relation to the security as set out in the working capital facilities availed by SAIPL from Societe Generale, Rabobank International, ICICI Bank and IndusInd Bank.

A. Hypothecation

A *pari passu* first charge on:

- All current assets including book debts, stock, raw materials and receivables (both present and future) of SAIPL and all benefits, rights and incidentals attached thereto which are now or shall at anytime be owned and/or acquired together with all rights, title, interests, claims and demands of the SAIPL.

A *pari passu* second charge on:

- All movable assets (both present and future) of SAIPL and all benefits, rights and incidentals attached thereto which are now or shall at anytime hereafter be owned and/or acquired together with all rights, title, interests, claims and demands of the Company.

B. Mortgage

A second *pari passu* security over the present and future immovable and movable fixed assets at:

- 787 at Post. Miri, Taluka Pathrdi, District Ahmednagar admeasuring 0.21 hectares;

- 121/6 at Ranjankhol, post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 0.21 hectares;

- 121/7 at Ranjankhol, post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 0.20;
- 121/10 at Ranjankhol, post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 0.56 hectares;
- 121/5 at Ranjankhol, post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 0.50 hectares; and
- Plot No- E2, E3 and E4, MIDC Shrirampur, Nirmalnagar, post. Tilaknagar, Taluka Rahata, District Ahmednagar admeasuring 288,000 sq. mtrs.

C. Personal Guarantees from Vivek Sarangdhar Nirmal and Sarangdhar Ramchandra Nirmal.

Note 6:

This note sets out the details in relation to the security as set out in the facilities availed by SAIPL from Kotak Mahindra Bank Limited.

A. Personal Guarantees from Vivek Sarangdhar Nirmal and Sarangdhar Ramchandra Nirmal.

B. Demand Promissory Note for (i) ₹80 million dated February 28, 2014; and (ii) ₹120 million dated February 28, 2014.

Further, as of June 30, 2015, the amount outstanding for the vehicle loans availed by SAIPL from HDFC Bank is ₹7.01 million and from Punjab National Bank is ₹1.19 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements and also the section "Risk Factors" for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our Fiscal year ends on March 31 of each year, so all references to a particular Fiscal are to the twelve months ended March 31 of that year.

In this section, unless the context otherwise requires, any reference to "we", "us" or "our" refers to Prabhat Dairy Limited and its subsidiaries on a consolidated basis, and any reference to the "Company" refers to Prabhat Dairy Limited on a standalone basis.

Unless otherwise indicated, financial information included herein are based on our Restated Standalone Financial Statements for Fiscal 2011 and our Restated Consolidated Financial Statements for Fiscal 2012, 2013, 2014 and 2015 included in this Red Herring Prospectus beginning on pages 183 and 260, respectively. Our Company did not have any subsidiaries in Fiscal 2011, and accordingly consolidated financial statements have only been prepared since Fiscal 2012.

Overview

We are an integrated milk and dairy products company in India catering to institutional as well as retail customers. We produce fresh, dry, frozen, cultured and fermented dairy products, including pasteurized milk, flavoured milk, sweetened condensed milk, ultra-pasteurised or ultra-high temperature (UHT) milk, yoghurt, dairy whitener, clarified butter (ghee), milk powder, ingredients for baby foods, lassi and chaas. We have recently commenced commercial production of cheese, paneer and shrikhand in Fiscal 2016. We sell our products under our retail consumer brands as well as ingredient products or as co-manufactured products to a number of institutional and multinational companies. As of June 30, 2015, we had an aggregate milk processing capacity of 1.5 million litres per day.

Our integrated business model encompasses almost all aspects of the dairy industry value chain, including cattle feed supply, engaging with farmers on cattle health and milk production, procurement of raw milk, and the production, supply and sale of a range of processed milk and dairy products. We believe that our integrated business model enables us to leverage the dairy industry value chain, ensure efficiency in costs and operating margins and exercise more control over the production process resulting in quality products.

In Fiscal 2013, 2014 and 2015, sales of institutional products represented 85.42%, 85.29% and 75.76%, respectively, of our sale of finished goods (net) in such periods, while sales of retail consumer products represented 14.58%, 14.71% and 24.24%, respectively, of our sale of finished goods (net) in such periods. While sales of institutional products have historically contributed to a majority of our revenues, we have significantly grown our retail consumer products business in the past few years, and expect the retail business to contribute an increasing proportion of total sales in the future while we continue grow our institutional products business.

Institutional Products: We produce a range of milk and dairy products including milk-based specialty ingredient products and co-manufactured products for a large number of Indian and multinational companies. Our specialty ingredient products are used in the production of other milk and food products by our institutional customers, while co-manufactured products are those products which are sold by our institutional customers under their own brands.

- *Specialty Ingredient Products*: Our specialty ingredient products include nutrition supplements and formulations for baby food, sweetened condensed milk, partially skimmed milk, skimmed milk powder, skimmed milk preparations, full cream milk powder and specialty milk powder for various reputed consumer product companies including Mondelez India Foods Private Limited (formerly Cadbury India Limited) and Abbott Healthcare Private Limited.

- *Co-manufactured Products*: Our co-manufactured products include specialty milk powders, curd (dahi), clarified butter (ghee), dairy whiteners, yogurts, processed and concentrated milk, and ice creams for various institutional customers including Britannia Industries Limited, Mother Dairy Fruit & Vegetable Private Limited and Heritage Foods Limited.

Retail Consumer Products: Our retail consumer products include pasteurized milk, UHT milk, flavoured milk, sweetened condensed milk, dairy whitener, milk powder, lassi, curd (dahi), chaas and clarified butter (ghee) sold under the Prabhat, Flava and Milk Magic brands. Over the years, we have developed a large distribution network to market and distribute our retail consumer products across India. As of June 30, 2015, our distributor network included more than 350 distributors through which we serve a large number of retail outlets. In addition, we have also established a dedicated marketing and distribution team for marketing our retail products. We procure a majority of our raw milk requirements directly from milk farmers and registered milk vendors in the State of Maharashtra, a significant cow milk producing region in India. Our direct procurement model enables us to control costs and ensure quality of the raw milk procured by us. We engage a large number of procurement partners, called "Prabhat Mitras", to co-ordinate the milk procurement process with milk farmers and registered milk vendors. These procurement partners are involved in educating farmers on cattle breeding, cattle feed and medication, cattle finance and insurance, as well as the delivery and storage of milk at our collection centres. We also work closely with a number of veterinary doctors and para-veterinary workers, called "Pashu Mitras" who assist farmers with cattle medication, de-worming, vaccination and other cattle health initiatives. As of June 30, 2015, our milk collection facilities included more than 450 milk collection centres, over 15 milk chilling plants and over 85 bulk milk coolers. Our milk collection facilities have automatic milk testing equipment and specialized storage facilities, to test, collect and store raw milk at these milk collection facilities before being transported to our production facilities.

We have established large, automated production facilities with advanced equipment at Shrirampur (Ahmednagar) and at Navi Mumbai, with an aggregate milk processing capacity of 1.5 million litres per day. These facilities are in close proximity to our milk procurement region as well as target market. We have recently added production capacities for several new dairy products including mozzarella cheese, cheddar cheese, processed cheese, cottage cheese (paneer) and shrikhand and commenced production of these products in Fiscal 2016. For further information on our production capacities, please see "Our Business – Production Capacity" on page 136.

We have received several quality certifications relating to our products and production facilities, including certifications from the Food Safety and Standards Authority of India (FSSAI) for certain of our products; the AGMARK quality certification for ghee and butter; the IS 1166:1986 certification for condensed milk, partly skimmed and skimmed condensed milk. We have also received "Halal" certifications for skimmed milk powder, whole milk powder, dairy whitener, sweetened condensed milk and UHT milk.

Our total revenue increased at a CAGR of 36.71% from ₹ 2,868.21 million in Fiscal 2011 to ₹ 10,017.38 million in Fiscal 2015, while our profit after tax increased at a CAGR of 22.06% from ₹ 94.81 million in Fiscal 2011 to ₹ 210.45 million in Fiscal 2015. In the same period, our EBITDA increased at a CAGR of 48.00% from ₹ 213.75 million in Fiscal 2011 to ₹ 1,025.50 million in Fiscal 2015. CAGR information above relating to total income, profit after tax and EBITDA are based on our Restated Standalone Financial Statements for Fiscal 2011 and our Restated Consolidated Financial Statements for Fiscal 2012, 2013, 2014 and 2015. Our total revenue in Fiscal 2012, 2013, 2014 and 2015 was ₹ 4,838.21 million, ₹ 6,419.39 million, ₹ 8,576.58 million and ₹ 10,017.38 million, respectively. Our EBITDA in Fiscal 2012, 2013, 2014 and 2015 was ₹ 494.58 million, ₹ 736.14 million, ₹ 917.22 million and ₹1,025.50 million, respectively, while our profit after tax, in such periods was ₹ 95.13 million, ₹ 140.66 million, ₹ 207.79 million and ₹ 210.45 million, respectively.

Principal Factors Affecting our Results of Operations and Financial Condition

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section entitled "Risk Factors" on page 19. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

Availability and price of raw milk

Our business is significantly dependent on the procurement of raw milk. We procure a significant portion of our milk requirement directly from milk farmers and registered milk vendors. We also procure some of our raw milk from contract milk suppliers.

Our business and results of operations depends on our ability to procure sufficient good quality raw milk at commercially viable prices. While we have over the years developed a strong relationship with milk farmers and other suppliers, we do not enter into any formal supply agreements with our suppliers. As we continue to grow our product portfolio, particularly for additional retail consumer products, and increase our production capacities, we will similarly need to expand our milk procurement network and capacity. In the event we are unable to increase the supply of raw milk for our operations at reasonable prices or at all, or even maintain our current milk supplies due to increase in competition from other dairy companies operating in the same region, our current operations and growth prospects will be significantly affected. The regulatory regime in India does not support large scale cattle breeding and dairy farming and most dairy companies continue to use external procurement models. We believe that our strong relationship with the milk farmers and registered milk vendors, through continuous engagement and support in terms of cattle rearing education, cattle feed and veterinary support, ensures not only continued association with milk suppliers, but also enables us to maintain competitive milk procurement prices and ensure high quality raw milk supply, which has a direct effect on the quality of our products and our ability to cater to a wider range of products.

Interruption of, or a shortage in the supply of, raw milk may result in our inability to operate our production facilities at optimal capacities or at all, leading to a decline in production and sales. In addition, competition in the dairy industry may result in an increase in raw milk prices, which we may not be able to match, thereby affecting our supply of raw milk. In addition, raw milk production is, in turn, influenced by a number of factors that are beyond our control, including seasonal factors such as increased production in temperate weather as well as cattle feed quality. In addition, changes in government grants, subsidies, technical assistance and other agricultural and environmental policies in India may have an adverse impact on the quantity of milk produced. Interruption of or a shortage in the supply of raw milk or any of our other raw materials could result in our being unable to operate our production facilities at full capacity or, if the shortage is severe, at any production level at all, thereby leading to reduced production output and sales affecting our results of operations.

Relationship with institutional customers

Our business from institutional customers is dependent on our continuing relationship with such customers, the quality of our products and our ability to deliver on their orders, and there can be no assurance that such customers will continue to do business with us in the future on commercially acceptable terms or at all. If our institutional customers do not continue to purchase products from us, or reduce the volume of products purchased from us, our business prospects, results of operations and financial condition may be adversely affected. While revenues from any particular customer may vary between financial reporting periods depending on the nature and term of ongoing contracts, historically certain of our key institutional customers have contributed a significant proportion of our revenues. In Fiscal 2013, 2014 and 2015, sales to our top five customers each year, represented 40.96%, 40.97% and 35.95%, respectively, of our total revenue in such periods, while sales to our largest customer represented 26.72%, 20.38% and 18.19%, respectively, of our total revenue in such periods. Significant dependence on certain customers may increase the potential volatility of our results of operations and exposure to individual contract risks. Such concentration of our business on a few customers may have an effect on our results of operations.

Growing retail consumer products business

As we continue to increase our focus on growing our retail consumer business, we expect the relative proportion of revenue contribution from sales of retail consumer products to increase in the future. We believe that our retail consumer products business will continue to benefit from increasing market demand for high quality dairy products in India. We believe our ability to offer a wide range of quality dairy products will enable us to leverage the fast-growing premium dairy products market in India.

We believe that our growing retail consumer business will involve a significant increase in our marketing expenditure as we focus on penetrating the retail market, strengthen our existing brands including Prabhat, Flava and Milk Magic, and introduce new products and brands to leverage our large and advanced production capabilities and capitalize on the growing consumer demand for higher margin products, such as various kinds of cheese, paneer and shrikhand. We intend to focus on increasing the depth of our distribution network in our existing markets and further expand our distribution network to new markets and regions across India. We rely on our distribution network to place our branded products through retail outlets to end consumers. The effectiveness and geographic reach of our distribution network and sales force will directly impact our sales. We have established a retail distribution network comprising various sales channels with primary coverage of Maharashtra and nearby States. In addition such efforts would require us to incur significant marketing expenses which will lead to significant increase in selling costs in the short to medium term until we have successfully built these brands and will have an effect on our results of operations.

Further there is also a substantial risk that any new markets to which we introduce new products may not accept, or be as receptive to, our products as our success depends on our ability to anticipate the tastes and dietary habits of consumers and to market our products in ways that would appeal to the consumers in these new markets. This may affect our relationships with consumers, suppliers, distributors and regulators and could have a material adverse effect on our business.

Introduction of new products and change in consumer preferences

Our future success will depend, in large part, on our ability to effectively implement our business and growth strategies, including our strategy to further expand our retail consumer business, increase our institutional products business by manufacturing additional products for such customers, and expand our product portfolio particularly focused on specialty ingredient products for niche customer segments. We will continue to respond to evolving consumer preferences by introducing new products. We have a proven track record of introducing new products such as sweetened condensed milk, UHT milk, yoghurts, dairy whiteners, ghee (clarified butter), dairy powders and processed milk. We will continue to focus on introduction of new products such as cheese which we believe will drive increased consumption of our products.

The success of our business operations, particularly in our retail consumer business, depends on our ability to anticipate, identify, interpret and react to the evolving tastes, dietary habits and nutritional needs of consumers and to offer products that appeal to them. Consumer trends in the dairy industry are constantly changing. We continue to expand our product portfolio in line with emerging consumer preferences for dairy products in India. As a result, we believe our new product categories including various kinds of cheese, paneer and shrikhand will continue to offer attractive growth opportunities relative to traditional categories. Consumer trends in the dairy industry are constantly changing and we continue to anticipate, identify, interpret and react to these changes. Our failure to generate consumer acceptance or recognition of our new products, could lead to, among others, reduced demand for and/or price reductions of our products, which could affect our business, results of operations and financial condition.

Development of logistics and cold chain facilities

We continue to develop a strong supply chain and distributor network for all our clients. We cater to the needs of midsize and small size clients with equal commitment as the large size ones. Our product range finds its way to a cross section of buyers and has a wide application base. In addition, ongoing product development ensures our range is most appropriate for every client. Most of the key towns in Maharashtra and outside have our distributor's well established distribution network.

Additionally we sell products for human consumption, which involves risks such as product contamination or spoilage, product tampering and other adulteration of our products, especially as milk is a perishable product. If our products are found to be contaminated or reported to be associated with any contamination incidents, our reputation, business, prospects, financial condition and results of operations could be affected. We therefore strive to develop cold storage facilities to prevent contamination and spoilage of our products. The development of such facilities would increase our operating profits as there will reduced loss on account of contamination at the production as well the transportation level.

Competition

The dairy industry is highly competitive, especially the markets for liquid dairy products, including fresh milk and flavored milk, as well as yoghurt, ice cream and cheese, which are experiencing rapid development and increasing competition. We currently compete and in the future will continue to compete with large multinational companies particularly with respect to long shelf life products and value added products such as cheese, as well as regional and local companies in each of the regions in which we operate. Besides, in most product categories, we compete not only with other widely advertised branded products, but also with non-premium milk producers distributing milk in our marketing area as well as private and economy brand products that are generally sold at lower prices. Many of our competitors may have substantially greater financial and other resources than we have and may be better established with more solid brand recognition in the business than we have. Our competitors in certain regional markets may also benefit from raw material sources or production facilities that are closer to the markets for the downstream products or may benefit from their attempt in integrating upstream and downstream production processes, which provides them with competitive advantages in terms of costs and proximity to consumers. As a result, the competitive nature of our industry may have an effect on our results of operations.

Basis of Consolidation

Our restated consolidated financial statements for Fiscal 2012, 2013, 2014 and 2015 reflect consolidation of the financial statements of Prabhat Dairy Limited with our subsidiaries Cheese Land Agro (India) Private Ltd., Prabhat Agri Project Development Private Limited, Prabhat Nutritious & Frozen Food Industries Private Limited and Sunfresh Agro (India) Private Limited.

The Company did not have any subsidiaries in Fiscal 2011 and therefore only standalone financial statements are presented for Fiscal 2011. Pursuant to the scheme of amalgamation approved by the Hon'ble Mumbai High Court on July 25, 2014, Prabhat Agri Projects Development Private Limited and Prabhat Nutritious and Frozen Foods Industries Private Limited were merged with the Company with effect from April 1, 2013.

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

Significant Accounting Policies

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

Revenue Recognition

- ***Product sales***

  Revenue from sale of goods is recognized when all significant risks and rewards of ownership of goods are passed onto the customers. Sales are recorded including excise duty but net of sales tax/ value added tax, discounts and rebates.

- ***Sale of services***

  Income from services is recognized when the services are rendered.

- ***Export incentives***

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

- ***Interest income***

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

- ***Other***

  Other items of income are accounted as and when the right to receive arises.

Assets

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

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

- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liabilities

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

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

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

Operating Cycle

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

Fixed Assets and Depreciation

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost less accumulated depreciation and/or impairment loss if any. The cost of an item comprises its purchase price including inward freight, duties, taxes, relevant foreign exchange fluctuation differences and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Tangible fixed assets under construction are disclosed as capital work-in-progress. Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Depreciation on tangible assets

Until Fiscal 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and our Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and appropriate disclosure is made in the financial statements.

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

Depreciation on cost of fixed assets is provided on a straight line method at estimated useful lives, which for certain categories of assets is different than the 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)**
Computers	3	3
Plant and equipment	10	8*
Factory building	15	30
Office equipment	3	5
Electrical installations	10	10
Vehicles	11	10
Furniture and fixtures	16	10

* *For general laboratory equipment under plant and machinery, 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 fixed assets individually costing ₹ 5,000 or less are depreciated fully in the year of acquisition.

Tangible fixed assets acquired wholly or part with specific grant/subsidy from government, are recorded at the net acquisition cost to the Company.

Intangible fixed assets and amortization

Intangible assets are recognized 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 assets are initially recorded at their acquisition price and are amortized over its estimated useful life / period of contractual rights 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 assets are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortization period is changed to reflect the changed pattern.

Impairment of assets

In accordance with Accounting Standard 28 – Impairment of Assets (AS 28), 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 recognized 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.

Government Grants

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

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

Subsidy related to the specific fixed assets is reduced from the gross value of the assets.

Where the government grants are of the nature of promoters' contribution, i.e., they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected in respect thereof, the grants are treated as special capital incentive and are transferred to capital reserve.

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 realizable 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.

- 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.

Investments

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

Long-term investments are valued at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are valued at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

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 recognized in the period in which the employee renders the related service. These benefits include salaries and wages, bonus and compensated absences. The undiscounted amount of short-term employee services is recognized as an expense as the related service is rendered by the employees.

Post-employment benefits (defined benefit plans)

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. The liability for gratuity is unfunded, wherein contributions are made and charged to revenue on annual basis. Actuarial gains and losses and past service costs are recognized immediately in the Statement of Profit and Loss.

Post-employment benefits (defined contribution plans)

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. Contribution to the provident fund which are defined contribution schemes are recognized as an expense in the Statement of Profit and Loss in the period in which the contribution is due.

Taxation

- Income-tax comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expense is recognized in the Statement of Profit and Loss except that tax expense related to items recognized directly in reserves is also recognized in these reserves.

- Deferred tax is recognized in respect of timing difference between taxable income and accounting income i.e. difference that originate in one period and are capable of reversal in one or more subsequent period. Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax law. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation and carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized of realization of the assets. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonable/ virtually certain (as the case may be) to be realized.

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

- Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income Tax 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.

Provisions and Contingencies

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

Contingencies

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

Operating Lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Operating lease rentals are recognized over the period of the lease in the Statement of Profit and Loss on a straight line basis.

Borrowing Costs

Borrowing costs are expensed in the year in which they are incurred except for borrowing costs directly attributable to the acquisition or construction of those qualifying assets which necessarily take a substantial period of time to get ready for their intended use. There costs are capitalized as part of cost of such assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Principal Components of Revenue and Expenditure

Revenue

Our income consists of revenue from operations and other income:

Revenue from Operations

Revenue from operations represent sale of our dairy products, sale of traded goods which primarily includes sale of cattle feed, sale of services relating primarily to our packaging services and other operating revenue.

Other Income

Other income includes interest income from banks, any gains on foreign currency transactions, profit on sale of fixed assets, write back of liabilities and miscellaneous income.

Expenses

Our expenses include cost of materials consumed, purchase of traded goods, changes in inventories of finished goods, work-in-progress and stock in trade, employee benefit expenses, finance costs, depreciation and amortisation and other expenses.

Cost of Materials Consumed

Cost of materials consumed represents the cost of the raw material purchased as adjusted by the opening and closing stock of raw materials at the beginning and end of the Fiscal year. Raw materials consumed primarily include raw milk, sugar, flavors and emulsifiers.

Purchase of Traded Goods

Purchase of traded goods primarily comprise cattle feed which is procured by us for sale to milk farmers.

Changes in Inventories of Finished Goods, Work-in-progress and Stock in Trade

The changes in inventories of finished goods, work-in-progress and stock in trade are an adjustment of the opening and closing stock of finished goods, work-in-progress and stock in trade at the end of the Fiscal period. 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 realizable value. Cost of inventory comprises 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.

Employee Benefit Expenses

Employee benefit expenses include salaries and wages, contribution to provident and other funds and staff welfare expenses.

Finance Costs

Finance costs incurred by us include interest expenses on borrowings and others, and other borrowing costs.

Other Expenses

Our other expenses include power and fuel expense, transport and forwarding expenses, consumption of stores and spare parts, labour charges, business promotion expenses, milk procurement overheads, co-packing and conversion charges, repairs and maintenance and rates and taxes.

Depreciation and Amortisation Expense

Depreciation represents depreciation on our tangible fixed assets including land, factory buildings, office premises, plant and machinery, furniture and fixtures, office equipment, computers and vehicles. Depreciation on cost of fixed assets is provided on straight line method at estimated useful lives, which for certain categories of assets is different than the useful life as specified in Schedule II of the Companies Act, 2013 ("Schedule II").

Taxation

Income tax expenses for the year comprises of current tax, MAT credit recognition and deferred tax. Current tax provision is determined on the basis of estimated taxable income for the current accounting year computed as per the provisions of the Income Tax Act.

Deferred tax is recognised in respect of timing difference between taxable income and accounting income, i.e. difference that originates in one period and are capable of reversal in one or more subsequent period. The Deferred Tax Assets are recognized to the extent there is a reasonable certainty that these would be realized in future and reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Results of Operations

The following table sets forth certain information based on our restated consolidated financial statements for Fiscal 2013, 2014 and 2015:

Particulars	**Fiscal 2013**		**Fiscal 2014**		**Fiscal 2015**	
	Amount (₹ millions)	**Percentage of total income (%)**	**Amount (₹ millions)**	**Percentage of total income(%)**	**Amount (₹ millions)**	**Percentage of total income(%)**
Revenue						
Revenue from Operations (Net)	6,411.22	99.87%	8,566.79	99.89%	10,007.65	99.90%
Other Income	8.17	0.13%	9.79	0.11%	9.73	0.10%
Total	**6,419.39**	**100.00%**	**8,576.58**	**100.00%**	**10,017.38**	**100.00%**
Expenses						
Cost of Materials Consumed	5,148.84	80.21%	6,385.66	74.45%	7,750.49	77.37%
Purchase of Traded Goods	52.62	0.82%	287.68	3.35%	242.14	2.42%
Changes in Inventories of Finished Goods , Work-in-progress and Stock In Trade	(164.99)	(2.57)%	52.29	0.61%	(230.73)	(2.30)%
Employees Benefits Expenses	116.25	1.81%	193.61	2.26%	255.98	2.56%
Finance Costs	296.86	4.62%	329.88	3.85%	411.97	4.11%
Depreciation and Amortisation Expenses	244.10	3.80%	334.63	3.90%	344.00	3.43%
Other Expenses	530.53	8.26%	740.12	8.63%	974.00	9.72%
Total	**6,224.21**	**96.96%**	**8,323.87**	**97.05%**	**9,747.85**	**97.31%**
Profit Before Tax	**195.18**	**3.04%**	**252.71**	**2.95%**	**269.53**	**2.69%**
Tax Expenses/(Credit)						
Current Tax	46.52	0.72%	52.20	0.61%	82.56	0.82%
MAT Credit recognition	(15.36)	(0.24)%	(37.46)	(0.44)%	(20.20)	(0.20)%

Particulars	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Amount (₹ millions)	Percentage of total income (%)	Amount (₹ millions)	Percentage of total income(%)	Amount (₹ millions)	Percentage of total income(%)
Deferred Tax Expense/(Credit)	23.36	0.36%	30.18	0.35%	(3.28)	(0.03)%
Total	**54.52**	**0.84%**	**44.92**	**0.52%**	**59.08**	**0.59%**
Profit for the Year	**140.66**	**2.20%**	**207.79**	**2.43%**	**210.45**	**2.10%**

Fiscal 2015 compared with Fiscal 2014

Revenue

Total revenue increased by 16.80% from ₹ 8,576.58 million in Fiscal 2014 to ₹ 10,017.38 million in Fiscal 2015 primarily due to commencement of commercial production of various products at our Vashi facilities as well as the introduction of various value added products in Fiscal 2014.

Revenue from Operations

Revenue from operations increased by 16.82% from ₹ 8,566.79 million in Fiscal 2014 to ₹ 10,007.65 million in Fiscal 2015.

Sale of Finished Goods

Sale of finished goods increased by 17.48% from ₹ 8,201.59 million in Fiscal 2014 to ₹ 9,634.93 million in Fiscal 2015. This was primarily as a result of increased production and sale of processed and pouch milk as well as increase in sale of SMP, WMP, DW, ghee and butter, curd and ice cream. The following table sets forth the revenues from sale of finished goods in the Fiscal 2014 and Fiscal 2015.

Product	Fiscal 2014	Percentage of Sale of Finished Goods	Fiscal 2015	Percentage of Sale of Finished Goods
	(₹ millions)	(%)	(₹ millions)	(%)
Processed and pouch milk	1,949.52	23.77	2,368.25	24.58
Condensed and concentrated milk	2,865.87	34.94	2,837.16	29.45
Flavored milk	41.20	0.5	11.00	0.11
Curd	44.19	0.54	150.15	1.56
Ghee and Butter	792.38	9.66	1,102.73	11.44
Ice cream	39.73	0.48	95.75	0.99
SMP, WMP, DW	2,449.48	29.87	2,999.05	31.13
Others	19.22	0.24	70.84	0.74
Total	**8,201.59**	**100.00%**	**9,634.93**	**100.00%**

Revenues from sale of finished goods increased by 17.48% from ₹ 8,201.59 million in Fiscal 2014 to ₹ 9,634.93 million in Fiscal 2015 primarily on account of the following reasons:

- Increase in revenue from sale of pouch and processed milk by 21.48% from ₹ 1,949.52 million in Fiscal 2014 to ₹ 2,368.25 million in Fiscal 2015 primarily on account of an increase in our sales price despite a general decline in industry milk price.

- Increase in revenue from sales of SMP, WMP and DW by 22.44% from ₹ 2,449.48 million in Fiscal 2014 to ₹ 2,999.05 million in Fiscal 2015 resulting from an increase in demand, as well as increase in production and sales, which offset a general decline in the price of milk powder in Fiscal 2015 compared to that in Fiscal 2014.

- Increase in revenues from sales of ghee and butter by 39.17% from ₹ 792.38 million in Fiscal 2014 to ₹ 1,102.73 million in Fiscal 2015 resulting from an increase in promotional activities relating to our ghee products in Fiscal 2014 and commencement of sale of ghee in pouches under our own brand in Fiscal 2014 relating to our B2C business which resulted in improved sales in Fiscal 2015.

- Increase in demand for fresh products such as curd and ice cream, particularly in relation to our B2B operations. In addition, sale of curd in pouches in our B2C business increased in Fiscal 2015 compared to that in Fiscal 2014.

- Increase in demand for UHT milk also resulted in increased revenue in Fiscal 2015.

However revenue from sale of flavoured milk declined by 73.30% from ₹ 41.20 million in Fiscal 2014 to ₹ 11.00 million in Fiscal 2015 as a result of certain production facility maintenance activities that adversely affected flavoured milk production in Fiscal 2015. In addition, revenue from sale of condensed and concentrated milk also decreased marginally from ₹ 2,865.87 million in Fiscal 2014 to ₹ 2,837.16 million in Fiscal 2015 resulting from a decline of demand from B2B customers. As a percentage of total sale of finished goods, however, revenue from sale of condensed milk decreased significantly from 34.94% in Fiscal 2014 to 29.45% in Fiscal 2015.

Sale of Traded Goods

Sale of traded goods decreased by 16.42% from ₹ 293.08 million in Fiscal 2014 to ₹ 244.97 million in Fiscal 2015. Traded goods primarily include cattle feed procured by us from cattle feed manufacturers at competitive bulk purchase prices which we sell to dairy farmers at relatively low margins. We believe that this enables us to ensure procurement of higher quality milk from these farmers.

Sale of Services

Sale of services increased by 139.78%, from ₹ 46.20 million in Fiscal 2014 to ₹ 110.78 million in Fiscal 2015 due to significant contribution from revenue of packaging services provided to certain dairy product customers.

Sale of services includes milk co-packaging services provided to institutional clients provided from our Vashi facility. This enables us to increase operational efficiencies while reducing downtime of production facilities as a result of which we are able to recover some of our fixed expenses.

Other Operating Revenue

Other operating revenue was ₹ 16.97 million in Fiscal 2015 compared to ₹ 25.92 million in Fiscal 2014.

Other Income

Other income remained relatively stable and was ₹ 9.73 million in Fiscal 2015 while it was ₹ 9.79 million in Fiscal 2014. Interest income from bank deposits increased by 74.72% from ₹ 3.60 million in Fiscal 2014 to ₹ 6.29 million in Fiscal 2015, while miscellaneous income increased by 40.98% from ₹ 2.44 million in Fiscal 2014 ₹ 3.44 million in Fiscal 2015.

Expenses

Total expenditure increased by 17.11% from ₹ 8,323.87 million in Fiscal 2014 to ₹ 9747.85 million in Fiscal 2015. Total expenditure, expressed as a percentage of total income, increased from 97.05% in Fiscal 2014 to 97.31% in Fiscal 2015, reflecting a marginal decrease in profit before taxes. The increase is primarily due to an increase in employee cost, finance cost and other expenses which was however offset in part by a reduction in production cost and depreciation expenses. The following table sets forth the relative proportion of expenditure items expressed as a percentage of total income in the respective periods:

	Fiscal 2014		**Fiscal 2015**	
	Amount	**(Percentage of Total Income)**	**Amount**	**(Percentage of Total Income)**
	(₹ millions)	**(%)**	**(₹ millions)**	**(%)**
Cost of material consumed	6,385.66	74.45	7,750.49	77.37
Purchase of traded goods	287.68	3.35	242.14	2.42

	Fiscal 2014		Fiscal 2015	
	Amount	**(Percentage of Total Income)**	**Amount**	**(Percentage of Total Income)**
	(₹ millions)	**(%)**	**(₹ millions)**	**(%)**
Changes in inventory	52.29	0.61	(230.73)	(2.30)
Employee benefit expenses	193.61	2.26	255.98	2.56
Finance cost	329.88	3.85	411.97	4.11
Depreciation and amortisation	334.63	3.90	344.00	3.43
Other expenses	740.12	8.63	973.997	9.72
Total	**8,323.87**	**97.05%**	**9,747.85**	**97.31%**

Cost of Materials Consumed

Cost of materials consumed as a percentage of total income increased marginally in Fiscal 2015 to 77.37% from 74.45% in Fiscal 2014 primarily as a result of increase in stock of finished goods. However production cost decreased by 0.92% in Fiscal 2015 to 77.49% from 78.41% in Fiscal 2014.

Purchase of Traded Goods

Purchase of traded goods decreased by 15.83% from ₹ 287.68 million in Fiscal 2014 to ₹ 242.14 million in Fiscal 2015, as the requirement for such goods, i.e. cattle feed provided to our direct procurement dairy farmers reduced in Fiscal 2015 compared to that in Fiscal 2014.

Employee Benefit Expenses

Employees benefit expenses increased by 32.21% from ₹ 193.61 million in Fiscal 2014 to ₹ 255.98 million in Fiscal 2015, particularly as a result of increase in sales and marketing staff, increase in salaries and wages as well as an increase in number of personnel on account of the expansion of our procurement activities.

Finance Costs

Finance costs increased by 24.89% from ₹ 329.88 million in Fiscal 2014 to ₹ 411.97 million in Fiscal 2015. The relative increase in finance costs in Fiscal 2015 was primarily due to an increase in borrowings in Fiscal 2014. In Fiscal 2015, we streamlined our borrowing structure and managed to reduce our cost of borrowings in relation to previous periods. Consequently, the decrease in average cost of borrowings, particularly our working capital facilities, enabled us to offset some of our finance costs resulting from an increase in our borrowings.

Although the change in our borrowing structure resulted in an increase in one time processing fees, it resulted in a decrease in interest cost on term loans as well as working capital loans. In addition, a part of our interest cost on term loans was capitalized as a result of capital expenditure primarily relating to our facility expansion plans.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by 2.80% from ₹ 334.63 million in Fiscal 2014 to ₹ 344.00 million in Fiscal 2015 primarily due to the increase in depreciation expenses on account of our Vashi facility.

Other Expenses

Other expenses increased by 31.60% from ₹ 740.12 million in Fiscal 2014 to ₹ 974.00 million in Fiscal 2015. This was primarily due to an increase in power and fuel expenses, co-packing and conversion charges, business promotion expenses and labour charges resulting from our increased production capacities and increase in services provided.

Profit Before Tax

Due to the reasons discussed above, profit before tax increased by 6.65% from ₹ 252.71 million in Fiscal 2014 to ₹ 269.53 million in Fiscal 2015.

Provision for Taxation

Tax expenses (as adjusted for earlier years, MAT credit recognition and deferred tax) increased by 31.52% from ₹ 44.92 million in Fiscal 2014 to ₹ 59.08 million in Fiscal 2015.

Net Profit for the Period

Accordingly, net profit for the year, as restated, increased by 1.28% from ₹ 207.79 million in Fiscal 2014 to ₹ 210.45 million in Fiscal 2015.

Fiscal 2014 compared to Fiscal 2013

Revenue

Total revenue increased by 33.60% from ₹ 6,419.39 million in Fiscal 2013 to ₹ 8,576.58 million in Fiscal 2014 reflecting significant growth in our operations, increase in production capacities, particularly resulting from the commencement of commercial production of various products at our Vashi facilities as well as the introduction of various value added products in Fiscal 2014.

Revenue from Operations

Revenue from operations increased by 33.62% from ₹ 6,411.22 million in Fiscal 2013 to ₹ 8,566.79 million in Fiscal 2014.

Sale of Finished Goods

Sale of finished goods increased by 30.27% from ₹ 6,296.06 million in Fiscal 2013 to ₹ 8,201.59 million in Fiscal 2014, primarily due to sale of condensed and concentrated milk as well as SMP, WMP and DW. The following table sets forth the revenue from sale of various finished goods in Fiscal 2013 and 2014:

Product	**Fiscal 2013**	**Percentage of Sale of Finished Goods**	**Fiscal 2014**	**Percentage of Sale of Finished Goods**
	(₹ millions)	**(%)**	**(₹ millions)**	**(%)**
Processed and pouch milk	2,473.19	39.28	1,949.52	23.77
Condensed and concentrated milk	2,336.86	37.12	2,865.87	34.94
Flavored milk	35.71	0.57	41.20	0.50
UHT milk	-	-	-	-
Butter	10.60	0.17	-	-
Curd	-	-	44.19	0.54
Ghee	484.79	7.70	792.38	9.66
Ice cream	-	-	39.73	0.48
SMP, WMP, DW	943.78	14.99	2,449.48	29.87
Scrap	-	-	-	-
Others	11.13	0.18	19.23	0.24
Total	**6,296.06**	**100%**	**8,201.59**	**100%**

Revenues from sale of finished goods increased significantly in Fiscal 2014 compared to that in Fiscal 2013 on account of:

- Commencement of commercial production of additional products such as curd and ice cream at our Vashi facility and UHT milk at our Shrirampur facility.

- Significant increase in sale of SMP, WMP and DW products by 159.54% from ₹ 943.78 million in Fiscal 2013 to ₹ 2,449.48 million in Fiscal 2014, resulting from certain changes in government regulations permitting export of milk powder related products from India, leading to increase in demand for and consequently prices of milk powder and related products in India as well as for exports.

- In Fiscal 2014, we also experienced an increase in sale of ghee to retail consumer customers following on from significant marketing and promotional initiatives undertaken during Fiscal 2014 for such product.

- Increase in revenue from condensed and concentrated milk by 22.64% from ₹ 2,336.86 million in Fiscal 2013 to ₹ 2,865.87 million in Fiscal 2014 primarily on account of an increase in B2B sales.

In Fiscal 2014, since we increased our focus on increased production of value added products such as SMP, WMP and DW, as well as curd and ice cream, sales of processed milk decreased in Fiscal 2014 compared to that in Fiscal 2013.

Sale of Traded Goods

Sale of traded goods, representing sales of cattle feed, increased by 239.49% from ₹ 86.33 million in Fiscal 2013 to ₹ 293.08 million in Fiscal 2014 as we significantly grew our direct procurement model for raw milk from dairy farmers and focused on educating such farmers on the benefits of superior quality cattle feed resulting in increase in production of higher quality milk.

Sale of Services

Sale of services increased by 285.96% from ₹ 11.97 million in Fiscal 2013 to ₹ 46.20 million in Fiscal 2014, as we provided significant dairy product packaging services to certain customers at our Vashi facility.

Other Operating Revenue

Other operating revenue increased by 53.74% from ₹ 16.86 million in Fiscal 2013 to ₹ 25.92 million in Fiscal 2014.

Other Income

Other income increased by 19.83% from ₹ 8.17 million in Fiscal 2013 to ₹ 9.79 million in Fiscal 2014. Interest income from bank deposits decreased by 39.50% from ₹ 5.95 million in Fiscal 2013 to ₹ 3.60 million in Fiscal 2014. Miscellaneous income increased by 9.91% from ₹ 2.22 million in Fiscal 2013 to ₹ 2.44 million in Fiscal 2014. In addition, there was a ₹ 3.40 million, net gain on foreign currency transaction in fiscal 2014.

Expenses

Total expenses increased by 33.73% from ₹ 6,224.21 million in Fiscal 2013 to ₹ 8,323.87 million in Fiscal 2014, primarily due to an increase in the cost of materials consumed as a result of increased production as well as introduction of additional value added dairy products which involve larger proportion of raw milk usage. The following table sets forth the relative proportion of our expenditure items expressed as a percentage of total income in the respective periods:

	Fiscal 2013		**Fiscal 2014**	
	Amount	**(Percentage of Total Income)**	**Amount**	**(Percentage of Total Income)**
	(₹ millions)	**(%)**	**(₹ millions)**	**(%)**
Cost of material consumed	5,148.84	80.21%	6,385.66	74.45
Purchase of traded goods	52.62	0.82%	287.68	3.35
Changes in inventory	(164.99)	(2.57)%	52.29	0.61
Employee benefit expenses	116.25	1.81%	193.61	2.26
Finance cost	296.86	4.62%	329.88	3.85
Depreciation and amortisation	244.10	3.80%	334.63	3.90
Other expenses	530.53	8.26%	740.12	8.63
Total	6,224.21	96.96%	**8,323.87**	**97.05%**

Cost of Materials Consumed

Cost of materials consumed increased by 24.02% from ₹ 5,148.84 million in Fiscal 2013 to ₹ 6,385.66 million in Fiscal 2014. Cost of materials consumed as a percentage of total income decreased significantly in Fiscal 2014 to 74.45% from 80.21% in Fiscal 2013. This was primarily on account of an increased focus on optimisation of our production capacities and introduction and increase in production of value added products with higher margins such as curd, ice cream, SMP, WMP and DW. As a result the relative contribution of our traditional milk processing and packing business to our total revenue from operations decreased in Fiscal 2014 compared to that in Fiscal 2013. This resulted in higher gross margins and profitability as well as a decrease in average raw material consumption in Fiscal 2014 compared to that in Fiscal 2013.

Purchase of Traded Goods

Purchase of traded goods increased by 446.71% from ₹ 52.62 million in Fiscal 2013 to ₹ 287.68 million in Fiscal 2014 as we continued to increase purchase of cattle feed at competitive bulk purchase prices and provided such cattle feed to our direct procurement dairy farmers at low margins to ensure increase in production of quality milk.

Employee Benefit Expenses

Employee benefit expenses increased by 66.55% from ₹ 116.25 million in Fiscal 2013 to ₹ 193.61 million in Fiscal 2014, particularly an increase in salaries and wages, resulting from an increase in number of full time employees.

Finance Costs

Finance costs increased by 11.12% from ₹ 296.86 million in Fiscal 2013 to ₹ 329.88 million in Fiscal 2014. This was primarily due to an increase in our term borrowings as well as an increase in interest rates reflecting the tightening the credit market and increased cost of long term borrowings in such period. In addition, we incurred a marginal increase in working capital interest cost due to an increase in working capital borrowings and relative interest rates.

Depreciation and Amortisation Expenses

Depreciation and amortization expenses increased by 37.09% from ₹ 244.10 million in Fiscal 2013 to ₹ 334.63 million in Fiscal 2014 reflecting the expansion of our production facilities, particularly relating to processed milk in the Vashi facility, as well as the increased capacity for ghee and ice cream, and the implementation of cheese production facilities.

Other Expenses

Other expenses increased by 39.51% from ₹ 530.53 million in Fiscal 2013 to ₹ 740.12 million in Fiscal 2014. This was primarily due to an increase in power and fuel expenses, business promotion expenses, repairs in machinery and labor charges.

Profit before Tax

Due to the reasons discussed above, profit before tax increased significantly by 29.48% from ₹ 195.18 million in Fiscal 2013 to ₹ 252.71 million in Fiscal 2014.

Provision for Taxation

Tax expenses (as adjusted for earlier years, MAT credit recognition and deferred tax) decreased by 17.61% from ₹ 54.52 million in Fiscal 2013 to ₹ 44.92 million in Fiscal 2014.

Net Profit for the Year

Accordingly, net profit for the year, as restated, increased by 47.73% from ₹ 140.66 million in Fiscal 2013 to ₹ 207.79 million in Fiscal 2014.

Restatement Adjustments and Material Regroupings

The following table sets forth certain information on the material restatement adjustments reflected in our audited restated financial statements for Fiscal 2013 and 2014 and 2015:

Particulars	Fiscal 2013	Fiscal 2014	Fiscal 2015
	(₹ millions)		
Net profit as per audited financial statements (A)	151.20	173.37	259.89
Adjustments to net profit as per audited financial statements			
a. Prior period items	15.45	13.18	(25.97)
b. Other material adjustment	(1.89)	3.56	6.64
c. (i). Current tax over and under provision	(13.97)	31.41	(38.22)
(ii). Restatement of deferred tax over and under provision	(10.13)	(17.07)	13.04
(iii). Deferred tax impact of other material adjustment	-	3.33	(4.93)
Total of adjustments (B)	(10.54)	34.41	(49.44)
Restated profit (A + B)	**140.66**	**207.79**	**210.45**

For further information on the restatement adjustments specified above, please see the section entitled "Financial Statements – Annexure IV - Notes on Material Adjustments" of our Restated Consolidated Financial Statements on page 271.

The following material regroupings have also been effected in our audited restated financial statements:

- Appropriate adjustments have been made in the restated consolidated summary balance sheets, profit and loss accounts and cash flows by reclassifying corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings in accordance with the audited financials of the Company for Fiscal 2015 prepared in accordance with Schedule III of the Companies Act, 2013and the requirements of the SEBI ICDR Regulations.

- The restated consolidated summary statements of assets and liabilities have been presented after deducting the balance outstanding on revaluation reserve from both fixed assets and reserves in accordance with the requirement of the SEBI ICDR Regulations.

- Schemes of amalgamation/ arrangement entered into by the Company or its subsidiaries during the period covered by the restated consolidated financial statements.

For further information on such material regroupings, please see the section entitled "Financial Statements – Restated Consolidated Financial Statements - Note 5 (Material Regrouping) of Annexure IV (Notes on Material Adjustments) of our Restated Consolidated Financial Statements" on page 276.

For further information on the audited opening balance figures of the net reserve and surplus as of April 1, 2011 in the audited consolidated financial statements (from the date of consolidation), please see the section entitled "Financial Statements – Restated Consolidated Financial Statements - Note 6 of Annexure IV (Notes on Material Adjustments) of our Restated Consolidated Financial Statements" on page 277.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital needs, loan repayments, and our capital expenditures relating to our production facilities at Shrirampur and Vashi. In order to fund these requirements we have relied on shareholders equity, short-term and long-term borrowings and cash flows from operations.

The following table sets forth certain information relating to our cash flows with respect to operating activities, investing activities and financing activities for the periods indicated:

Particulars	Fiscal		
	2013	2014	2015
	(₹ millions)		
Net cash from/(used in) operating activities	557.15	85.66	14.18
Net cash from/(used in) investing activities	(1,102.29)	(611.00)	(532.62)
Net cash from financing activities	573.89	502.71	691.38
Net increase/(decrease) in cash and cash equivalents	28.75	(22.63)	172.94

Operating Activities

Net cash from operating activities in Fiscal 2015 was ₹ 14.18 million, although profit before tax was ₹ 269.53 million. The difference was primarily attributable to working capital adjustments for increase in trade and other receivables of ₹ 527.02 million primarily on account of increase in credit periods extended in relation to longer shelf life products, increase in long term loans and advances of ₹ 349.97 million, increase in inventories of ₹ 199.32 million, and decrease in other current liabilities of ₹ 60.08 million which was partly offset by the increase in trade payables of ₹ 186.38 million. In addition, finance costs were ₹ 411.97 million and depreciation and amortisation costs were ₹ 344.00 million during such period.

Net cash from operating activities in Fiscal 2014 was ₹ 85.65 million, although profit before tax was ₹ 252.71 million. The difference was primarily attributable to working capital adjustments for increase in inventories of ₹ 74.31 million, increase in long term loans and advances of ₹ 13.09 million, increase in short term loans and advances of ₹ 189.72 million and an increase in trade and other receivables of ₹ 759.89 million, which was partly offset by the increase in trade payables of ₹ 179.94 million and increase in current liabilities of ₹ 71.73 million. In addition, finance costs were ₹ 329.88 million and depreciation and amortisation costs were ₹ 334.63 million during such period. Cash flow from operating activities in Fiscal 2014 decreased as a result of deployment of cash from operations towards advances made to our milk suppliers and registered milk vendors as well as an increase in debtors resulting from increase in production and sale of long shelf-life products.

Net cash from operating activities in Fiscal 2013 was ₹ 557.14 million, however profit before tax and extraordinary items was ₹ 190.71 million. This was primarily attributable to adjustments for depreciation of ₹ 244.11 million and finance costs of ₹ 296.86 million in Fiscal 2014. Moreover, there were movements in the working capital including an increase in inventories of ₹ 128.04 million, increase in trade and other receivables of ₹ 336.14 million, and an increase in long term loans and advances of ₹ 34.62 million. However, there was also decrease in short term loans and advances of ₹ 355.14 million and trade payables of ₹ 40.18 million.

Investing Activities

Net cash used in investing activities in Fiscal 2015 was ₹ 532.62 million, primarily reflecting purchase of fixed assets including capital advances of ₹ 535.60 million and bank / NBFC deposits, not considered as cash and cash equivalents, of ₹ 95.37 million. This was partly offset by the receipt of capital subsidy/reserve of ₹ 54.40 million, interest receipt of ₹ 6.87 million and maturity of bank/NBFC deposits not considered as cash and cash equivalents of ₹ 37.08 million.

Net cash used in investing activities in Fiscal 2014 was ₹ 611.00 million, primarily reflecting purchase of fixed assets including capital advances of ₹ 674.00 million, purchase of investments amounting to ₹ 0.50 million and bank / NBFC deposits not considered as cash and cash equivalents of ₹ 8.70 million. This was partly offset by the proceeds from sale of tangible and intangible fixed assets of ₹ 1.83 million , the receipt of capital subsidy/ reserve of ₹ 26.90 million, interest receipt of ₹ 5.98 million and maturity of bank / NBFC deposits not considered as cash and cash equivalents of ₹ 37.49 million.

Net cash used in investing activities in Fiscal 2013 was ₹ 1,102.29 million, primarily reflecting purchase of fixed assets including capital advances of ₹ 1,136.20 million and deposits of ₹ 11.41 million.

Financing Activities

Net cash from financing activities in Fiscal 2015 was ₹ 691.38 million, representing proceeds from short term and long term borrowings amounting to ₹ 422.69 million and ₹ 759.29 million, respectively. This was offset by repayment of long term borrowings of ₹ 10.62 million, payment of IPO related costs of ₹ 26.69 million, finance cost of ₹ 430.47 million and prepaid expenses and dividend payment of ₹ 17.08 million and ₹5.74 million respectively in such period.

Net cash from financing activities in Fiscal 2014 was ₹ 502.71 million, representing net proceeds from issue of preference share of ₹ 600.00 million, proceeds from short term and long term borrowings amounting to ₹ 230.66 million and ₹ 528.88 million, respectively. This was offset by repayment of long term borrowings of ₹ 527.27 million, redemption of preference shares of ₹ 1.52 million and finance cost of ₹ 328.04 million in such period.

Net cash from financing activities in Fiscal 2013 was ₹ 573.89 million, representing net proceeds from issue of preference share of ₹ 800.00 million, proceeds from short term and long term borrowings of ₹ 174.48 million and ₹ 724.79 million, respectively, offset in part by repayment of long term borrowings of ₹ 740.13 million and finance costs of ₹ 388.63 million in such period.

Capital Expenditures

Capital expenditures represent the increase in the value of our fixed assets, primarily plant and equipment at our Shrirampur and Vashi facilities. Our capital expenditures in Fiscal 2013, 2014 and 2015 was ₹ ₹ 625.23 million, ₹ 1,137.88 million and ₹ 752.21 million, respectively. In particular, we significantly expanded our production capacities for various products and added new production facilities in Vashi in Fiscal 2013, incurring significant capital expenditure in this period. We do not expect to incur significant working capital in the near future with respect to our production facilities.

We believe that our anticipated cash flows from operations, together with the net proceeds of this Issue, our existing cash and certain additional future borrowings will be sufficient to meet our working capital and capital expenditure requirements over the next 12 months.

Indebtedness

As of March 31, 2015, we had long term borrowings (including current maturities) of ₹ 2,461.65 million and short term borrowings of ₹ 1,656.08 million.

The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2015, and our repayment obligations in the periods indicated:

	As of March 31, 2015				
	Payment due by period				
	Total	**Not later than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Term Loans					
Secured (including current maturities)	2,411.74	302.26	815.20	1,126.28	168.00
Unsecured**	49.91	-	49.91	-	-
Total term loans	**2,461.65**	**302.26**	**865.11**	**1,126.28**	**168.00**
Short Term Borrowings					
Secured *	1,498.24	1,498.24	-	-	-
Unsecured	157.84	157.84	-	-	-
Total Short Term	**1,656.08**	**1,656.08**	**-**	**-**	**-**

Borrowings					

* *Secured short term borrowings are cash credit facilities from bank renewed on yearly basis.*

** *The amount is repayable after March 31, 2016.*

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that in the future we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. Certain actions for which our Company requires prior approval and/or written consent of the lenders include: (i) to make any change in its equity structure, management and operating structure; (ii) to declare or pay dividends in respect of any financial year if any event of default has occurred; (iii) to effect any merger, de-merger, consolidation, reorganization, scheme of arrangement or compromise or amalgamation; (iv) to effect any material change in the shareholding of the Borrower; (v) take or request any channel facility or other unsecured loans or bill discounting from other banks or financial institutions; (vi) amendment or modification of its constitutional documents; (vii) undertake any new project, diversification, modernization, which are material in nature, or substantial expansion of any if its projects; and (viii) creating any charge, lien, hypothecation, mortgage, pledge, encumbrance or any type of preferential arrangement on any of its assets which constitute securities. For further information, please see the section entitled "Financial Indebtedness" on page 346.

We believe that our relationships with our lenders are good, and we have in the past obtained consents from them to undertake various actions and have informed them of our activities from time to time. Compliance with the various terms is, however, subject to interpretation and we cannot assure you that we have requested or received all consents from our lenders that are required by our financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, and may adversely affect our ability to conduct our business and operations or implement our business plans.

Contractual Obligations and Commitments

The following table sets forth certain information relating to future payments due under known contractual commitments as of March 31, 2015, aggregated by type of contractual obligation:

Particulars	**As of March 31, 2015**			
	Payment due by period			
	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
	(₹ in millions)			
A. Capital and other commitments				
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)				
- Tangible assets	240.34	240.34	-	-
Other Commitment (Lease Rent)	0.38	0.38	-	-

We have made capital commitment in relation to tangible assets mainly towards new products such as cheese, cottage cheese, shrikhand, butter milk and sweetened curd (lassi).

In addition the Company has also entered into operating lease arrangements for office space.

Particulars	As of March 31, 2015			
	Payment due by period			
	Total	Less than 1 year	1-5 years	More than 5 years
	(₹ in millions)			
Non-cancellable operating leases for rented premises	1.90	1.20	0.70	-

Contingent Liabilities and Off-Balance Sheet Arrangements

The following table sets forth certain information relating to our contingent liabilities as of March 31, 2015:

Particulars	Amount (₹ millions)
Contingent Liability	
Corporate Guarantees given by the Company	
- Various milk supplying farmers	20.12
- Kausalya Milk Products Private Limited	-
Income Tax matters*	33.64
Sales Tax matters*	12.29
Total	**66.05**

**Our Company is contesting the demands related to income tax and sales tax matters and our 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 demand raised. Our management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.*

The corporate guarantees given by the company are primarily to milk suppliers for the purpose of expansion of their milk procurement facilities. As result the Company has also been able to benefit from supply of good quality milk at reasonable rates and ensures supply of milk throughout the year.

Except as disclosed above or in our restated consolidated financial statements included in this Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors. We do not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Related Party Transactions

We enter into various transactions with related parties. Primarily these transactions include purchase of goods or assets, sale of goods or assets and managerial remuneration. For further information relating to our related party transactions, please see the sections entitled "Financial Statements – Restated Standalone Financial Statements - XXIV of our Restated Standalone Financial Statements" and "Financial Statements – Restated Consolidated Financial Statements - Annexure XXIII of our Restated Consolidated Financial Statements" on pages 249 and 339, respectively.

Interest Service Coverage Ratio

The interest service coverage ratio, which we define as earnings before interest and tax (EBIT) divided by interest cost) for Fiscal 2012, Fiscal 2013, Fiscal 2014 and Fiscal 2015 was 1.79, 1.66, 1.77 and 1.66.

Changes in Accounting Policies

The Company adopted Accounting Standard 15 (AS 15)- Employee Benefits for defined benefit plans from the financial year ended 31 March 2013. However, AS-15 has been applied consistently to the periods presented in the restated financial statements.

Auditors' Qualifications and Matters of Emphasis

The following table sets forth (reproduced as specified in the respective audit reports) various qualifications, reservations and matters of emphasis by our statutory auditors in their audit reports relating to the respective periods. This information is more fully set out in Annexure IV Note 7 of our Restated Consolidated Financial Statements. The current status and impact, if any, of such qualifications, reservations and matters of emphasis on our consolidated and standalone financial statements and our financial position, have also been provided below:

<table>
<tr><th>S. No.</th><th>Period</th><th>Remarks</th><th>Financial Statement Impact and our Comments</th></tr>
<tr><td colspan="4"><u>PRABHAT DAIRY LIMITED (formerly known as PRABHAT DAIRY PRIVATE LIMITED)</u></td></tr>
<tr><td>I</td><td>Fiscal 2015</td><td>Companies (Auditor's Report) Order, 2015</td><td></td></tr>
<tr><td></td><td></td><td>a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for certain delays in payment of provident fund, profession tax, service tax and duty of excise ranging from 1 to 176 days.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable other than those stated below:

<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Amount (₹ in million)</th><th>Period to which amount relates</th><th>Due Date of payment</th><th>Date of payment</th></tr>
<tr><td>Finance Act, 1994</td><td>Service tax</td><td>0.01</td><td>June 2014</td><td>July 6, 2014</td><td>May 14, 2015</td></tr>
</table>
</td><td>These outstanding dues have been deposited by the Company with the respective authority.

The delay in payment of the outstanding dues was due to certain inadvertent reconciliation issues during implementation of SAP ERP system from the erstwhile accounting system, which was identified during subsequent periodic scrutiny and promptly paid together with penal interest.</td></tr>
<tr><td></td><td></td><td>b. According to the information and explanations given to us there are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the appropriate authorities on account of disputes other than those stated below:

<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Period to which the amount relates</th><th>Amount (₹ in million)</th><th>Amount paid under protest (₹ in million)</th><th>Forum where dispute is pending</th></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2007-08</td><td>1.61</td><td>-</td><td>Commissioner of Income Tax (Appeals), Pune</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2009-10</td><td>2.83</td><td>1.90</td><td>Commissioner of Income Tax (Appeals)</td></tr>
</table>
</td><td>The matter is under dispute with relevant authorities. Will be settled at the final outcome.</td></tr>
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<tr><td></td><td></td><td></td><td></td><td></td><td>, Pune</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2011-12</td><td>1.70</td><td>-</td><td>Deputy Commissioner of Income Tax, Ahmednagar</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2012-13</td><td>25.70</td><td>-</td><td>Commissioner of Income Tax (Appeals), Pune</td></tr>
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<tr>
<td>ii</td>
<td>Fiscal 2014</td>
<td>Emphasis of Matter - Main Audit Report</td>
<td></td>
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<tr>
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<td></td>
<td>a. The audit report had drawn attention to arrangements with certain transactions with related parties and the Company had either made or was in the process of making applications for the approval of the Central Government under Section 297 of the Companies Act, 1956.</td>
<td>This matter has been resolved as indicated in Annexure IV Note 8 “Other Matter” of the Restated Consolidated Financial Statements on page 296.</td>
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<td>Companies (Auditor’s Report) Order, 2003</td>
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<td>a. The Company maintained proper records showing full particulars, including situation of fixed assets except for records relating to certain details of additions during the year, which based on the information and explanations given to our statutory auditors, were in the process of being updated.</td>
<td>This has subsequently been complied with.</td>
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<td>b. Certain undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, wealth tax, customs duty, excise duty and other material statutory dues were in arrears, as at March 31, 2014, for a period of more than six months from the date they became payable, as disclosed below:
<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Amount due (₹ in million)</th><th>Amount paid (₹ in million)</th><th>Due Date of payment</th><th>Date of payment</th></tr>
<tr><td>Income Tax Act, 1961</td><td>Tax deducted at source under section 194 A</td><td>0.90</td><td>0.90</td><td>April 30, 2013</td><td>April 30, 2014</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Advance tax</td><td>0.82</td><td>Nil</td><td>Various</td><td>-</td></tr>
</table>
</td>
<td>These outstanding dues have been deposited by the Company with the respective authority.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. There were no dues of income tax, sales tax, service tax, wealth tax, customs duty and excise duty which have not been paid with the appropriate authorities on account of any dispute, except as disclosed below:</td>
<td>The matter is under dispute with relevant authorities. Will be settled at the final outcome.</td>
</tr>
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<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Amount (₹ in million)</th><th>Amount paid under protest (₹ in million)</th><th>Net Amount (₹ in million)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax and Penalties</td><td>2.83</td><td>1.90</td><td>0.93</td><td>2008-09</td><td>Commissioner of Income Tax, Pune</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax and Penalties</td><td>2.70</td><td>2.00</td><td>0.70</td><td>2009-10</td><td>Commissioner of Income Tax, Pune</td></tr>
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<td>d. According to the information and explanations given to the statutory auditors, and on an overall examination of the balance sheet of the Company, there were funds aggregating to ₹ 332.04 million raised on short term basis, which have been used for long term investment.</td>
<td>We are taking necessary steps to ensure that short term funds are not utilized for long term purpose in the future.</td>
</tr>
<tr>
<td>Iii</td>
<td>Fiscal 2013</td>
<td>Qualification - Main Audit Report</td>
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<td>Cash on hand as at March 31, 2013 aggregating to ₹ 8.08 million could not be physically verified by the statutory auditors. Based on the explanations provided to the statutory auditors and as stated in the financial statements, such cash was held with certain Promoter Directors of the Company and has been accordingly confirmed by the respective directors. However, in the absence of appropriate accounting records indicating so, the statutory auditors are unable to express an opinion regarding the existence of the said cash as on that date and the consequential effect thereof on these financial statements.</td>
<td>We procure milk through various channels including direct purchase of milk in small quantities from a large number of farmers on a daily basis. Payments to farmers are generally made in cash, consistent with market practice in the dairy industry in India. In order to ensure timely payment to farmers, maintaining adequate cash on hand is an operational requirement given our direct procurement model from farmers. In order to ensure timely payment, we typically maintain approximately three days of cost of milk procurement as cash in hand, in the custody of our Promoter directors held on behalf of the Company.</td>
</tr>
</table>

		Emphasis of Matter - Main Audit Report	
		a. The audit report had drawn attention to arrangements with certain transactions with related parties and the Company had made applications for the approval of the Central Government under Section 297 of the Companies Act, 1956.	This matter has been resolved as indicated in Annexure IV Note 8 "Other Matter" of the Restated Consolidated Financial Statements on page 296.
		b. In the absence of the necessary details being readily available, the previous year figures as disclosed in the cash flow statement have not been regrouped / reclassified by the management to correspond with current year's classification.	This has subsequently been complied with.
		Companies (Auditor's Report) Order, 2003	
		a. The Company maintained proper records showing full particulars, including situation of fixed assets except for additions and quantitative details, which based on the information and explanations given to the statutory auditors, were in the process of being updated.	This has subsequently been complied with.
		b. In the opinion of the statutory auditors, the Company maintained proper records of its inventories except for the quantitative item wise day to day production records. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the management and accordingly, the statutory auditors are unable to comment whether they are material.	This has subsequently been complied with.
		c. The Company did not have adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed asset.	We have subsequently established internal control systems commensurate with the size of our operations and the nature of our business including with respect to purchase of inventory and fixed assets.
		d. In the opinion of the statutory auditor, the internal audit function carried out during the year by the firm of Chartered Accountants appointed by the management was not adequate to make it commensurate with the size of the Company and the nature of its business.	We have subsequently strengthened internal control systems commensurate with the size of our operations and the nature of our business, and internal audit functions undertaken by our internal auditors are adequate and commensurate with the size of our operations and the nature of our

<table>
<tr><td></td><td></td><td></td><td>business.</td></tr>
<tr><td></td><td></td><td>e. The statutory auditors have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, having regard to their comments, the prescribed cost records are in the process of being updated. The statutory auditors have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

In the opinion of the statutory auditors and according to the information and explanations given to them, the Company maintained proper records of its inventories except for the quantitative item wise day to day production records. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the management and accordingly, the statutory auditors are unable to comment whether they are material.</td><td>This has subsequently been complied with.</td></tr>
<tr><td></td><td></td><td>f. The Company was not regular in depositing income tax, sales tax, works contract tax and profession tax dues with the appropriate authorities.

There were certain undisputed amounts payable in respect of provident fund, wealth tax, custom duty, income-tax, sales tax, works contract tax, service tax, excise duty, profession tax, cess and other material statutory dues in arrears, as at March 31, 2013 for a period of more than six months from the date they became payable:

<table>
<tr><th>Statute</th><th>Nature of Dues</th><th>Amount (₹ in million)</th><th>Due Date</th><th>Date of Payment</th></tr>
<tr><td>Maharashtra Value Added Tax Act, 2005</td><td>Sales Tax</td><td>2.09</td><td>21st June 2012</td><td>24th September 2013</td></tr>
</table></td><td>The dues specified have been cleared and the amounts were deposited by the Company with the respective authority.</td></tr>
<tr><td></td><td></td><td>g. Details of dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which had not been deposited as on March 31, 2013 on account of disputes are given below:

<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Forum where Dispute is Pending</th><th>Period to which the Amount Relates</th><th>Amount Involved (₹ in million)</th></tr>
<tr><td>Income Tax Act 1961</td><td>Income Tax</td><td>Commissioner of Income Tax (Appeals)</td><td>F.Y. 2008-09 (A.Y. 2009-10)</td><td>1.33</td></tr>
<tr><td>Income Tax Act 1961</td><td>Income Tax</td><td>Commissioner of Income Tax (Appeals)</td><td>F.Y. 2009-10 (A.Y. 2010-11)</td><td>0.19</td></tr>
<tr><td>Income Tax Act 1961</td><td>Income Tax</td><td>Dy. Commissioner of Income Tax (Appeals)</td><td>F.Y. 2010-11 (A.Y. 2011-12)</td><td>1.52</td></tr>
</table></td><td>The matter is under dispute with relevant authorities. Will be settled at the final outcome.</td></tr>
<tr><td></td><td></td><td>h. In the opinion of the statutory auditors and according to the information</td><td>We are taking</td></tr>
</table>

		and explanations given to them, and on an overall examination of the balance sheet of the Company, it is reported that short term funds amounting to ₹ 108.74 million have, prima facie, been used during the year for long-term investment.	necessary steps to ensure that short term funds are not utilized for long term purpose in the future.
iv	**Fiscal 2012**	**Qualification - Main Audit Report**	
		In the opinion of the statutory auditors, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, save and except the Accounting Standard 15 on "Employee Benefits".	This has subsequently been complied with.
PRABHAT NUTRITIOUS & FROZEN FOOD INDUSTRIES PRIVATE LIMITED **(This entity has been amalgamated with our Company with effect from April 1, 2014)**			
i	**Fiscal 2013**	**Emphasis of Matter - Main Audit Report**	
		a. Arrangements with private companies where directors of the Company are interested, where the Company has made application for the approval of the Central Government under section 297 of the Companies Act, 1956, which was pending.	This matter has been resolved as indicated in Annexure IV Note 8 "Other Matter" of the Restated Consolidated Financial Statements on page 296.
		b. In the absence of the necessary details being readily available, the previous year figures as disclosed in the cash flow statement have not been regrouped / reclassified by the management to correspond with current year's classification.	This has subsequently been complied with.
		Companies (Auditor's Report) Order, 2003	
		a. The Company has maintained proper records showing full particulars, including situation of fixed assets except for the additions and quantitative details, which based on the information and explanations given to the statutory auditors, are in the process of being updated.	This has subsequently been complied with.
		b. In the opinion of the statutory auditors and according to the information and explanations given to them, the Company has maintained proper records of its inventories except for the quantitative item wise day to day production records. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting there from the quantity of opening stock based on physical verification conducted as at the previous year end. Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the management and accordingly, the statutory auditors are unable to comment whether they are material.	This has been subsequently complied with.
		c. The Company does not have an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and sale of goods.	We have subsequently strengthened internal control systems commensurate with the size of our operations and the nature of our business, including with respect to purchases of inventory, fixed assets and sale of goods.

<table>
<tr><td></td><td></td><td>d. In the opinion of the statutory auditors the internal audit function carried out during the year by firm of Chartered Accountants appointed by the management is not adequate to make it commensurate with the size of the Company and the nature of its business.</td><td>We have subsequently strengthened internal control systems commensurate with the size of our operations and the nature of our business, and internal audit functions undertaken by our internal auditors are adequate and commensurate with the size of our operations and the nature of our business.</td></tr>
<tr><td></td><td></td><td>e. The statutory auditors have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, having regard to their comments (reproduced below), the prescribed cost records are in the process of being updated. The statutory auditors have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

In the opinion of the statutory auditors and according to the information and explanations given to them, the Company has maintained proper records of its inventories except for the quantitative item wise day to day production records. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the management and accordingly, the statutory auditors are unable to comment whether they are material.</td><td>This has subsequently been complied with.</td></tr>
<tr><td></td><td></td><td>f. The Company has not been regular in depositing profession tax and provident fund dues as further explained in the financial statements.

There were no undisputed amounts payable in respect of provident fund, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, works contract tax, profession tax, cess and other material statutory dues in arrears, as at March 31, 2013 for a period of more than six months from the date they became payable other than those as given below:

<table>
<tr><th>Statute</th><th>Nature of Dues</th><th>Amount (₹ in million)</th><th>Due Date</th><th>Date of Payment</th></tr>
<tr><td rowspan="5">Maharashtra Profession Tax Act, 1975</td><td rowspan="5">Profession Tax</td><td>0.001</td><td>May 31, 2012</td><td>July 17, 2013</td></tr>
<tr><td>0.001</td><td>June 30, 2012</td><td>July 17, 2013</td></tr>
<tr><td>0.001</td><td>July 31, 2012</td><td>July 17, 2013</td></tr>
<tr><td>0.001</td><td>Aug 31, 2012</td><td>July 17, 2013</td></tr>
<tr><td>0.001</td><td>September 30, 2012</td><td>July 17, 2013</td></tr>
<tr><td>Employees' Provident</td><td>Provident Fund</td><td>0.604</td><td>Various</td><td>Not yet paid</td></tr>
</table></td><td>The dues mentioned herein have been cleared and the amounts were subsequently deposited with the respective authority.</td></tr>
</table>

		Funds and Miscellaneous Provisions Act, 1952 | | | | The Company makes provident fund contributions to defined contributions plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised ₹ 0.28 million (March 31, 2012 ₹ Nil) for provident fund contributions in the statement of Profit & Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme. The Company has registered itself with the Provident Fund authority subsequent to the year end. The payment of the employee contribution deducted during the year and the employer contribution amounting to ₹ 0.28 million each along with the applicable charges ₹ 0.04 million has not yet been made to the respective authority.	
		g. In the opinion of the statutory auditors, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.	The term loans have since been applied for the purpose for which they were raised.
		h. In the opinion of the statutory auditors and according to the information and explanations given to it, and on an overall examination of the balance sheet of the company, the statutory auditors reported that short term funds amounting to ₹ 112.30 million have, prima facie, been used during the year for long-term investment.	We are taking necessary steps to ensure that short term funds are not utilized for long term purpose in the future.
<u>SUNFRESH AGRO INDUSTRIES PRIVATE LIMITED</u>			
i	**Fiscal 2015**	**Companies (Auditor's Report) Order, 2015**	
		a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for certain delays in payment of Provident fund, Profession tax, Work contract tax and Tax deducted at source, ranging from 1 to 25 days.	These outstanding dues have been deposited by the Company with the respective authority. The delay in payment of the outstanding dues was due to certain inadvertent reconciliation issues during implementation of SAP ERP system from the erstwhile accounting system, which was identified during subsequent periodic scrutiny and promptly paid together with penal interest.
		b. According to the information and explanations given to us there are no dues of Income tax or Sales tax or Wealth tax or Service tax or duty of Customs or duty of Excise or Value added tax which have not been deposited with the appropriate authorities on account of disputes other than those stated below:	The matter is under dispute with relevant authorities. Will be settled at the final outcome.

<table>
<tr><td></td><td></td><td>
<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Period to which the amount relates</th><th>Amount (₹ in million)</th><th>Amount paid under protest (₹ in million)</th><th>Forum where dispute is pending</th></tr>
<tr><td>The Income Tax Act, 1961</td><td>Income tax</td><td>AY 2011-12</td><td>0.98</td><td>-</td><td>Assistant Commissioner of Income Tax, Ahmednagar</td></tr>
<tr><td>The Income Tax Act, 1961</td><td>Income tax</td><td>AY 2012-13</td><td>0.83</td><td>-</td><td>Income tax office, Ahmednagar</td></tr>
<tr><td>Maharashtra Value Added Tax, 2002</td><td>VAT</td><td>AY 2011-12</td><td>12.29</td><td>-</td><td>Joint Commissioner of Sales Tax, Nashik Division</td></tr>
</table>
</td><td></td></tr>
<tr><td>ii</td><td>Fiscal 2014</td><td>Emphasis of Matter - Main Audit Report</td><td></td></tr>
<tr><td></td><td></td><td>The statutory auditors have drawn attention to the financial statements regarding arrangements with private companies where directors of the company were interested, where the company has either made or is in the process of making the application for the approval of the Central Government under Section 297 of the Companies Act, 1956, which was pending. The opinion of the statutory auditors was not qualified in respect of this matter.</td><td>This matter has been resolved as indicated in Annexure IV Note 8 –“Other Matter” of our Restated Consolidated Financial Statements on page 296.</td></tr>
<tr><td></td><td></td><td>Companies (Auditor’s Report) Order, 2003</td><td></td></tr>
<tr><td></td><td></td><td>a. The Company maintained proper records showing full particulars, including situation of fixed assets except for records relating to certain additions during the year, which based on the information and explanations given to the statutory auditors, were in the process of being updated.</td><td>This has subsequently been complied with.</td></tr>
<tr><td></td><td></td><td>b. Amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, wealth tax, sales tax, service tax, customs duty and other material statutory dues had been generally regularly deposited by the Company with the appropriate authorities, except for certain dues relating to sales tax wherein there have been delays ranging from 17 to 102 days and service tax wherein there have been delays ranging from 49 to 82 days and income tax.

No undisputed amounts payable in respect of provident fund, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and other material statutory dues were in arrears , as at March 31, 2014, for period of more than six months from the date they became payable, except as disclosed below:

<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Amount due (₹ in million)</th><th>Amount paid (₹ in million)</th><th>Due Date of payment</th><th>Date of payment</th></tr>
</table>
</td><td>The dues mentioned herein have been cleared and the amounts were deposited with the respective authority.</td></tr>
</table>

<table>
<tr><td></td><td></td><td><table>
<tr><td rowspan="2">Income Tax Act, 1961</td><td>Tax deducted at source under section 194 A</td><td>1.05</td><td>1.05</td><td>April 30, 2013</td><td>April 30, 2014</td></tr>
<tr><td>Advance tax</td><td>39.16</td><td>Nil</td><td>Various</td><td>-</td></tr>
</table></td><td></td></tr>
<tr><td rowspan="8">iii</td><td rowspan="8">Fiscal 2013</td><td>Qualification - Main Audit Report</td><td></td></tr>
<tr><td>Cash on hand as at March 31, 2013 aggregating to ₹ 4.80 million could not be physically verified by the statutory auditors. Based on the explanations provided to the statutory auditors by management such cash was held with one of the Promoter Directors of the Company and has been accordingly confirmed by the director. However, in the absence of appropriate records indicating so, auditors were unable to express an opinion regarding the existence of such cash as on that date and the consequential effect thereof on the financial statements.</td><td>We procure milk through various channels including direct purchase of milk in small quantities from a large number of farmers on a daily basis. Payments to farmers are generally made in cash, consistent with market practice in the dairy industry in India. In order to ensure timely payment to farmers, maintaining adequate cash on hand is an operational requirement given our direct procurement model from farmers. In order to ensure timely payment, we typically maintain approximately three days of cost of milk procurement as cash in hand, in the custody of our Promoter.directors held on behalf of the Company.</td></tr>
<tr><td>Emphasis of Matter - Main Audit Report</td><td></td></tr>
<tr><td>a. Approval of Central Government under section 297 of the Companies Act, 1956:

During the year, the company entered certain transactions with parties covered u/s 297 of the Companies Act, 1956 viz. Prabhat Dairy Private Limited (PDPL), the ultimate holding company and Prabhat Nutritious & Frozen Food Industries Private Limited (PNFFIPL). Both PDPL & PNFFIPL are the Companies in which KMP are interested as Directors.</td><td>This matter has now been resolved as specified in Annexure IV Note 8 “Other Matter” of our Restated Consolidated Financial Statements on page 296.</td></tr>
<tr><td>b. In the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year’s classification.</td><td>This has subsequently been complied with.</td></tr>
<tr><td>Companies (Auditor’s Report) Order, 2003</td><td></td></tr>
<tr><td>a. The Company has maintained proper records showing full particulars, including situation of fixed assets except for the additions and quantitative</td><td>This has subsequently</td></tr>
</table>

		details, which based on the information and explanations given to the Auditors, are in the process of being updated.	been complied with.
		b. In the Auditors' opinion and according to the information and explanations given to them, the Company has maintained proper records of its inventories except for the quantitative item wise day to day production records. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, the Auditors are unable to comment whether they are material.	This has subsequently been complied with.
		c. In the Auditors' opinion and according to the information and explanations given to them, and having regard to the explanation that most of the items purchased and some of the items sold are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system with regard sale of services. However, the company does not have an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and sale of goods.	We have subsequently established internal control systems commensurate with the size of our operations and the nature of our business including with respect to purchase of inventory, fixed assets and sales of goods.
		d. In the Auditors' opinion, the Company has an internal audit function carried out during the year by firm of Chartered Accountants appointed by the Management is not adequate to make it commensurate with the size of the Company and the nature of its business.	We have subsequently strengthened internal control systems commensurate with the size of our operations and the nature of our business, and internal audit functions undertaken by our internal auditors are adequate and commensurate with the size of our operations and the nature of our business.
		e. The Auditors have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, having regard to their comments the prescribed cost records are in the process of being updated. The Auditors have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. In the Auditors' opinion and according to the information and explanations given to them, the Company has maintained proper records of its inventories except for the quantitative item wise day to day production records. In such a case, production in quantitative terms is ascertained as a balancing figure by adding the quantity of closing stock of finished goods inventories based on physical verification conducted as at the year end to the quantity of finished goods sold during the year and deducting therefrom the quantity of opening stock based on physical verification conducted as at the previous year end. Accordingly, such production quantities include the wastages, net excess / shortages etc. which have not been separately ascertained by the Management and accordingly, the Auditors are unable to	This has subsequently been complied with.

<table>
<tr><td></td><td></td><td>comment whether they are material.</td><td></td></tr>
<tr><td></td><td></td><td>f. According to the information and explanations given to the Auditors in respect of statutory dues, the Company has been regular in depositing undisputed statutory dues, including, wealth tax, customs duty, cess and other material statutory dues applicable to it with appropriate authorities. However, the Company has not been regular in depositing provident fund, income tax, sales tax, service tax, profession tax, excise duty and works contract tax dues with the appropriate authorities. As explained to the Auditors, the Company was not required to deposit any amounts with the investor education and protection fund and the provisions of Employees State Insurance Act, 1948 are not applicable to the Company for the year ended 31st March 2013.

There were no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, works contract tax, profession tax, cess and other material statutory dues in arrears, as at March 31, 2013 for a period of more than six months from the date they became payable except as given below:

<table>
<tr><th>Statute</th><th>Nature of Dues</th><th>Amount (₹ in million)</th><th>Due Date</th><th>Date of Payment</th></tr>
<tr><td rowspan="4">Maharashtra Value Added Tax Act, 2005</td><td rowspan="4">Sales Tax</td><td>8.72</td><td>May 21, 2012</td><td>Unpaid till date</td></tr>
<tr><td>5.12</td><td>July 21, 2012</td><td>Unpaid till date</td></tr>
<tr><td>22.36</td><td>Aug 21, 2012</td><td>Unpaid till date</td></tr>
<tr><td>2.00</td><td>September 21, 2012</td><td>Unpaid till date</td></tr>
</table>
</td><td>The dues mentioned herein have been cleared and the amounts were deposited with the respective authority.</td></tr>
<tr><td></td><td></td><td>g. In the Auditors’ opinion and according to the information and explanations given to them, the term loans have been applied by the Company during the year for the purposes for which they were obtained other than temporary deployment pending application.</td><td>We have replenished the terms loans subsequently with internal accruals.</td></tr>
<tr><td></td><td></td><td>h. In the Auditors’ opinion and according to the information and explanations given to them, and on an overall examination of the Balance Sheet of the Company, the Auditors’ report that an amount of ₹ 5.65 million raised on short-term basis have been used for long-term investment.</td><td>We are taking necessary steps to ensure that short term funds are not utilized for long term purpose in the future.</td></tr>
<tr><td>iv</td><td>Fiscal 2012</td><td>Qualification - Main Audit Report</td><td></td></tr>
<tr><td></td><td></td><td>In the Auditors’ opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with all the accounting standards referred in sub-section {3C} of section 211 of the Companies Act, 1956, save and except the Accounting Standard 15 “Employee Benefits”.</td><td>This has been remedied and complied with.</td></tr>
<tr><td colspan="4"><u>CHEESE LAND AGRO (INDIA) PRIVATE LIMITED</u></td></tr>
<tr><td>i</td><td>Fiscal 2013</td><td>Emphasis of Matter - Main Audit Report</td><td></td></tr>
<tr><td></td><td></td><td>a. The Auditors draw attention to the financial statements, which describe that, in the absence of the necessary details being readily available; the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year’s classification. The Auditors’ opinion is not qualified in respect of this matter.</td><td>This has subsequently been complied with.</td></tr>
<tr><td colspan="4"><u>PRABHAT AGRI PROJECT DEVELOPMENT PRIVATE LIMITED</u>

(This entity has been amalgamated with our Company with effect from April 1, 2014)</td></tr>
</table>

<table>
<tr><td>i</td><td>Fiscal 2013</td><td>Emphasis of Matter - Main Audit Report</td><td></td></tr>
<tr><td></td><td></td><td>a. The Auditors draw attention to the financial statements, which describe that, in the absence of the necessary details being readily available; the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification. The Auditors' report is not qualified in respect of this matter.</td><td>This has subsequently been complied with.</td></tr>
<tr><td colspan="4"><u>PRABHAT DAIRY LIMITED (CONSOLIDATED FINANCIAL STATEMENTS)</u></td></tr>
<tr><td>i</td><td>Fiscal 2015</td><td>Companies (Auditor's Report) Order, 2015</td><td></td></tr>
<tr><td></td><td></td><td>a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except for certain delays in payment of provident fund, profession tax, works contract tax, tax deducted at source, service tax and duty of excise, ranging from 1 to 176 days.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable other than those stated below:

<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Amount (₹ in million)</th><th>Period to which amount relates</th><th>Due Date of payment</th><th>Date of payment</th></tr>
<tr><td>Finance Act, 1994</td><td>Service tax</td><td>0.01</td><td>June 2014</td><td>July 6, 2014</td><td>May 14, 2015</td></tr>
</table>
</td><td>These outstanding dues have been deposited by the Company with the respective authority.

The delay in payment of the outstanding dues was due to certain inadvertent reconciliation issues during implementation of SAP ERP system from the erstwhile accounting system, which was identified during subsequent periodic scrutiny and promptly paid together with penal interest.</td></tr>
<tr><td></td><td></td><td>b. According to the information and explanations given to us there are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the appropriate authorities on account of disputes other than those stated below:

<table>
<tr><th>Name of Statute</th><th>Nature of Dues</th><th>Period to which the amount relates</th><th>Amount (₹ in million)</th><th>Amount paid under protest (₹ in million)</th><th>Forum where dispute is pending</th></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2007-08</td><td>1.61</td><td>-</td><td>Commissioner of Income Tax (Appeals), Pune</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2009-10</td><td>2.83</td><td>1.90</td><td>Commissioner of Income Tax (Appeals), Pune</td></tr>
<tr><td>Income Tax Act,</td><td>Income tax</td><td>AY 2011-12</td><td>1.70</td><td>-</td><td>Deputy Commissioner of</td></tr>
</table>
</td><td>The matter is under dispute with relevant authorities. Will be settled at the final outcome.</td></tr>
</table>

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<tr>
<td></td>
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<table>
<tr><td>1961</td><td></td><td></td><td></td><td></td><td>Income Tax, Ahmednagar</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2012-13</td><td>25.70</td><td>-</td><td>Commissioner of Income Tax (Appeals), Pune</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2011-12</td><td>0.98</td><td>-</td><td>Assistant Commissioner of Income Tax, Ahmednagar</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>AY 2012-13</td><td>0.83</td><td>-</td><td>Income tax office, Ahmednagar</td></tr>
<tr><td>Maharashtra Value Added Tax, 2002</td><td>VAT</td><td>AY 2011-12</td><td>12.29</td><td>-</td><td>Joint Commissioner of Sales Tax, Nashik Division</td></tr>
</table>
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<tr>
<td rowspan="2">ii</td>
<td rowspan="2">Fiscal 2014</td>
<td>Emphasis of Matter - Main Audit Report</td>
<td></td>
</tr>
<tr>
<td>The Company has submitted an application to the Company Law Board for compounding of offences under section 297 of the erstwhile Companies Act, 1956, with respect to certain transactions with related parties. Our opinion is not modified in respect of these matters.</td>
<td>This matter has been resolved as indicated in “Annexure IV Note 8 Other Matter” of the Restated Consolidated Financial Statements on page 296.</td>
</tr>
<tr>
<td rowspan="2">iii</td>
<td rowspan="2">Fiscal 2013</td>
<td>Qualification Main Audit Report</td>
<td></td>
</tr>
<tr>
<td>Cash on Hand as at 31st March 2013 amounting to Rs 12.88 million could not be physically verified by the Auditors. Based on the explanation provided to them and as stated in the consolidated financial statements, the said cash was held with certain Promoter Directors of the Company and has been accordingly confirmed by the respective directors. However, in the absence of appropriate accounting records indicating so, the Auditors are unable to express an opinion regarding the existence of the said cash as on that date and the consequential effect thereof on these consolidated financial statements.</td>
<td>We procure milk through various channels including direct purchase of milk in small quantities from a large number of farmers on a daily basis. Payments to farmers are generally made in cash, consistent with market practice in the dairy industry in India. In order to ensure timely payment to farmers, maintaining adequate cash on hand is an operational requirement given our direct procurement model from farmers. In order to ensure timely payment, we</td>
</tr>
</table>

			typically maintain approximately three days of cost of milk procurement as cash in hand, in the custody of our Promoter directors on behalf of the Company.
		Emphasis of Matter - Main Audit Report	
		a. Attention is invited to the consolidated financial statement, which describes that, in the absence of the necessary details being readily available, the previous year figures as disclosed in the Cash Flow Statement have not been regrouped / reclassified by the Management to correspond with current year's classification and therefore they are not comparable. The Auditors' opinion is not qualified in respect of these matters.	This has subsequently been complied with.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to an extent by debt, and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we may engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Credit Risk

We are exposed to credit risk on amounts owed to us by our customers. If our customers do not pay us promptly, or at all, it may impact our working capital cycle and/or we may have to make provisions for or write-off on such amounts.

Commodity Price Risk

We are exposed to the price risk associated with purchasing raw milk, our key raw material. We generally do not enter into long-term formal supply arrangements. Therefore fluctuations in the price and availability of raw milk may adversely affect our business and results of operations. For further information, please see the section entitled "Risk Factors - Our business operations are dependent on supply of large amounts of raw milk, and an inability to procure adequate amounts of quality raw milk at competitive prices could adversely affect our results of operations." on page 21.

Exchange Rate Risk

Changes in currency exchange rates influence our results of operations. A small portion of our revenues, particularly relating to our export sales, is denominated in currencies other than Indian Rupees. Depreciation of the Indian Rupee against the U.S. dollar and other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in foreign currency that we may enter into in the future or any proposed capital expenditure in foreign currencies.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in this Red Herring Prospectus, particularly in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 19 and 361, respectively, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Cost and Income

Other than as described elsewhere in the sections entitled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 19, 126 and 361, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Seasonality of Business

Dairy cows generally produce more milk in temperate weather, and extreme cold or hot weather could lead to lower than expected production. Our raw milk procurement and production is therefore higher in the second half of the Fiscal year during the winter months with temperate climate in our milk procurement region.

Significant Dependence on a Single or Few Customers or Suppliers

While revenues from any particular customer may vary between financial reporting periods depending on the nature and term of ongoing contracts, historically certain of our key institutional customers dairy and food and beverage sectors have contributed a significant proportion of our revenues. In Fiscal 2013, 2014 and 2015, sales to our top five customers each year, represented 40.96%, 40.97% and 35.95%, respectively, of our total revenue in such periods, while sales to our largest customer represented 26.72%, 20.38% and 18.19%, respectively, of our total revenue in such periods. Significant dependence on certain customers may increase the potential volatility of our results of operations and exposure to individual contract risks. Such concentration of our business on a few customers may have an adverse effect on our results of operations if we do not achieve our expected margins or suffer losses on such contracts.

Competitive Condition

We operate in a competitive environment. Please refer to the sections entitled “Our Business - Competition”, “Industry Overview” and “Risk Factors - The dairy products business in India is evolving rapidly and is highly competitive and an inability to compete effectively with established and new competitors may adversely affect our growth prospects, results of operations and financial condition.” on pages 144, 113, and 23, respectively.

Significant Developments after March 31, 2015 that May Affect our Future Results of Operations

Except as stated in this Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last restated standalone and consolidated financial statements as disclosed in this Red Herring Prospectus which materially and adversely affects or is likely to affect, our trading or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months of the date of the last restated standalone and consolidated financial statements as disclosed in this Red Herring Prospectus.

Except as stated in the Red Herring Prospectus, particularly changes in our issued equity share capital and face value, there is no development subsequent to March 31, 2015 that we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of the Company. For further details, please see the section entitled “Capital Structure” on page 79.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, (i) there are no winding up petitions, outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company or against any other company whose outcome could have a materially adverse effect on the business, operations, cash flows or financial position of our Company , and (ii) there are no defaults including non-payment or overdue of statutory dues, overdues to banks or financial institutions, defaults against banks or financial institutions or rollover or rescheduling of loans or any other liability, defaults in dues payable to holders of any debenture, bonds and fixed deposits or arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part I of Schedule XIII of the Companies Act, 1956 and under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company except as stated below, and (iii) no disciplinary action has been taken by SEBI or any stock exchange against our Company, its Directors or its Promoters.

I. Litigation involving our Company

Litigation filed against our Company

Criminal Cases

1. The State of Maharashtra has filed a criminal complaint against our Company before the Chief Judicial Magistrate, Akola in September, 2006. The State of Maharashtra has alleged that the Company has violated the provisions of the Prevention of Food Adulteration Act, 1954 and the Prevention of Food Adulteration Rules, 1955 in its distribution, stocking for sale and selling of adulterated pasteurised homogenous toned milk. Further, it has been alleged that the pasteurised homogenous toned milk does not conform to the standards of the Prevention of Food Adulteration Rules, 1955. This has been alleged pursuant to an inspection being carried out by the Food Inspector, Food and Drug Administration, in accordance with applicable laws. The matter is currently pending.

2. The State of Maharashtra has filed a criminal complaint against our Company before the Chief Judicial Magistrate, Ahmednagar in February, 2010. The State of Maharashtra has alleged that the Company has violated the provisions of the Prevention of Food Adulteration Act, 1954 and the Prevention of Food Adulteration Rules, 1955, in its distribution, stocking for sale and selling of adulterated pasteurised homogenous toned milk. Further, it has been alleged that the pasteurised homogenous toned milk does not conform to the standards of the Prevention of Food Adulteration Rules, 1955. This has been alleged pursuant to an inspection being carried out by the Food Inspector, Food and Drug Administration, in accordance with applicable laws. In February, 2015, the Judicial Magistrate, First Class, Rahata, passed an order stating that since the report of the Food and Adulteration Office, Ahmednagar, stated that there is no adulteration of milk, our Company is acquitted. There have been no further developments as of the date of this Red Herring Prospectus.

3. The State of Maharashtra has filed an application before the Judicial Magistrate, First Class, Rahata (the "**JMFC**") against our Company and its nominee under the Food Adulteration Act, 1954 alleging violation of the Food Adulteration Act, 1954. The JMFC has by way of its order dated October 30, 2013 admitted the appeal and suspended its previous order of simple imprisonment for a period of two years and fine (the "**JMFC Order**") until disposal of the appeal. Our Company and its nominee being aggrieved by the JMFC Order, filed an appeal before the Additional District and Sessions Court, Niphad. The matter is currently pending.

4. Two of our Directors, being Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal, had availed certain unsecured loans from a proprietorship firm in the year 2010 and the liability for the said loans continues to be acknowledged them. The unsecured loans were provided to our Directors through an account (the "**SCB Account**") in the Saraswat Co-operative Bank Limited ("**SCB**"), Ferguson Road branch, Pune. Subsequently, in the year 2013, a complaint was filed by SCB with the Deccan Police Station, Pune alleging that the SCB Account had been forged and pursuant thereto a first information report no. 128 dated July 8, 2013 (the "**Deccan FIR**") was lodged under various sections of the Indian

Penal Code, 1860. As part of investigation of the Deccan FIR, the Police had summoned our Company. Our Company appeared before the police and provided the necessary documents and explanations. In January 2015, the Police filed a chargesheet in the matter against four accused persons, none of whom are related to our Company, Promoters, or Directors. Moreover, none of our Promoters or Directors has been named as an accused in the chargesheet. Our Company or the said directors have not received any further correspondence from the police.

Additionally, in relation to the investigation of the above matter under the Prevention of Money Laundering Act, 2002, one of our Promoters, Sarangdhar Ramchandra Nirmal was summoned by the Directorate of Enforcement, Ministry of Finance, Government of India (the "**ED**") through a notice dated August 8, 2014. Sarangdhar Ramchandra Nirmal appeared before the ED as required and provided the requisite documents and explanations. Sarangdhar Ramchandra Nirmal has not received further correspondence of any kind from the ED.

Civil cases

1. Paritosh Sudhir Pungalia (the "**Plaintiff**") has filed a special civil suit against our Company, Sarangdhar Ramchandra Nirmal, Vivek Sarangdhar Nirmal, Kishor Ramchandra Nirmal and Arvind Jagannath Nirmal (together the "**Nirmals**") before the Court of the Civil Judge (Senior Division), Pune on April 21, 2014, for the specific performance of an oral agreement alleged to have been entered into by the Nirmals on behalf of our Company. The Plaintiff has approached the Civil Court seeking (i) directions being issued to our Company to execute the agreement with the Plaintiff for grant of 20% of the sweat equity shares of our Company or in the alternative pay compensation amounting to ₹ 650.00 million along with interest at the rate of 24% per annum from the date of filing of the suit; and (ii) grant of a perpetual injunction against our Company and its sister concerns to seek prior approval of the Plaintiff for doing any acts affecting the interests of the Plaintiff. The matter is currently pending.

   Further, in relation to the criminal complaint filed by our Company against Paritosh Sudhir Pungalia under Section 138 of the Negotiable Instruments Act, 1881 as disclosed in the section entitled "Outstanding Litigation and Material Developments – Litigation filed by our Company – Criminal Cases" on page 401 of the Red Herring Prospectus, Paritosh Sudhir Pungalia has filed a revision application on February 8, 2012 before the District and Sessions Judge, Shrirampur to set aside the order of the Court of the Judicial Magistrate First Class for alleged non-compliance with due process of law under the Negotiable Instruments Act, 1881 and the Code of Criminal Procedure, 1973. The matter is currently pending.

Income Tax cases

1. Our Company received an assessment order along with demand notice dated December 24, 2009 from the Deputy Commissioner of Income Tax, Ahmednagar (the "**DCIT**") for concealing particulars of our income for the assessment year 2007 - 2008 (the "**DCIT Order**"). Pursuant to the DCIT Order, the DCIT, disallowed, amongst other things, (i) transportation expenses, and (ii) claims for deductions on the grounds of qualifying as a small scale industrial unit. Our Company has preferred an appeal before the Commissioner of Income Tax, (Appeals) - I, Pune ("**CIT Appeals**") against the DCIT Order. On December 7, 2012, the CIT Appeals passed an order allowing the appeals. On March 24, 2014, the CIT Appeals, ordered levy of a penalty in terms of section 271(1)(c) of the Income Tax Act, 1961 for concealing of income which was approved by the Joint Commissioner of Income Tax through its order dated March 21, 2014. Consequently, the ITO by way of a demand notice dated February 8, 2013 revised the total income of our Company and our Company was directed to refund an amount of ₹1.61 million be refundable by our Company. Our Company has filed an appeal against the DCIT Order before the Income-tax Appellate Tribunal. The matter is currently pending.

2. Our Company received a demand notice dated December 28, 2011 from the Deputy Commissioner of Income-tax under section 156 of the Income Tax Act, 1961, demanding a sum of 2.83 million in relation to assessment year 2009 - 2010 (the "**Demand Notice**"). The assessing officer disallowed our Company's claims for deductions on the grounds of qualifying as a small scale industrial unit. Our Company filed an appeal before the Commissioner of Income-tax (Appeals) –I, Pune (the "**CIT Appeals**") which was dismissed by way of order dated December 7, 2012. Consequently, our Company filed an appeal before the CIT Appeals. On March 24, 2014, the CIT Appeals, ordered levy of a penalty in terms of section 271(1)(c) of the Income Tax Act, 1961 on account of withdrawal of the deductions claimed by our Company which was approved by the Assistant Commissioner of Income Tax through

its order dated March 21, 2014. Our Company received a notice of demand dated March 24, 2014 under section 156 of the Income Tax Act, 1961, from the Assistant Commissioner Income-tax, Ahmednagar (the "**ACIT**") demanding a sum of ₹2.61 million be paid by our Company. Our Company has filed an appeal before the Income-tax Appellate Tribunal. The matter is currently pending.

3. On June 28, 2013, under section 142(1) of the Income Tax Act, 1961 our Company received a notice from the ITO to produce certain additional information. On June 10, 2013, our Company provided relevant information and documents to the ITO for the assessment year 2011 - 2012. Consequently, on January 17, 2014, the Office of the Assistant Commissioner of Income Tax issued a questionnaire to our Company. Pursuant to our Company's replies, our Company received a demand notice dated January 27, 2014 requiring our Company to make a payment of ₹1.70 million. Our Company has filed an appeal before the Commissioner of Income-tax (Appeals) – I, Pune. The matter is currently pending.

4. Our Company received a notice dated July 9, 2014 under Section 142(1) of the Income Tax Act, 1961, from the Deputy Commissioner of Income Tax, Ahmednagar (the "**DCIT**") to provide additional documents in relation to the assessment proceedings for the assessment year 2012- 2013. Subsequently, our Company received a demand notice dated March 23, 2015 along with an assessment order from the DCIT disallowing (i) investment in shares of group companies under non-current investments; (ii) donation expenses to be a part of other expenses; and (iii) interest expenses. Accordingly, a demand of ₹25.70 million was made. Our Company has filed an appeal before the Commissioner of Income-Tax (Appeals), Pune. The matter is currently pending.

Notices

Our Company received a show cause notice dated May 7, 2015 from the Export Inspection Agency – Mumbai for alleged violations including (i) misuse of the certificate for export; (ii) non-payment of monitoring fee; and (iii) unauthorised export by an unapproved merchant exporter. Our Company in its reply dated May 15, 2015, has refuted all allegations and paid the required monitoring fee. There has been no further correspondence in this matter. The matter is currently pending.

Litigation filed by our Company

Criminal Cases

1. Our Company has filed a criminal complaint against Anil Singh Poonam Daiya, a former employee of our Company (the "**Accused**") and Kale Bhairavnath, director of Suruchi Dairy Private Limited (the "**Accused Company**") before the Court of the Judicial Magistrate First Class, Pune (the "**JMFC**"). The Accused had entered into a non-disclosure agreement with our Company in April, 2010, covenanting that he would not divulge confidential information regarding our Company and its subsidiaries, during his term of employment and for a term of one year after termination of employment. However, the Accused had allegedly divulged confidential information of our Company to the Accused Company. Our Company has alleged that the Accused and Accused Company have cheated our Company, committed an act of criminal breach of trust and conspired by creating forged documents causing wrongful loss to our Company. The matter is currently pending.

2. Our Company has filed 17 complaints before the Court of the Judicial Magistrate, First Class, Shrirampur, in accordance with the provisions of Section 138 of the Negotiable Instruments Act, 1881, against various persons and entities, for the dishonour of cheques issued by such third parties to our Company. The aggregate amount involved is approximately ₹ 6.46 million. These cases are currently pending at various stages of adjudication.

Notices

Our Company has sent seven notices to Jitendra Sambhaji Dalvi under the provisions of Section 138 of the Negotiable Instruments Act, 1881, for the dishonour of cheques issued by Jitendra Sambhaji Dalvi to our Company. The aggregate amount involved is approximately ₹ 0.33 million.

Regulatory Actions in the last five years against our Company

Our Company had exceeded the transaction limits as approved by the Central Government in accordance with Section 297 of the Companies Act, 1956 at the time of entering into transactions with its subsidiary, SAIPL and erstwhile subsidiary, Prabhat Nutritious & Frozen Food Industries Private

Limited (the "**Offences**"). Accordingly, through applications dated November 7, 2013 and December 20, 2013 submitted to Regional Director, Western Region, Ministry of Corporate Affairs, Government of India (the "**Regional Director**"), our Company, SAIPL, and Prabhat Nutritious & Frozen Food Industries Private Limited had sought compounding of the Offences. As the compounding fee would exceed ₹ 0.05 million, the Regional Director through its order dated September 12, 2014, directed our Company to make the application before the Company Law Board (the "**CLB**"). Consequently, our Company filed an application before the CLB for compounding of the Offences. The CLB, through its order dated March 18, 2015, compounded the Offences by levying a compounding fee of ₹ 35,000 each on our Company, its Directors, namely, Sarangdhar Ramchandra Nirmal and Vivek Sarangdhar Nirmal, and its former Directors, namely, Kishor Ramchandra Nirmal and Arvind Jagannath Nirmal. The said compounding fee has been duly paid by all of them.

Material Frauds against our Company

There have been no material frauds committed against our Company in the five years preceding the date of this Red Herring Prospectus.

Small Scale Industries

Our Board considers dues exceeding ₹ 0.1 million to small scale undertakings or creditors as material outstandin dues. Except as disclosed below, our Company does not owe any small scale undertakings or any creditors any amounts exceeding ₹ 0.1 million which is outstanding for more than 30 days.

Sr. No.	Particulars	Amount as of June 30, 2015 (In ₹ million)
1.	Mahesh Sudam Bhalerao	0.20
2.	Chandrakant D. Gagre	0.18
3.	Kausalya Milk Product Private Limited	58.70

Our Company, in its ordinary course of business, has certain dues aggregating to ₹ 0.1 million or more towards sundry creditors. There are no disputes with such entities in relation to payments to be made to them. The details pertaining to amounts due towards such sundry creditors are available on the website of our Company at http://www.prabhatfresh.com/wp-content/uploads/2015/05/list_of_creditors.pdf. The details in relation to sundry creditors and amount payable to each sundry creditor available on the website of our Company does not form a part of this Red Herring Prospectus.

Statutory Dues

As of the date of this Red Herring Prospectus, there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) overdues to companies or financial institutions by our Company; and (iii) defaults against companies or financial institutions by our Company. For further details, please see the section entitled "Financial Statements" on page 183.

II. Litigation involving our Subsidiaries

A. CLAIPL

There are no litigations involving CLAIPL.

B. SAIPL

Litigation filed against SAIPL

Income Tax cases

1. SAIPL has received a notice dated September 1, 2014, under section 143(2) of the Income Tax Act, 1961, from the Office of the Income Tax Officer, Ward 4, Ahmednagar, for the production of certain documents and other evidence in relation to the income tax returns filed by SAIPL for the assessment year 2013 - 2014. SAIPL has provided the relevant documents and there has been no further correspondence from the Office of the Office of the Income Tax Officer, Ward 4, Ahmednagar. The matter is currently pending.

2. SAIPL has received a notice dated July 23, 2014, under section 142(1) of the Income Tax Act, 1961, from the Office of the Income Tax Officer, Ward-4, Ahmednagar, to provide the certain information in relation to the income tax returns filed by our Company for the assessment year 2011-2012. Our Company has provided the relevant information and there has been no further correspondence from the Office of the Income Tax Officer, Ward-3, Ahmednagar. The matter is currently pending.

3. SAIPL has received a demand notice dated January 24, 2014, under section 156 of the Income Tax Act, 1961, from the Income Tax Officer pursuant to the assessment order of the Income Tax Department for the assessment year 2011-2012 demanding additional payment of ₹0.98 million towards income tax. Such additional payment was required to be made due to inclusion of certain expenses which could not be supported by vouchers and bills and have accordingly been disallowed. The matter is currently pending.

4. SAIPL has received a demand notice dated March 25, 2015 under section 156 of the Income Tax Act, 1961, from the Deputy Commissioner of Income Tax, Ahmednagar Circle, Ahmednagar, along with an assessment order dated March 25, 2015 for the assessment year 2012-2013, for computation of income and income from interest from banks. Accordingly, a demand of ₹0.83 million was made. SAIPL has filed a letter dated May 28, 2015 with the Income Tax Office for rectification of the assessment order. The matter is currently pending.

Indirect tax

1. Pursuant to the assessment order, SAIPL received a notice of demand dated July 31, 2014 under section 32 of the Maharashtra Value Added Tax Act, 2002 for dues payable for assessment year ending 2015. SAIPL has filed an appeal before the Joint Commissioner of Sales Tax (Appeals), Nashik Division, against the Assessment Order demanding ₹12.29 million under the Maharashtra Value Added Tax Act, 2002. The matter is currently pending.

Litigation filed by SAIPL

Civil cases

SAIPL filed an application dated September 9, 2009 before the Maharashtra Electricity Regulatory Commission ("**MERC**") against Mula Pravara Electric Co-operative Society Limited ("**MPECL**") and Maharashtra State Electricity Distribution Company Limited ("**MSEDCL**") for grant of open access from MSEDCL. MERC in its order dated July 21, 2010, directed MPECL to grant open access to SAIPL and both MPECL and MSEDCL facilitate and assist SAIPL in such process. Consequently, MPECL filed an application dated September 3, 2010, against SAIPL before MERC for non-compliance of the regulations made by the MERC on the grounds that SAIPL was drawing power from MSEDCL prior to the MERC Order. The matter is currently pending.

Criminal cases

SAIPL has filed a criminal complaint before the Court of the Judicial Magistrate, First Class, Shrirampur, in accordance with the provisions of Section 138 of the Negotiable Instruments Act, 1881, against Santosh Jagannath Shinde, for the dishonour of cheques issued by such third parties to SAIPL. The aggregate amount involved is approximately ₹ 0.2 million. The matter is currently pending.

Notices

There are no notices received by SAIPL.

Regulatory Actions in the last five years against SAIPL

SAIPL, had exceeded the transaction limits of as approved by the Central Government in accordance with Section 297 of the Companies Act, 1956 at the time of entering into transactions with our Company and erstwhile subsidiary, Prabhat Nutritious & Frozen Food Industries Private Limited (the "**Offences**"). Accordingly, through applications dated November 7, 2013 and December 20, 2013 submitted to Regional Director, Western Region, Ministry of Corporate Affairs, Government of India (the "**Regional Director**"), our Company, SAIPL, and Prabhat Nutritious & Frozen Food Industries Private Limited had sought compounding of the offence. As the compounding fee would exceed ₹ 0.05

million, the Regional Director through its order dated August 24, 2014, directed SAIPL to make the application before the Company Law Board (the "**CLB**"). Consequently, SAIPL filed an application before the CLB for compounding of the Offences. The CLB, through its order dated March 18, 2015, compounded the offence by levying a compounding fee of ₹ 10,000 each on SAIPL, and its Directors, namely, Vivek Sarangdhar Nirmal and Arvind Jagannath Nirmal. The said compounding fee has been duly paid by all of them."

III. Litigation involving our Promoters

A. Nirmal Family Trust

There are no litigations involving Nirmal Family Trust.

B. Sarangdhar Ramchandra Nirmal

Litigation filed against Sarangdhar Ramchandra Nirmal

Criminal cases

1. A first information report was filed by a representative of Mahanand Dairy for misusing the brand of Mahanand Dairy and counterfeiting. A summons dated April 16, 2001 was issued to Sarangdhar Ramchandra Nirmal under various sections of the Indian Penal Code, 1860, requesting him to appear before the Metropolitan Magistrate. The matter is currently pending.

2. For details in relation to litigation involving Sarangdhar Ramchandra Nirmal, please see the section entitled "– Litigation involving our Company – Litigation filed against our Company – Criminal cases" on page 399 and "– Litigation involving our Company – Litigation filed against our Company – Civil cases" on page 400.

Income Tax cases

Sarangdhar Ramchandra Nirmal has received a demand notice dated March 23, 2015 under section 156 of the Income Tax Act, 1961, from the Deputy Commissioner of Income Tax, Ahmednagar Circle, Ahmednagar, along with an assessment order dated March 23, 2015, disallowing (i) investment in shares and mutual funds from interest free funds of the assessee; (ii) agricultural income; and (iii) diesel, vehicle and maintenance expenses for the assessment year 2012-2013. Accordingly, a demand of ₹0.83 million was made. Sarangdhar Ramchandra Nirmal has filed an appeal before the Commissioner of Income Tax (Appeals), Pune. The matter is currently pending.

Litigation filed by Sarangdhar Ramchandra Nirmal

There are no litigations filed by Sarangdhar Ramchandra Nirmal.

Litigation or legal action pending or taken by any ministry or government department or statutory authority against Sarangdhar Ramchandra Nirmal during the last five years

There are no litigations or legal actions pending or taken by any ministry or government department or statutory authority against Sarangdhar Ramchandra Nirmal during the last five years.

Notices

Except as disclosed in the section entitled "– Sarangdhar Ramchandra Nirmal – Litigation filed against Sarangdhar Ramchandra Nirmal – Income tax cases", there are no notices received by Sarangdhar Ramchandra Nirmal.

Past Penalties

Except as disclosed in the section entitled "– Regulatory Actions in the last five years against our Company", there are no past penalties imposed on Sarangdhar Ramchandra Nirmal.

C. Vivek Sarangdhar Nirmal

Litigation filed against Vivek Sarangdhar Nirmal

1. For details in relation to litigation involving Vivek Sarangdhar Nirmal, please see the section entitled "– Litigation involving our Company – Litigation filed against our Company – Criminal cases" on page 399 and "– Litigation involving our Company – Litigation filed against our Company – Civil cases" on page 400.

Litigation filed by Vivek Sarangdhar Nirmal

There are no litigations filed by Vivek Sarangdhar Nirmal.

Litigation or legal action pending or taken by any ministry or government department or statutory authority against Vivek Sarangdhar Nirmal during the last five years

There are no litigations or legal actions pending or taken by any ministry or government department or statutory authority against Vivek Sarangdhar Nirmal during the last five years.

Notices

There are no notices received by Vivek Sarangdhar Nirmal.

Past Penalties

Except as disclosed in the section entitled "– Regulatory Actions in the last five years against SAIPL", there are no past penalties imposed on Vivek Sarangdhar Nirmal.

IV. Litigation involving our Group Company

Litigation filed against Nirmal Gograss LLP

There are no litigations filed against Nirmal Gograss LLP.

Litigation filed by Nirmal Gograss LLP

There are no litigations filed by Nirmal Gograss LLP.

V. Litigation involving our Directors

***Litigation involving Sarangdhar Ram*chandra Nirmal**

For details in relation to litigation involving Sarangdhar Ramchandra Nirmal, please see the section entitled "– Litigation involving our Promoters – Litigation filed against Sarangdhar Ramchandra Nirmal" on page 404 and "– Litigation involving our Company – Litigation filed against our Company – Civil cases" on page 400.

***Litigation involving Vivek Sarangdhar* Nirmal**

For details in relation to litigation involving Vivek Sarangdhar Nirmal, please see the section entitled "– Litigation involving our Promoters – Litigation filed against Vivek Sarangdhar Nirmal" on page 405 and "– Litigation involving our Company – Litigation filed against our Company – Civil cases" on page 400.

Litigation involving Udayan Bose

Udayan Bose has filed an arbitration petition against KC Securities Pvt. Ltd. ("**KC Securities**") under Section 11 of the Arbitration and Conciliation Act, 1996 in relation to a dispute arising out of a memorandum of understanding and option purchase agreement entered into between the said parties (the "**Agreements**"). Further, KC Securities has filed a suit in the High Court of Bombay against Udayan Bose and has sought additional financial damages in addition to those prescribed under the Agreements from Udayan Bose and others. The matter is pending.

Action initiated by SEBI against the Entities operating in the Securities Market with which Directors are associated

There are no actions initiated by SEBI against entities operating in the Securities Market with which

Directors are associated.

Past Penalties

Except as disclosed in this Red Herring Prospectus, there are no past penalties.

VI. Material Developments

For details of material developments, please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 361.

GOVERNMENT AND OTHER APPROVALS

A. Approvals in relation to the Issue

1. In-principle approval from BSE dated May 7, 2015.

2. In-principle approval from NSE dated April 30, 2015.

B. Approvals for our Company

Our Company is required to obtain various approvals, licenses, registrations and permits issued by the relevant Central and State regulatory authorities under various rules and regulations to undertake our businesses.

Such approvals include the registration of our suppliers under the Food Safety Standards Act, 2006 which is obtained by the respective vendors, approvals for operating diesel generator sets and transformers, approvals from the utilities' companies/authorities for water and electricity connection, periodic inspection and periodic verification of the weights and measures, and packaging used by our Company, periodic inspection and certification of the engineering construction in our manufacturing facilities, and permission for self-sealing of export goods.

The key approvals, licenses, registrations, and permits obtained by us, which enable us to undertake our business, are set out below:

Incorporation details

1. Certificate of incorporation dated November 25, 1998 issued by the RoC to Prabhat Dairy Private Limited.

2. Fresh certificate of incorporation dated March 19, 2015 issued by the RoC upon conversion of our Company to a public company.

Tax related approvals

1. Certificate of registration bearing number 27080248321V/PSI-2007/SSI/4138 dated July 16, 2014 issued by the Joint Commissioner of Sales Tax under the Package Scheme of Incentive, 2007. This certificate is valid November 30, 2017.

2. The permanent account number of our Company is AACCP8872E.

3. The tax deduction account number of our Company is PNEP08516E.

4. The tax payer identification number of our Company is 27080248321V under the Maharashtra Value Added Tax Act, 2002.

5. The central excise registration number of our Company is AACC8872EEM001 under the Central Excise Rules, 2002.

6. The tax payer identification number of our Company is 27080248321C under the Central Sales Tax (Registration & Turnover) Rules, 1957.

7. The service tax registration number of our Company is AACCP8872ESD001.

8. The professional tax registration number of our Company is 27080248321P

9. The professional tax employer certificate number of our Company is 99730975003P

Establishment, business and employment related approvals

1. License under Food Safety and Standards Act, 2006 bearing number FSSAI/10012022000525/2014/5002 dated January 21, 2014 issued by the Designated Officer,

Food Safety and Standards Authority of India to our Company.The license is valid till December 31, 2017.

2. Certificate of registration bearing number 14325706768 dated October 29, 2014 issued to our Company by the Registrar Corp, USA under the Federal Food Drug and Cosmetic Act, as amended by the Bioterrorism Act, 2002 and the Food Safety Modernisation Act. The purpose of this certificate is to register with the U.S. Food and Drug Administration. This certificate is valid till December 31, 2015.

3. Certificate bearing number CH14/1097.00 dated September 5, 2014 issued by System & Services Certification to our Company, stating that it is ISO 14001:2004 certified for manufacture and dispatch of dairy & ultra high temperature products. This certificate is valid till September 4, 2017.

4. Eligibility certificate bearing number 2793 dated October 17, 2011 issued to our Company by District Industries Centre, Ahmednagar for carrying out manufacturing activities.

5. Certificate of registration bearing number A.184 dated January 12, 2015 issued to our Company under Section 7(2) of the Contract Labour (Regulation and Abolition) Act, 1970 and the rules made thereunder. This certificate is valid till December 31, 2015.

6. Certificate of registration bearing number 34000285950000002 dated June 17, 2013 issued to our Company under the Employees State Insurance Act, 1948.

7. Certificate of registration bearing number MH/NSK/51606 dated November 24, 2000 issued to our Company under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

8. License bearing number PN – 238801 dated February 15, 2012 issued to our Company under the Bombay Shops and Establishment Act, 1948. This license is periodically renewed and is valid till January 11, 2016.

9. Approval bearing number 01-045/MP20151 dated June 15, 2015 issued by the Export Inspection Council of India, Mumbai to our Company under the Export of Milk Products (Quality, Control, Inspection and Monitoring) Rules, 2000. This approval is valid till June 14, 2017.

10. Importer-Exporter Code bearing number 3109008475 dated September 1, 2009 issued to our Company by the Office of Joint Director General of Foreign Trade, Ministry of Commerce and Trade.

Fire and Emergency Service Approvals

1. A fire no-objection certificate bearing dated November 21, 2012 issued to our Company by the Shrirampur Nagar Parishad.

Municipal Approvals

1. No objection certificate dated March 29, 2004 issued to our Company by the Sarpanch, Village Council, Rajankhol to expand our Company’s milk and milk allied products business.

2. No objection certificate issued to our Company by the Grampanchayat, Rajankhol dated January 20, 2010 to start a new unit.

3. No objection certificate issued to our Company by the Grampanchayat, Rajankhol dated July 3, 2013 to run the business of milk collection and by-products.

Legal Metrology Approvals

1. Registration Certificate bearing number 038159 dated January 10, 2003 issued to our Company by the Assistant Controller, Legal Metrology, Ahmednagar.

Environmental

1. Consent to operate bearing number MPCB/RONK/ANR-126/1645/15 dated July 4, 2015, issued to our Company by the Maharashtra Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorisation under the Hazardous Waster (Management, Handling and Transboundary Movement) Rules, 2008.

Miscellaneous

1. Certificate bearing number MR/14205 dated September 10, 2014 issued to our Company by the Joint Director of Steam Boilers. This certificate is valid till October 15, 2015.

2. Stamp duty exemption certificate bearing number 2001/B-11336 dated May 31, 2011 issued to SAIPL by the Directorate of Industries, Government of Maharashtra under the Bombay Stamp Act, 1958.

Pending Approvals

Approvals applied for, but not received

Certain material approvals that are required to be obtained by our Company for undertaking its business have elapsed in their normal course and our Company has either made an application to the relevant Central or State government authorities for renewal of such approvals, licenses, registrations and permits or is in the process of making such applications. The following applications are pending before the relevant authorities:

1. Application for renewal of license to run a factory bearing number 0957559 dated December 12, 2014 under the Factories Act, 1948 and the rules made thereunder. This license was granted to the Company on April 27, 2010 and needs to be renewed periodically.

2. Trademark application bearing number 1950293 under Class 29 dated April 15, 2010 under the Trademarks Act, 2002 and the rules made thereunder.

3. Trademark application bearing number 2017024 under Class 30 dated September 1, 2010 under the Trademarks Act, 2002 and the rules made thereunder.

4. Trademark application bearing number 2017025 under Class 32 dated September 1, 2010 under the Trademarks Act, 2002 and the rules made thereunder.

5. Trademark application bearing number 2017028 under Class 30 dated September 1, 2010 under the Trademarks Act, 2002 and the rules made thereunder.

6. Trademark Application bearing number 2017029 under Class 32 dated September 1, 2010 under the Trademarks Act, 2002 and the rules made thereunder.

7. Trademark Application bearing number 2184597 under Class 29 dated August 3, 2011 under the Trademarks Act, 2002 and the rules made thereunder.

8. Trademark Application bearing number 2835118 under Class 29 dated October 30, 2014 under the Trademarks Act, 2002 and the rules made thereunder.

9. Trademark Application bearing number 2835119 under Class 29 dated October 30, 2014 under the Trademarks Act, 2002 and the rules made thereunder.

10. Trademark Application bearing number 2835121under Class 29 dated October 30, 2014 under the Trademarks Act, 2002 and the rules made thereunder.

11. Trademark Application bearing number 2911715 under Class 29 dated February 24, 2015 under the Trademarks Act, 2002 and the rules made thereunder.

12. Trademark Application bearing number 2931063 under Class 29 dated March 26, 2015 under the Trademarks Act, 2002 and the rules made thereunder.

13. Trademark application bearing number 2184594 under Class 29 dated August 3, 2011 under the Trademarks Act, 2002 and the rules made thereunder.

14. Trademark application bearing number 2184595 under Class 29 dated August 3, 2011 under the Trademarks Act, 2002 and the rules made thereunder.

15. Trademark application bearing number 2184596 under Class 29 dated August 3, 2011 under the Trademarks Act, 2002 and the rules made thereunder.

C. Approvals for our Subsidiaries

SAIPL

Incorporation details

1. Certificate of incorporation dated January 22, 2007 issued by the RoC to Sunfresh Agro Industries Private Limited.

Tax related approvals

1. The permanent account number of SAIPL is AAKCS5451Q.

2. The tax deduction account number of SAIPL is PNES21356G.

3. The tax payer identification number of SAIPL is 27910615155V under the Maharashtra Value Added Tax Act, 2002.

4. The tax payer identification number of SAIPL is 27910615155C under the Central Sales Tax (Registration & Turnover) Rules, 1957.

5. The central excise registration number of SAIPL is AAKC5451QEM002 under the Central Excise Rules, 2002.

6. The service tax registration number of SAIPL is AAKCS451QSD001.

7. The professional tax registration number of SAIPL is 27910615155P.

8. The professional tax employer certificate number of SAIPL is 99501951289P.

Establishment, business and employment related approvals

1. License bearing number FSSAI/10012022000099/2012/1663 dated April 19, 2012 issued to SAIPL under the Food Safety and Standards Authority of India under the Food Safety and Standards Act, 2006. The license is valid till April 18, 2017.

2. Certificate of registration bearing number 15128796826 dated October 29, 2014 issued to SAIPL by Registrar Corp for registration of the facility of SAIPL with the U.S. Food and Drug Administration under the Federal Food Drug and Cosmetic Act. This certificate is valid till December 31, 2015.

3. Approval Letter bearing number MP-01-025 dated December 31, 2012 issued to SAIPL by Export Inspection Agency – Mumbai, Ministry of Commerce and Industry under the Export of Milk Products (Quality Control, Inspection and Monitoring) Rules, 2000. This approval is valid till December 31, 2016.

4. Certificate for approval of technologist bearing number EIA/MUM/MP-01-025/2014-15/4243 dated November 28, 2014 issued by the Export Inspection Agency-Mumbai (Ministry of Commerce and Industry, GOI). This certificate is valid till November 27, 2016.

5. Eligibility certificate bearing number 6383 dated August 20, 2011 issued to SAIPL by the District Industries Centre, Ahmednagar for carrying out manufacturing activities.

6. Certificate of registration bearing number 03505607 dated May 31, 2008 issued to SAIPL by

the Office of the Dairy Development Department, Maharashtra for registration of the dairy unit under the Milk and Milk Products Order, 1992.

7. Importer-Exporter Code bearing number 3109008904 dated September 4, 2009 issued to SAIPL by the Office of Joint Director General of Foreign Trade, Ministry of Commerce and Trade.

8. Certificate of registration bearing number A.366 dated January 12, 2015 issued to SAIPL under Section 7(2) of the Contract Labour (Regulation and Abolition) Act, 1970 and the rules made thereunder. This certificate is valid till December 31, 2015.

9. Certificate of registration bearing number MH/NSK/55851 dated July 13, 2010 issued to SAIPL under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

10. License to run a factory bearing number 097580 dated September 30, 2010 issued to SAIPL under the Factories Act, 1948 and the rules made thereunder. This license is periodically renewed and is valid till December 31, 2020.

Fire and Emergency Service Approvals

1. A fire no-objection certificate bearing dated November 21, 2012 issued to SAIPL by the Shrirampur Nagar Parishad.

Municipal Approvals

1. No objection certificate dated July 3, 2013 issued to SAIPL by the Village Council Office, Rajankhol to run the business of milk collection and by-products.

2. No objection certificate issued to SAIPL by the Grampanchayat, Chinchpur to SAIPL to run the business of milk collection and bulk milk cooler at Chinchpur, Taluka Ashti, District Beed.

Legal Metrology Approvals

1. Certificate of registration bearing number 038159 dated May 15, 2007 issued to SAIPL by the Assistant Controller, Legal Metrology, Ahmednagar to our Company.

Environmental

1. Consent to operate bearing number BO/JD-WPC/NK-12774-12/R/C-MPCB/13/04108 dated May 10, 2013, issued to SAIPL by the Maharashtra Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorisation under the Hazardous Waster (Management, Handling and Transboundary Movement) Rules, 2008. This consent is valid till April 30, 2016.

2. Consent to establish establish bearing number BO/JD-WPC/NK-14113-12/E/CAC-631 dated January 21, 2014, was issued by the Maharashtra Pollution Control Board has been commissioned to SAIPL by the Maharashtra Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorisation under the Hazardous Waster (Management, Handling and Transboundary Movement) Rules, 2008. This consent is valid till commissioning of the unit or five years, whichever is earlier.

3. Consent to operate bearing number MPCB/RONK/ANR-27/2012/9049 dated April 26, 2012, issued to SAIPL by the Maharashtra Pollution Control Board to our Company under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorisation under the Hazardous Waster (Management, Handling and Transboundary Movement) Rules, 2008. This consent is valid till commissioning of the unit or five years, whichever is earlier.

4. Approval in relation to effluent treatment bearing number MPCB/RONK-52/2012 dated January 3, 2012 issued to SAIPL by the Maharashtra Pollution Control Board, of the effluent

treatment.

Approvals for the CPF

1. No objection certificate dated June 12, 2015 issued to SAIPL by the Grampanchayat Office, Ranjankhol, for the erection of a 3MW CPF by SAIPL.

2. Permission dated March 21, 2012 issued to SAIPL by the Assistant Director, Town Planning, Ahmednagar for approval of the plan.

Miscellaneous

1. Approval bearing number EIZ/MUM/MP-01-025/2014-15 dated December 31, 2014, issued to SAIPL by the Export Inspection Agency, Mumbai under the Export of Milk Products (Quality, Control, Inspection and Monitoring) Rules, 2000. This approval is valid till December 31, 2016.

2. Registration cum membership certificate bearing number 160321 dated March 8, 2013 issued to SAIPL by the Deputy General Manager, Agricultural and Processed Food Products Export Development Authority ("**APEDA**") under the Agricultural and Processed Food Products Export Development Authority Act, 1985. The purpose of the Certificate is registration as a manufacturer with the APEDA. This registration is valid till November 11, 2017.

3. Permission bearing number SE/ANRC/TECH/9373 dated July 26, 2010 issued to SAIPL by the Maharashtra State Electricity Distribution Co. Ltd, for installation of a transformer.

Pending Approvals

Approvals applied for, but not received

Certain material approvals that are required to be obtained by SAIPL for undertaking its business have elapsed in their normal course and SAIPL has either made an application to the relevant Central or State government authorities for renewal of such approvals, licenses, registrations and permits or is in the process of making such applications. The following applications are pending before the relevant authorities:

1. Application dated March 12, 2015 to the Director of Steam Boilers for certificate to use a boiler.

2. Application dated June 30, 2015 to the Controller of Legal Metrology Department for registration as manufacturers and packers of milk products.

Approvals applied for, but not received for the CPF

1. Application dated June 10, 2015 for consent to establish a 3MW CPF by SAIPL to the Maharashtra Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorisation under the Hazardous Waster (Management, Handling and Transboundary Movement) Rules, 2008.

2. Application dated June 15, 2015 for a no-objection certificate for establishing a 3MW CPF to the Directorate of Geology and Mining.

3. Application dated June 10, 2015 for approval for establishing a 3MW CPF to the Electrical Inspector, Public Works Department.

Approvals for which applications are yet to be made for the CPF

1. Application to the Executive Engineer Divisional Electricity Corporation Industry Power & Labour Department, Aurangabad for the 3MW CPF.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors has approved the Issue pursuant to a resolutions passed at their meeting held on March 9, 2015 and March 26, 2015 and our Shareholders have approved the Issue pursuant to their resolutions dated March 9, 2015 and March 24, 2015.

The Selling Shareholders, have approved **t**he transfer of the Equity Shares pursuant to the Offer for Sale as set out below:

Sr. No.	Name of the Selling Shareholder	Date of board resolution/ confirmation letter	Number of the Equity Shares offered for sale
1.	IABF	March 24, 2015	6,580,000
2.	REAL	March 24, 2015	23,000
3.	Proparco	March 25, 2015	4,952,000
4.	Nirmal Family Trust	March 16, 2015	3,151,000
	Total		**14,706,000**

Out of the 3,151,000 Equity Shares being offered for sale by the Nirmal Family Trust in the Offer for Sale, 2,700,000 Equity Shares have been held by them for a period of at least one year as on the date of the Draft Red Herring Prospectus (the "**Eligible Shares**") and 451,000 Equity Shares are a part of the bonus shares issued on the Eligible Shares. Up to 6,580,000 Equity Shares, up to 23,000 Equity Shares, and up to 4,952,000 Equity Shares being offered for sale in the Offer for Sale by the IABF, the REAL, and Proparco, respectively is eligible for the Offer for Sale in accordance with the SEBI Regulations. Each of the Selling Shareholders has confirmed that the Equity Shares, proposed to be offered and sold by it in the Offer for Sale have either been held by it for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI or, have been issued pursuant to a bonus issue on the Equity Shares held for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI, and that Equity Shares proposed to be offered and sold by it are free from any lien, charge, encumbrance or contractual transfer restrictions. The Selling Shareholders have also confirmed that they are the legal and beneficial owners of the Equity Shares being offered under the Offer for Sale.

Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated May 7, 2015 and April 30, 2015, respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the individuals and entities forming a part of the Promoter Group, the Group Companies, the persons in control of our Company and the Selling Shareholders have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies, with which our Promoter, our Directors or persons in control of our Company are or were associated as promoter, directors or persons in control have not been prohibited from accessing in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Prohibition by RBI

Neither our Company, nor our Promoters, relatives of our Promoters ("relatives" as defined under the Companies Act, 2013), our Directors, our Group Company, nor the Selling Shareholders have been identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by any of them in the past or are currently pending against any of them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with the eligibility criteria provided in Regulation 26(1) of the SEBI Regulations, and as calculated from the Restated Financial Statements prepared in accordance with the Companies Act and restated in accordance with the SEBI Regulations:

- our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets;

- our Company has a minimum average pre-tax operating profit of ₹150 million calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years;

- our Company has a pre-Issue net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

- the proposed Issue size does not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2015; and

- The Company was converted into a public limited company on March 19, 2015 and consequently, the name was changed to Prabhat Dairy Limited. For details of changes in the name and registered office of the Company, please see the section entitled "History and Certain Corporate Matters" on page 150. However, there has not been any corresponding change in the business activities of our Company.

Our Company's net worth, net tangible assets and pre-tax operating profit derived from the Restated Summary Statements included in this Red Herring Prospectus as at and for the five years ended Fiscal 2015 are set forth below:

(₹ in million, except percentage values)

Particulars	Financial year ended March 31, 2015		Financial year ended March 31, 2014		Financial year ended March 31, 2013		Financial year ended March 31, 2012		Financial year ended March 31, 2011	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net tangible assets [(1)]	2,344.16	3,376.42	2,318.31	3,179.02	1,658.49	2,371.26	530.99	1,130.44	506.87	NA
Pre-tax Operating Profit [(2)] (Refer Note 1 below)	NA	671.77	NA	572.80	NA	483.87	NA	322.20	174.86	NA
Net Worth [(3)]	2,353.13	3,385.39	2,320.01	3,180.71	1,661.70	2,374.47	534.57	1,134.01	507.31	NA
Monetary assets [(4)]	223.81	275.14	23.61	43.91	21.46	61.53	17.46	62.66	2.21	NA
Monetary assets as a percentage of the net tangible assets	9.55%	8.15%	1.02%	1.38%	1.29%	2.59%	3.29%	5.54%	0.44%	NA

(1) 'Net tangible assets' means the sum of all net assets of our Company excluding intangible assets as defined in AS 26 issued by ICAI.

(2) 'Pre tax operating profit' comprises of profit from operations before other income, interest and exceptional items in accordance with Clause 41 1(A) of the Equity Listing Agreements.

(3) 'Net worth' means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of statement of profit and loss;

(4) Monetary assets for this purpose comprise of cash and bank balances deposits with NBFCs and margin money deposits.

Note 1: Consolidated pre-tax operating profit has been disclosed for the Fiscals 2015, 2014, 2013 and 2012. Standalone pre-tax operating profit has been disclosed for Fiscal 2011, as our Company did not have any subsidiaries in these years and therefore, consolidation was not applicable.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 failing which the entire application monies shall be refunded forthwith.

Except as disclosed in this Red Herring Prospectus, our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS

OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE LEAD MANAGERS, EDELWEISS FINANCIAL SERVICES LIMITED, MACQUARIE CAPITAL SECURITIES (INDIA) PRIVATE LIMITED, AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES FOR THEIR RESPECTIVE PROPORTION OF THE EQUITY SHARES OFFERED BY WAY OF THE OFFER FOR SALE, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 31, 2015 WHICH READS AS FOLLOWS:

WE, THE LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:**

   (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

   (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

   (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE**

UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SEBI REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE ISSUE SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE ISSUE HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE

DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

(B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI REGULATIONS WHILE MAKING THE ISSUE. –NOTED FOR COMPLIANCE

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR.

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS.

The filing of this Red Herring Prospectus does not, however, absolve any person who has authorised the issue of this Red Herring Prospectus from any liabilities under Section 34 or Section 36 of Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up at any point of time, with Lead Managers, any irregularities or lapses in this Red Herring Prospectus and the Prospectus.

All legal requirements pertaining to the Issue have been complied with at the time of filing of this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 30 of the Companies Act, 2013.

Caution - Disclaimer from our Company, our Directors, the Selling Shareholders and the Lead Managers

Our Company, our Directors, and the Lead Managers accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website, www.prabhatfresh.com, would be doing so at his or her own risk. The Selling Shareholders, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made other than those made by each of the Selling Shareholders in relation to itself and the Equity Shares offered in the Issue.

The Lead Managers accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the Lead Managers to the public and Bidders at large and no selective or additional information would be available for a section of the Bidders in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, Underwriters, and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares.

The Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Price information of past issues handled by the Lead Managers

A. Edelweiss

1. Price information of past issues handled by Edelweiss:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue price[(a)] (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date	% Change in price on listing date (Closing) vs. Issue Price	Benchmark index on listing date[(b)] (Closing)	Closing price as on 10th calendar day from listing day[(b)] (₹)	Benchmark index as on 10th calendar day from listing day[(b)(c)] (Closing)	Closing price as on 20th calendar day from listing day[(b)] (₹)	Benchmark index as on 20th calendar day from listing day[(b)(c)] (Closing)	Closing price as on 30th calendar day from listing day (₹)	Benchmark index as on 30th calendar day from listing day[(b)(c)] (Closing)
1.	Inox Wind Limited*	10,205.34	325	April 9, 2015	400	438	34.77%	28,885.21	450.75	27,886.21	430.15	27,396.38	416.80	27,105.39
2.	Monte Carlo Fashions Limited	3,504.3	645	December 19, 2014	585	566.40	(12.19%)	27,371.84	526.40	27,395.73	503.35	26,908.82	473.90	28,262.01
3.	Sharda Cropchem Limited	3,518.6	156	September 23, 2014	254.1	231.45	48.37%	26,775.69	256	26,271.97	255.7	26,384.07	250.75	26,787.23
4.	Wonderla Holidays Limited	1,812.5	125	May 9, 2014	164.75	157.6	26.08%	22,994.23	167	24,363.05	210.1	24,556.09	216	25,580.21

Source: www.bseindia.com

* *Discount of ₹15 per equity share offered to retail investors and eligible employees. All calculations are based on Issue Price of ₹325.00 per equity share.*

(a). Based on date of listing.

(b). Wherever 10th/ 20th / 30th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.

(c). The S&P BSE Sensex is considered as the Benchmark Index

2. Summary statement of price information of past issues handled by Edelweiss:

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ in million)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30^{th} calendar day from listing day			No. of IPOs trading at premium as on 30^{th} calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
April 1, 2015 till the date of filing of the DRHP	1	10,205.24	-	-	-	-	1	-	-	-	-	-	1	-
2014-15	3	8,835.4	-	-	1	-	2	-	-	1	-	2	-	-
2013-14	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1. *Based on date of listing.*
2. *Wherever 10^{th}/ 20^{th} / 30^{th} calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
3. *The S&P BSE Sensex is considered as the Benchmark Index*

B. Macquarie

Macquarie has not handled any initial public offerings in the last three years.

C. SBICAP

1. Price information of past public issues handled by SBICAP:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10^{th} calendar day from listing day	Benchmark index as on 10^{th} calendar day from listing day (Closing)	Closing price as on 20^{th} calendar day from listing day	Benchmark index as on 20^{th} calendar day from listing day (Closing)	Closing price as on 30^{th} calendar day from listing day	Benchmark index as on 30^{th} calendar day from listing day (Closing)
1.	Repco Home Finance Limited	2,702.32	172.00(1)	April 1, 2013	159.95	161.8	-5.93%	5,704.40	171.65	5,558.70	168.75	5,834.40	170.90	5,930.20
2.	Monte Carlo Fashions Limited	3,504.30	645.00	December 19, 2014	585.00	566.40	-12.19%	27371.84	526.40	27,395.73	503.35	26908.82	473.90	28262.01

Note: The 10^{th}, 20^{th} and 30^{th} calendar day computation includes the listing day. If either of the 10^{th}, 20^{th} or 30^{th} calendar days is a trading holiday, the next trading day is considered for the computation. We have considered the designated stock exchange for the pricing calculation.

1. *Issue price for employees was ₹156.00*

2. Summary statement of price information of past issues handled by SBICAP:

Financial year	Total no. Of IPOs	Total funds raised (₹Mn)	Number of IPOs trading at a discount on listing date			Number of IPOs trading at a premium on listing date			Number of IPOs trading at a discount as on 30th calendar day from listing day			Number of IPOs trading at a premium as on 30th calendar day from listing day		
			Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%	Over 50%	Between 25% and 50%	Less than 25%
2013-14	1	2,702.32	0	0	1	0	0	0	0	0	1	0	0	0
2014-15	1	3,504.30	0	0	1	0	0	0	0	1	0	0	0	0
2015-16	-	-	0	0	0	0	0	0	0	0	0	0	0	0

Note: The 30th calendar day computation includes the listing day. If the 30th calendar day is a trading holiday, the next trading day is considered for the computation.

Track record of past issues handled by the Lead Managers

For details regarding the track record of the Lead Managers, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please see the websites of the Lead Managers, as set forth in the table below:

Sr. No.	Name of the Lead Managers	Website
1.	Edelweiss Financial Services Limited	www.edelweissfin.com
2.	Macquarie Capital Securities (India) Private Limited	http://www.macquarie.com/ch/about/disclosures/india-list-of-offer-documents
3.	SBI Capital Markets Limited	http://www.sbicaps.com/index.php/track-record-of-public-issue-2/

Disclaimer in respect of Jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and to FIIs, Eligible NRIs, and FPIs. This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States.

Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of BSE

BSE Limited (the "**Exchange**") has given, *vide* its letter dated May 7, 2015, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

(i). warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

(ii). warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

(iii). take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "**NSE**"). NSE has given vide its letter Ref.: NSE/LIST/24117 dated April 30, 2015 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporate Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 have been delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with RoC at the Office of the Registrar of Companies, Pune, Maharashtra located at PMT Building, Pune Stock Exchange, 3rd Floor, Deccan Gymkhana, Pune 411 004.

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders will forthwith repay, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company and Nirmal Family Trust shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at all Stock Exchanges mentioned above are taken within 12 Working Days of the Bid/Issue Closing Date. The Investor Selling Shareholder shall extend all reasonable co-operation required by the Company and the Lead Managers for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by the Investor Selling Shareholders in the Offer for Sale) at all Stock Exchanges mentioned above are taken within 12 Working Days of the Bid/Issue Closing Date.

Consents

Consents in writing of: (a) our Directors, our Company Secretary and Compliance Officer, Statutory Auditors, legal counsels, Banker/Lenders to our Company and (b) the Lead Managers, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI Regulations, our the Statutory Auditors, namely B S R & Co LLP, Chartered Accountants, have given their written consent for inclusion of their examination reports dated June 24, 2015 on the Restated Standalone Financial Statements and the Restated Consolidated Financial Statements and the statement of tax benefits dated June 24, 2015 in the form and context, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

Further, our Company has received written consents from (i) Flavi Dairy Solutions in relation to the installed/ production capacity, the information relating to historical production and capacity utilisation dated July 10, 2015 included in the section entitled "Our Business" on page 126; (ii) and Sterling Engineers & Boilers Private Limited in relation to the reports on 3MW Captive Power Facility dated July 14, 2015, included in the section entitled "Objects of the Issue" on page 91, respectively, to include their names as an expert under Section 26 of the Companies Act, 2013 in this Red Herring Prospectus and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus.

Expert to the Issue

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consents from the Statutory Auditors, namely B S R & Co. LLP, Chartered Accountants, to include their names as experts under Section 26 of the Companies Act, 2013 in this Red Herring Prospectus in relation to the report dated June 24, 2015 on the Restated Standalone Financial Statements and the Restated Consolidated Financial Statements and the statement of tax benefits dated June 24, 2015, included in this Red Herring Prospectus and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus.

Further, our Company has received written consents from (i) Flavi Dairy Solutions in relation to the installed/ production capacity, the information relating to historical production and capacity utilisation dated July 10, 2015 included in the section entitled "Our Business" on page 126; (ii) and Sterling Engineers & Boilers Private Limited in relation to the reports on 3MW Captive Cogen Plant dated July 14, 2015, included in the section entitled "Objects of the Issue" on page 91, respectively, to include their names as an expert under Section 26 of the Companies Act, 2013 in this Red Herring Prospectus and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus.

Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The Issue expenses consist of underwriting fees, selling commission, fees payable to the Lead Managers, legal counsels, Bankers to the Issue including processing fee to the SCSBs for processing ASBA Bid cum Application Forms procured by the Syndicate Members and submitted to the SCSBs and Registrar to the Issue, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. For further details of Issue expenses, please see the section entitled "Objects of the Issue" on page 91.

Other than the listing fee (which shall be borne by our Company), all other expenses for the Issue shall be shared amongst the Selling Shareholders and the Company, in proportion to the Equity Shares being offered by them in the Issue.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the Issue Agreement and the Syndicate Agreement.

Commission payable to the Registered Brokers

For details of the commission payable to the Registered Brokers, see the section "Objects of the Issue" on page 91.

Fees Payable to the Registrar to the Issue

The fees payable by our Company and the Selling Shareholders to the Registrar to the Issue for processing of application, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated March 27, 2015 entered into, between our Company, the Selling Shareholders and the Registrar to the Issue.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

The Selling Shareholders will reimburse our Company a part of the expenses incurred proportionately.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of the Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in the section entitled "Capital Structure" on page 79, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Previous capital issue during the previous three years by listed Group Companies and associates of our Company

None of the Group Companies and associates of our Company have undertaken a capital issue in the last three years preceding the date of this Red Herring Prospectus.

Performance vis-à-vis objects – Public/rights issue of our Company and/or listed Group Companies and associates of our Company

Our Company has not undertaken any previous public or rights issue. None of the Group Companies or associates of our Company have undertaken any public or rights issue in the last ten years preceding the date of the Draft Red Herring Prospectus.

Outstanding Debentures or Bonds

There are no outstanding debentures or bonds as of the date of filing this Red Herring Prospectus.

Outstanding Preference Shares

There are no outstanding preference shares as on date of this Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB and the Syndicate Members at the Specified Locations with whom the Bid cum Application Form was submitted. In addition to the information indicated above, the ASBA Bidder should also specify the Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations where the Bid cum Application Form was submitted by the ASBA Bidder.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee comprising Ashok Sinha, Sarangdhar Ramchandra Nirmal, and Vivek Ramchandra Nirmal as members. For details, please see the section entitled "Our Management" on page 158.

Our Company has also appointed Priya Nagmoti as the Compliance Officer for the Issue and he may be contacted in case of any pre-Issue or post-Issue related problems at the following address:

Plot No. D-37/4
TTC MIDC Industrial Area
Turbhe
Navi Mumbai 400 705
Tel: +9122 4128 7700
Fax: +9122 4128 7777
E-mail: investor@prabhatdairy.in

Changes in Auditors

Our Company has not changed its auditors in the last three years, except as follows:

S. No.	Name of the auditor	Date of Change	Reason
1.	B S R & Co. LLP, Chartered Accountants	September 9, 2014	Appointment
2.	M/s Deloitte Haskins and Sells LLP	August 20, 2014	Resignation
3.	M/s Deloitte Haskins and Sells LLP	February 22, 2013	Appointment
4.	M/s KSS & Company	January 7, 2013	Resignation
5.	M/s KSS & Company	August 10, 2012	Appointment

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years, except as stated in the section entitled "Capital Structure" on page 79.

Revaluation of Assets

Our Company has not re-valued its assets since its incorporation.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the SEBI Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the terms of this Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Issue.

Ranking of the Equity Shares

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares including rights to receive dividend. The Allottees of the Equity Shares under the Issue, will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see the section entitled "Main Provisions of the Articles of Association" on page 490.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of Companies Act, the Memorandum and Articles of Association and provisions of the Equity Listing Agreement to be entered into with the Stock Exchanges. For further details in relation to dividends, please see the sections entitled "Dividend Policy" and "Main Provisions of the Articles of Association" on pages 182 and 490, respectively.

Face Value and Issue Price

The face value of each Equity Share is ₹ 10 per Equity Shares and the Issue Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholders in consultation with the Lead Managers and advertised in (i) Financial Express (an English national daily newspaper with wide circulation), (ii) Business Standard (a Hindi national daily newspaper with wide circulation), and (iii) Gavkari (a regional language newspaper with wide circulation) at least five Working Days prior to the Bid/Issue Opening Date. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with the SEBI Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of our Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;

- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreements to be entered into by the Company with the Stock Exchange(s) and the Memorandum of Association and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, please see the section entitled "Main Provisions of Articles of Association" on page 490.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated June 28, 2011 entered into between NSDL, our Company and the Registrar to the Issue;
- Agreement dated March 9, 2015 entered into between CDSL, our Company and the Registrar to the Issue.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [•] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Nomination Facility to Bidders

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office or Corporate Office or to the Registrar and Transfer Agent of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the Bidders require changing of their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) for at least 25% of the post-Issue Equity Share capital of the Company in terms of Rule 19(2)(b)(i) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law.

Further, in case of non-receipt of minimum subscription, application money to be refunded shall be credited only to the bank account from which the subscription was remitted. However, such procedure of refund of application moneys to the same bank account shall not extend to cases where the payment of application money has been made by instruments and/or modes other than CTS compliant cheques. In case where payment of application money has been made by instruments and/or modes other than CTS compliant cheques, refunds shall be made to the bank account linked to the demat account. Further, we shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI Regulations.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restrictions on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Issue Equity Share capital of our Company, Promoter's minimum contribution and the Anchor Investor lock-in Equity Shares as detailed in the section entitled "Capital Structure" on page 79 and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on transmission of Equity Shares and on their consolidation/ splitting, except as provided in the Articles of Association. For details, please see the section entitled "Main Provisions of the Articles of Association" on page 490.

Option to Receive Securities in Dematerialised Form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Issue shall be allotted only in dematerialised form. Further, as per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form.

ISSUE STRUCTURE

Issue of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,000 million by our Company and Offer of Sale up to 14,706,000 Equity Shares aggregating to up to ₹ [●] million, comprising of up to 3,151,000 Equity Shares by Nirmal Family Trust, up to 6,580,000 Equity Shares by IABF, up to 23,000 Equity Shares by REAL, and up to 4,952,000 Equity Shares by Proparco. The Issue would constitute [●]% of our post-Issue paid-up Equity Share capital.

The Issue is being made through the Book Building Process.

Particulars	QIBs[1]	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation [2]	[●] Equity Shares	Not less than [●] Equity Shares available for allocation	Not less than [●] Equity Shares available for allocation
Percentage of Issue Size available for Allotment/allocation	50% of the Issue	Not less than 15% of the Issue	Not less than 35% of the Issue
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	In the event, the Bids received from Retail Individual Bidders exceeds [●] Equity Shares, then the maximum number of Retail Individual Bidders who can be allocated/Allotted the minimum Bid Lot will be computed by dividing the total number of the Equity Shares available for allocation/Allotment to Retail Individual Bidders by the minimum Bid Lot ("**Maximum RIB Allottees**"). The allocation/Allotment to Retail Individual Bidders will then be made in the following manner: • In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is equal to or less than Maximum RIB Allottees, (i) Retail Individual Bidders shall be allocated / Allotted the minimum Bid Lot; and (ii) the balance Equity Shares, if any, remaining in the

Particulars	QIBs[(1)]	Non Institutional Bidders	Retail Individual Bidders
			Retail Category shall be allocated/ Allotted on a proportionate basis to the Retail Individual Bidders who have received allocation/Allotment as per (i) above for less than the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot). • In the event the number of Retail Individual Bidders who have submitted valid Bids in the Issue is more than Maximum RIB Allottees, the Retail Individual Bidders (in that category) who will then be allocated/ Allotted minimum Bid Lot shall be determined through a draw of lots basis. In the event of a draw of lots, Allotment will only be made to such Retail Individual Bidders who are successful pursuant to such draw of lots. For details, please see the section entitled "Issue Procedure" on page 437.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares so that the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in	Compulsorily in	Compulsorily in

Particulars	QIBs[1]	Non Institutional Bidders	Retail Individual Bidders
	dematerialised form.	dematerialised form	dematerialised form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply[3]	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual fund registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, Category III Foreign Portfolio Investors.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form (including for Anchor Investors).[4][5]	Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form.[5]	Full Bid Amount shall be payable at the time of submission of the Bid cum Application Form.[5][6]

(1) Our Company and the Selling Shareholders in consultation with the Lead Managers may allocate up to 60% of the QIB Category to Anchor Investor on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. For details, please see the section entitled "Issue Structure" on page 432.

(2) Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19(2)(b)(i) of the SCRR, the Equity Shares issued in the Issue shall aggregate to at least 25% of the post-Issue Equity Share capital of our Company The Issue is being made through the

Book Building Process wherein 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders in consultation with the Lead Managers may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price.

(3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

(4) *Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. The balance, if any, shall be paid within the two Working Days of the Bid/Issue Closing Date.*

(5) *In case of ASBA Bidders, the SCSBs shall be authorised to block such funds in the bank account of the Bidder that are specified in the Bid cum Application Form.*

(6) *The Price Band, minimum Bid Lot, and the Retail Discount and will be decided by our Company and the Selling Shareholders in consultation with the Lead Managers and will be advertised at least five Working Days prior to the Bid/Issue Opening Date. Retail Individual Bidders can avail the Retail Discount at the time of making the Bid. Retail Individual Bidders shall make the payment towards their Bid net of Retail Discount, i.e., Bid Amount less Retail Discount, at the time of making the Bid.*

Retail Individual Bidders bidding at the Cut-Off Price shall ensure payment at the Cap Price less Retail Discount, at the time of making the Bid. Retail Individual Bidders, who are not bidding at Cut-Off Price, should ensure that the Bid price per Equity Share (within the Price Band) before adjusting for the Retail Discount, shall be mentioned in the Bid cum Application Form.

Under subscription, if any, in any category except the QIB Category, would be met with spill-over from the other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Lead Managers and the Designated Stock Exchange.

Withdrawal of the Issue

Our Company and the Selling Shareholders, in consultation with the Lead Managers, reserve the right not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of ASBA Bidders within one day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

If our Company and the Selling Shareholders withdraw the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with a fresh issue or offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/ Issue Programme

BID/ ISSUE OPENS ON	August 28, 2015[1]
BID/ ISSUE CLOSES ON	September 1, 2015

(1) *Our Company and the Selling Shareholders, may, in consultation with the Lead Managers, consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date, being August 27, 2015.*

An indicative timetable in respect of the Issue is set out below:

Event	Indicative Date
Bid/ Issue Closing Date	September 1, 2015
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about September 10, 2015
Initiation of refunds	On or about September 12, 2015
Credit of Equity Shares to demat accounts of Allottees	On or about September 14, 2015
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about September 15, 2015

The above timetable is indicative and does not constitute any obligation on our Company or the Selling Shareholders or the Lead Managers.

Whilst our Company and Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock

Exchanges are taken within 12 Working Days of the Bid/ Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Issue Period by our Company and the Selling Shareholders, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend complete co-operation required by our Company and the Lead Managers for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by each such Selling Shareholders in the Offer for Sale) at all Stock Exchanges within 12 Working Days from the Bid/ Issue Closing Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time (**"IST"**)) during the Bid/ Issue Period (except the Bid/ Issue Closing Date) at the bidding centres mentioned on the Bid cum Application Form, or in the case of ASBA Bidders, at the Designated Branches (a list of such branches is available at the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) or with the members of the Syndicate at the Specified Locations or with the Registered Brokers at the Broker Centres (a list of such Broker Centres is available at the websites of the Stock Exchanges). On the Bid/ Issue Closing Date, the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. (IST) and 3.00 p.m. (IST) and shall be uploaded (i) until 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and (ii) until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of applications received up to the closure of timings and reported by Lead Managers to the Stock Exchanges. On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the Lead Managers to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system would be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/ Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. IST on the Bid/Issue Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days i.e. Monday to Friday (excluding any public holiday). Our Company, the Selling Shareholders and the members of Syndicate are not liable for any failure in uploading Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Red Herring Prospectus is Indian Standard Time.

In case of any discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

Our Company and the Selling Shareholders in consultation with the Lead Managers, reserve the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/ Issue Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the Lead Managers and the terminals of the other members of the Syndicate Members.

ISSUE PROCEDURE

All Bidders should review the General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the "General Information Document") included below under section "- Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges, the Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

Our Company, the Selling Shareholders and the Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.

PART A

Book Building Procedure

The Issue is being made through the Book Building Process wherein 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders in consultation with the Lead Managers may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price.

Under subscription if any, in any category, except in the QIB category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the Lead Managers and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Please note that there is a common Bid cum Application Form for ASBA Bidders as well as for non-ASBA Bidders. Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the Lead Managers, the Syndicate Members, the Registered Brokers at the Broker Centres, the SCSBs and the Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available on the websites of the SCSBs, NSE (www.nseindia.com) and BSE (www.bseindia.com) and the terminals of the Registered Brokers. Physical Bid cum Application Forms for Anchor Investors shall be made available at the offices of the Lead Managers.

QIBs (other than Anchor Investors) and Non-Institutional Bidders shall mandatorily participate in the Issue only through the ASBA process. Retail Individual Bidders can participate in the Issue through the ASBA process as well as the non-ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process.

ASBA Bidders must provide bank account details in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected. In relation to non-ASBA Bidders, the bank account details shall be available from the depository account on the basis of the DP ID, Client ID and PAN provided by the non-ASBA Bidders in their Bid cum Application Form.

Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSBs, as the case may be, submitted at the Bidding centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs, FPIs, or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors	White

* *Excluding electronic Bid cum Application Form*

Who can Bid?

In addition to the categories of Bidders set forth under the section entitled "– General Information Document for Investing in Public Issues – Category of Bidders Eligible to Participate in an Issue", the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs other than Category III Foreign Portfolio Investor;
- Category III Foreign Portfolio Investors, which are foreign corporates or foreign individuals only under the Non Institutional Bidders category; and
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.

Participation by associates and affiliates of the Lead Managers and the Syndicate Members

The Lead Managers and the Syndicate Members shall not be allowed to purchase Equity Shares in the Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Managers and the Syndicate Members may purchase Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of Bidders, including associates or affiliates of the Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds sponsored entities related to the Lead Managers, the Lead Managers and any persons related to the Lead Managers or the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

NRIs may obtain copies of Bid cum Application Form from the offices of the Lead Managers, the Syndicate

Members, the Registered Brokers and the SCSBs. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs (applying on a non-repatriation basis) should make payments by inward remittance in foreign exchange through normal banking channels or out of funds held in Non-Resident External ("**NRE**") Accounts, Foreign Currency Non-Resident ("**FCNR**") Accounts, Non-Resident Ordinary ("**NRO**") Account, or Non-Resident (Special) Rupee Account / Non-Resident Non-Repatriable Term Deposit Account. NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for Residents (white in colour). Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

Eligible NRIs intending to make payment through freely convertible foreign exchange and bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their NRE or FCNR accounts maintained with banks authorised by the RBI to deal in foreign exchange. Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Bids by non-resident Bidder bidding on a repatriation basis will not be accepted out of NRO accounts.

Non-ASBA Bids by NRIs shall be submitted only in the locations specified in the Bid cum Application Form.

Bids by FPIs, and FIIs

On January 7, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio Bidders namely 'foreign institutional investors' and 'qualified foreign investors' will be subsumed under a new category namely 'foreign portfolio investors' or 'FPIs'. RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies. In terms of the SEBI FPI Regulations, an FII which holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in the Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

The existing individual and aggregate investment limits for an FII or sub account in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad based funds, which are classified as Category II Foreign Portfolio Investors by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only if (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by, or on behalf of, it to any persons that are not regulated by an appropriate foreign regulatory authority.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI VCF Regulations and the SEBI FVCI Regulations *inter alia* prescribe the investment restrictions on the VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing which, our Company and the Selling Shareholders reserve the right to reject any Bid by a limited liability partnership without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with the RBI, certified copies of: (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing which, our Company and the Selling Shareholders reserve the right to reject any Bid by a banking company without assigning any reason thereof.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Master Circular dated July 1, 2014 – Para-banking Activities, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any such Bid in whole or in part, in either case, without assigning any reasons thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 are broadly set forth below:

(a) equity shares of a company: the lower of 10% of the outstanding Equity Shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (a), (b) and (c) above, as the case may be.

Bids by SCSBs

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing which, our Company and the Selling Shareholders reserve the right to reject any such Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the Syndicate or Registered Broker or SCSB (except in case of electronic forms);

6. In relation to the ASBA Bids, ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Syndicate in the Specified Locations or with a Registered Broker at the Broker Centres, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Selling Shareholders or the Registrar to the Issue;

7. With respect to the ASBA Bids, ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

8. QIBs (other than Anchor Investors) and Non-Institutional Bidders should Bid through the ASBA process only;

9. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

10. Ensure that you request for and receive a TRS for all your Bid options;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (at Specified Locations), the SCSBs or the Registered Broker (at the Broker Centres);

12. Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form under non-ASBA process to the Syndicate or the Registered Brokers;

13. With respect to non-ASBA Bids, ensure that the full Bid Amount is paid for the Bids and with respect to ASBA Bids, ensure funds equivalent to the Bid Amount are blocked;

14. Submit revised Bids to the same member of the Syndicate, SCSB or Registered Broker, as applicable, through whom the original Bid was placed and obtain a revised TRS;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for Bidders residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

16. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

18. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

19. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

20. Ensure that the category and sub-category under which the Bid is being submitted is clearly specified in the Bid cum Application Form;

21. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;

22. If you are resident outside India, ensure that Bids by you are in compliance with applicable foreign and Indian laws;

23. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the electronic bidding of the Stock Exchanges by the Syndicate, the SCSBs or the Registered Brokers, as the case may be, match with the DP ID, Client ID and PAN available in the Depository database;

24. In relation to the ASBA Bids, ensure that you use the Bid cum Application Form bearing the stamp of the Syndicate (in the Specified Locations) and/or relevant SCSB and/ or the Designated Branch and/ or the Registered Broker at the Broker Centres (except in case of electronic forms);

25. Ensure that you tick the correct Bidder category, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the online IPO system of the Stock Exchanges;

26. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus;

27. ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries, updated from time to time). ASBA Bidders bidding through a Registered Broker should ensure that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms;

28. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

29. Ensure that the entire Bid Amount is paid at the time of submission of the Bid or in relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form; and

30. In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch of the SCSB or from the member of the Syndicate in the Specified Locations or from the Registered Broker at the Broker Centres, as the case may be, for the submission of your Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/ revise the Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate, the SCSBs or the Registered Brokers, as applicable;

4. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

5. Do not send Bid cum Application Forms by post; instead submit the same to the Syndicate, the SCSBs or the Registered Brokers only;

6. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s) (assuming that such bank is not a SCSB), our Company, the Selling Shareholders or the Registrar to the Issue;

7. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the Syndicate, the Registered Brokers or the SCSBs;

8. Anchor Investors should not Bid through the ASBA process;

9. If you are a QIB or Non-Institutional Bidder, do not Bid at Cut-off Price;

10. If you are a Retail Individual Bidders, do not Bid for a Bid Amount exceeding ₹ 200,000;

11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size

and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

12. Do not submit the GIR number instead of the PAN;

13. In case you are a Bidder other than an ASBA Bidder, do not submit the Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;

14. In case you are an ASBA Bidder, do not instruct your respective banks to release the funds blocked in the ASBA Account;

15. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

16. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

17. If you are a QIB, do not submit your Bid after 3.00 p.m. (IST) on the Bid/Issue Closing Date for QIBs;

18. If you are a Non-Institutional Bidder or Retail Individual Bidder, do not submit your Bid after 3.00 p.m. (IST) on the Bid/ Issue Closing Date;

19. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872, as amended (other than minors having valid depository accounts as per Demographic Details provided by the Depositories);

20. If you are a QIB or a Non-Institutional Bidder, do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage;

21. In case of ASBA Bidders, do not submit more than five Bid cum Application Forms per ASBA Account;

22. Do not submit ASBA Bids to a member of the Syndicate at a location other than the Specified Locations or to the brokers other than the Registered Brokers at a location other than the Broker Centres;

23. Do not submit ASBA Bids to a member of the Syndicate in the Specified Locations unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Specified Location, for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/ list/5/33/0/0/Recognised-Intermediaries, updated from time to time); and

24. Do not submit ASBA Bids to a Registered Broker unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Registered Broker to deposit the Bid cum Application Forms

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment instructions

In terms of RBI circular no. DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, non-CTS 2010 standard compliant cheques are processed in three CTS centres in separate clearing session. This separate clearing session will operate only once a week from November 1, 2014 onwards. In order to enable listing and trading of Equity Shares within 12 Working Days of the Bid/Issue Closing Date, Bidders are advised to use CTS cheques or use the ASBA facility to make payment. Bidders are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Issue Closing Date.

BIDDERS ARE CAUTIONED THAT BID CUM APPLICATION FORMS ACCOMPANIED BY NON-CTS CHEQUES ARE LIABLE TO BE REJECTED DUE TO ANY DELAY IN CLEARING BEYOND SIX WORKING DAYS FROM THE BID/ISSUE CLOSING DATE.

PLEASE NOTE THAT IN THE EVENT OF A DELAY BEYOND SIX WORKING DAYS FROM THE BID/ISSUE CLOSING DATE IN CLEARING THE CHEQUES ACCOMPANYING THE BID CUM APPLICATION FORMS, FOR ANY REASON WHATSOEVER, SUCH BID CUM APPLICATION FORMS WILL BE LIABLE TO BE REJECTED.

Payment into Escrow Account for non-ASBA Bidders

The payment instruments for payment into the Escrow Account should be drawn in favour of:

(a) In case of resident Retail Individual Bidders: "Escrow Account – Prabhat Dairy IPO – R"

(b) In case of Non-Resident Retail Individual Bidders: "Escrow Account – Prabhat Dairy IPO – NR"

Our Company and the Selling Shareholders in consultation with the Lead Managers, in its absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "Escrow Account – Prabhat Dairy IPO – Escrow – Anchor Investor – R"

(b) In case of Non-Resident Anchor Investors: "Escrow Account – Prabhat Dairy IPO – Anchor Investor – NR"

Pre- Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in an English national daily newspaper, Financial Express (ii) Hindi national daily newspaper, Business Standard, and (iii) Marathi newspaper, Gavkari, each with wide circulation.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

Undertakings by our Company

Our Company undertakes the following that:

- if our Company or Selling Shareholders do not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

- if our Company and the Selling Shareholders withdraw the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company and/or any Selling Shareholders subsequently decides to proceed with the Issue;

- the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven Working Days of finalisation of the Basis of Allotment;

- Allotment letters shall be issued or application money shall be refunded within 15 days from the Bid/Issue Closing Date or such lesser time specified by SEBI, else application money shall be refunded forthwith, failing which interest shall be due to the applicants at the rate of 15% per annum for the delayed period;

- the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

- where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;

- no further issue of the Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.; and

- adequate arrangements shall be made to collect all Bid cum Application Forms under the ASBA process and to consider them similar to non-ASBA Bids while finalising the Basis of Allotment.

- That our Company and the Selling Shareholders shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Undertakings by Nirmal Family Trust

Nirmal Family Trust undertakes that:

- the Equity Shares being sold by it pursuant to the Issue, have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, or issued pursuant a bonus issue or issued pursuant to conversion of preference shares, are fully paid-up and are in dematerialised form;

- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold in the Issue;

- the Equity Shares being sold by it pursuant to the Issue are free and clear of any liens or encumbrances and shall be transferred to the Bidders within the time specified under applicable law;

- it shall provide complete co-operation as requested by our Company in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Issue;

- it shall provide complete support and co-operation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Issue. It has authorised the Compliance Officer and Registrar to the Issue to redress such investor grievances;

- funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the Red Herring Prospectus and Prospectus shall be made available to the Registrar to the Issue by it;

- it shall provide complete support and co-operation as may be required by our Company in sending a suitable communication, where refunds are made through electronic transfer of funds, to the applicant within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- it shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;

- if it does not proceed with the Issue after the Bid/ Issue Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Bid/ Issue Closing Date. The public notice shall be issued in the same newspapers where the pre- Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend complete co-operation requested by our Company and the BRLMs in this regard;

- it shall not further transfer the Equity Shares offered in the Offer for Sale except in the Issue during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Issue and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Issue;

- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Issue are available for transfer in the Issue within the time specified under applicable law; and

- it shall comply with all applicable laws, in India, including the Companies Act, the SEBI Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the Equity Shares offered by it in the Issue.

Undertakings by the Investor Selling Shareholders

Each of the Investor Selling Shareholders severally undertakes that:

- the Equity Shares being sold by it pursuant to the Issue, have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, or issued pursuant a bonus issue or issued pursuant to conversion of preference shares, are fully paid-up and are in dematerialised form;

- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold in the Issue;

- the Equity Shares being sold by it pursuant to the Issue are free and clear of any liens or encumbrances and shall be transferred to the Bidders within the time specified under applicable law;

- it shall provide complete co-operation as requested by our Company in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Issue;

- it shall provide complete support and co-operation as may be required by our Company and the Lead Managers in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Issue. The Selling Shareholders have authorised the Compliance Officer and Registrar to the Issue to redress such investor grievances;

- funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the Red Herring Prospectus and Prospectus shall be made available to the Registrar to the Issue by the Selling Shareholders;

- it shall provide complete support and co-operation as may be required by our Company in sending a suitable communication, where refunds are made through electronic transfer of funds, to the applicant within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- it shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;

- if the Selling Shareholders do not proceed with the Issue after the Bid/ Issue Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Bid/ Issue Closing Date. The public notice shall be issued in the same newspapers where the pre- Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend complete co-operation requested by our Company and the Lead Managers in this regard;

- it shall not further transfer the Equity Shares offered in the Offer for Sale except in the Issue during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Issue and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Issue;

- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Issue are available for transfer in the Issue within the time specified under applicable law; and

- it shall comply with all applicable laws, in India, including the Companies Act, the SEBI Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the Equity Shares offered by it in the Issue.

Utilisation of Issue proceeds

The Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

- details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- the utilisation of monies received under the Promoters' contribution, if any, shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

- the details of all unutilised monies out of the funds received under the Promoters' contribution, if any, shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

The Selling Shareholders along with our Company declare that all monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI Regulations").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("RHP")/ Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Issue and on the website of Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of the SEBI Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI Regulations, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI Regulations, an Issuer can either determine the Issue Price through the Book Building Process ("Book Built Issue") or undertake a Fixed Price Issue ("Fixed Price Issue"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

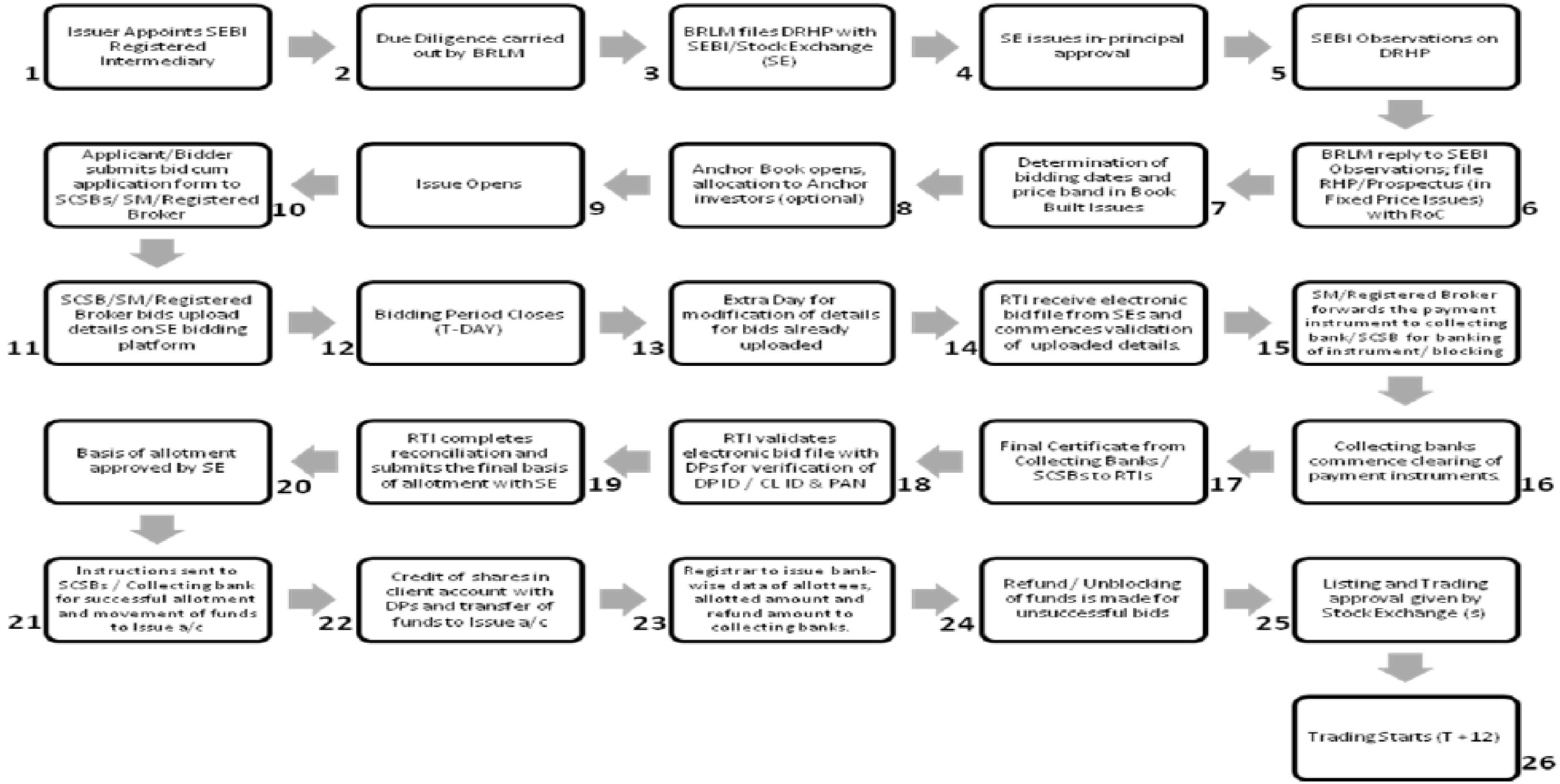
    i. Step 7 : Determination of Issue Date and Price

    ii. Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.

    iii. Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform

    iv. Step 12: Issue period closes

    v. Step 15: Not Applicable


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchange (SE)
4 SE issues in-principal approval
5 SEBI Observations on DRHP
6 BRLM reply to SEBI Observations; file RHP/Prospectus (in Fixed Price Issues) with RoC
7 Determination of bidding dates and price band in Book Built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to SCSBs/ SM/Registered Broker
11 SCSB/SM/Registered Broker bids upload details on SE bidding platform
12 Bidding Period Closes (T-DAY)
13 Extra Day for modification of details for bids already uploaded
14 RTI receive electronic bid file from SEs and commences validation of uploaded details.
15 SM/Registered Broker forwards the payment instrument to collecting bank/SCSB for banking of instrument/ blocking
16 Collecting banks commence clearing of payment instruments.
17 Final Certificate from Collecting Banks / SCSBs to RTIs
18 RTI validates electronic bid file with DPs for verification of DP ID / CL ID & PAN
19 RTI completes reconciliation and submits the final basis of allotment with SE
20 Basis of allotment approved by SE
21 Instructions sent to SCSBs / Collecting bank for successful allotment and movement of funds to Issue a/c
22 Credit of shares in client account with DPs and transfer of funds to Issue a/c
23 Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks.
24 Refund / Unblocking of funds is made for unsuccessful bids
25 Listing and Trading approval given by Stock Exchange (s)
26 Trading Starts (T + 12)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, FPIs, and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified cum Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants bidding/applying in the reserved category	[As specified by the Issuer]

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE

IN

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER'S/AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE

BANK BRANCH SERIAL NO. | REGISTRAR'S / SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 | 6 | 5 | 4 | 3 | 2 | 1	4 | 3 | 2 | 1	4 | 3 | 2 | 1	4 | 3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. Category

☐ Retail Individual

☐ Non-Institutional

☐ QIB

6. Investor Status

- ☐ Individual(s) - IND
- ☐ Hindu Undivided Family* - HUF
- ☐ Bodies Corporate - CO
- ☐ Banks & Financial Institutions - FI
- ☐ Mutual Funds - MF
- ☐ Non-Resident Indians - NRI (Non-Repatriation basis)
- ☐ National Investment Fund - NIF
- ☐ Insurance Funds - IF
- ☐ Insurance Companies - IC
- ☐ Venture Capital Funds - VC
- ☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Amount Paid (₹ in figures) (₹ in words)

☐ (A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

☐ (B) ASBA

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filing up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT

Date : ____________, 2011

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (For ASBA option ONLY)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures) | Bank & Branch

Cheque / DD/ASBA Bank A/c No.

Stamp & Signature of Banker

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Syndicate Member / SCSB

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

TEAR HERE

COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - NR

FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE
INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE
ESCROW BANK / SCSB BRANCH STAMP & CODE	**SUB-BROKER'S/SUB-AGENT'S STAMP & CODE**
BANK BRANCH SERIAL NO.	**REGISTRAR'S / SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

6. Investor Status

NRI	Non-Resident Indian (Repatriation basis)
FII	Foreign Institutional Investor
FVCI	Foreign Venture Capital Investor
FIISA	FII Sub Account Corporate / Individual
OTH	Others (Please Specify)

4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	7 6 5 4 3 2 1	Bid Price 4 3 2 1	Discount, if any 4 3 2 1	Net Price 4 3 2 1	"Cut-off" (Please tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. Category

☐ Retail Individual

☐ Non-Institutional

☐ QIB

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)

PAYMENT OPTIONS ☐ **Full Payment** ☐ **Part Payment**

Amount Paid (₹ in figures) (₹ in words)

☐ **(A) CHEQUE/ DEMAND DRAFT (DD)**

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

☐ **(B) ASBA**

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid Cum Application Form given overleaf.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (For ASBA option ONLY)	BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : ____________, 2011	3)	

TEAR HERE

XYZ LIMITED

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Amount Paid (₹ in figures) | Bank & Branch

Cheque / DD/ASBA Bank A/c No.

Stamp & Signature of Banker

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Syndicate Member / SCSB

Name of Sole / First Applicant

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications(including refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders/Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders All payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and all communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/Application Forms which provide the GIR Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Please note that refunds on account of our Company not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank. However, such procedure of refund of application moneys to the same bank account shall not extend to cases where the payment of application money has been made by instruments and/or modes other than CTS compliant cheques. In case where payment of application money has been made by instruments and/or modes other than CTS compliant cheques, refunds shall be made to the bank account linked to the demat account.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.

In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding Rs. 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least Rs. 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Issue size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5 : CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI Regulations for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.

(b) Up to 60.00% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with the SEBI Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI Regulations. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI Regulations, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs, and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, *i.e.* Bid price less Discount offered, if any.

(b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.

(c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.

(d) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").

(e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for non-ASBA Bidders:**

(a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.

(b) **For Bids made through a member of the Syndicate**: The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the members of the Syndicate at Specified Locations.

(c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.

(d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.

(e) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.

(g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.1.7.2 **Payment instructions for ASBA Bidders**

(a) ASBA Bidders may submit the Bid cum Application Form either

i. in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account, or

ii. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

iii. in physical mode to a member of the Syndicate at the Specified Locations, or

iv. to Registered Brokers of the Stock Exchange

(b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

(g) ASBA Bidders bidding through a Registered Broker should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms.

(h) ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount *i.e.* the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.

(b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.

(c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.

ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker

v. Bidder/Applicant may contact the Company Secretary and Compliance Officer or the

BRLM(s) in case of any other complaints in relation to the Issue.

(d) The following details (as applicable) should be quoted while making any queries -

i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.

ii. name and address of the member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted or

iii. In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof

iv. In case of ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:

COMMON BID REVISION FORM FOR ASBA / NON-ASBA

XYZ LIMITED - PUBLIC ISSUE - R

FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS

Logo

To,
The Board of Directors
XYZ Limited

BOOK BUILDING ISSUE

INE523L01018

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S/AGENT'S STAMP & CODE
ESCROW BANK/SCSB BRANCH STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE
BANK BRANCH SERIAL NO.	REGISTRAR'S /SCSB SERIAL NO.

1. NAME & CONTACT DETAILS of Sole / First Applicant

Mr. / Ms.

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST APPLICANT

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (as per last Bid or Revision)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1					☐
(OR) Option 2	OLD BID				☐
(OR) Option 3					☐

5. TO (Revised Bid)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Discount, if any	Net Price	"Cut-off" (Please tick)
	7 6 5 4 3 2 1	4 3 2 1	4 3 2 1	4 3 2 1	
Option 1					☐
(OR) Option 2	REVISED BID				☐
(OR) Option 3					☐

6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) PAYMENT OPTIONS ☐ Full Payment ☐ Part Payment

Additional Amount Paid (₹ in figures) (₹ in words)

☐ (A) CHEQUE/ DEMAND DRAFT (DD)

Cheque/DD No. Dated D D M M Y Y

Drawn on (Bank Name & Branch)

☐ (B) ASBA

Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/We (on behalf of joint applicants, if any) hereby confirm that I/We have read the Instructions for Filling up the Bid revision Form given overleaf.

7A. SIGNATURE OF SOLE/ JOINT APPLICANT(S)	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY)	BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : _____________, 2011	3)	

TEAR HERE

XYZ LIMITED
BID REVISION FORM

Acknowledgement Slip for Syndicate Member / SCSB

Bid cum Application Form No.

DPID / CLID

PAN

Additional Amount Paid (₹) | Bank & Branch

Cheque / DD/ASBA Bank A/c No.

REVISED BID

Received from Mr./Ms.

Telephone / Mobile | Email

Stamp & Signature of Banker

TEAR HERE

XYZ LIMITED
BID REVISION FORM

	Option 1	Option 2	Option 3
No. of Equity Shares		REVISED BID	
Bid Price			
Additional Amount Paid (₹)			

Cheque / DD/ASBA Bank A/c No.

Bank & Branch

Acknowledgement of Syndicate Member / SCSB

Name of Sole / First Applicant

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEARHERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.

(b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, *i.e.* Bid price less discount offered, if any.

(c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount *i.e.*, original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.

(e) In case the total amount (*i.e.*, original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(f) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs.15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed Rs. 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Issue size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

   i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

   ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

   i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.

   ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

   iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS

(a) The categories of applicants identified as per the SEBI Regulations for the purpose of Bidding, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI Regulations. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI Regulations specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 FIELD 7: PAYMENT DETAILS

(a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.

(b) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").

(c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 **Instructions for non-ASBA Applicants:**

(a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).

(b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).

(c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.

(d) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

(e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.

(f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.3.5.2 **Payment instructions for ASBA Applicants**

(a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.

(b) ASBA Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) ASBA Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.3 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, alongwith instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

4.3.5.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount *i.e.* the Application Amount less Discount (if applicable).

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	**Submission of Bid cum Application Form**
Non-ASBA Application	1) To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form 2) To Registered Brokers
ASBA Application	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres (b) To the Designated branches of the SCSBs where the ASBA Account

Mode of Application	Submission of Bid cum Application Form
	is maintained

(a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.

(b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.

(c) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(d) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of the SEBI Regulations. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.

(b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.

(c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.

(d) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs may upload the Bids till such time as may be permitted by the Stock

Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and the SCSBs may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Issue Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to

i. the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,

ii. the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,

iii. the Bid cum application forms accepted but not uploaded by the members of the Syndicate, the Registered Broker and the SCSBs, or

iv. With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, *inter alia*, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications by OCBs; and

(c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(h) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(l) Bids/Applications at Cut-off Price by NIIs and QIBs;

(m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, the amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(p) Bids/Applications for a Bid/Application Amount of more than Rs. 200,000 by RIIs by applying through non-ASBA process;

(q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(s) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(t) With respect to ASBA Bids/Applications, inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;

(u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

(v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;

(w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);

(x) ASBA Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;

(y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in Retail category is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI Regulations. Unsubscribed portion in QIB category is not available for subscription to other categories.

(c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, *i.e.*, Rs. 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, *i.e.*, at or below Rs. 22.00. All Bids at or above the Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty % to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (*i.e.* who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI Regulations or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer subject to compliance with the following requirements:

i. not more than 60% of the QIB Portion will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to Rs. 10 crores;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs. 10 crores and up to Rs. 250 crores subject to minimum allotment of Rs. 5 crores per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than Rs. 250 crores subject to minimum allotment of Rs. 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the

Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than Rs. 5 lakhs but which may extend to Rs. 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not repaid within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, within 70 days from the Bid/Issue Closing Date, the Issuer may forthwith, without interest refund the entire subscription amount received. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. Further, in case of non-receipt of minimum subscription, application money to be refunded shall be credited only to the bank account from which the subscription was remitted. However, such procedure of refund of application moneys to the same bank account shall not extend to cases where the payment of application money has been made by instruments and/or modes other than CTS compliant cheques. In case where payment of application money has been made by instruments and/or modes other than CTS compliant cheques, refunds shall be made to the bank account linked to the demat account.

If there is a delay beyond the prescribed time, then the Issuer and every director of the Issuer who is an officer in default may be liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI Regulations comes for an Issue under Regulation 26(2) of SEBI Regulations but fails to allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA

Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.

(b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.

(c) In case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Bidders/Applicants' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds on account of our Company not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank. However, such procedure of refund of application moneys to the same bank account shall not extend to cases where the payment of application money has been made by instruments and/or modes other than CTS compliant cheques. In case where payment of application money has been made by instruments and/or modes other than CTS compliant cheques, refunds shall be made to the bank account linked to the demat account.

(d) In the case of Bids from Eligible NRIs, FIIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various modes as mentioned below:

(a) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Bidders/Applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders/Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **Direct Credit**—Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(d) **RTGS**—Bidders/Applicants having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

(e) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received.

Please note that refunds on account of our Company not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank. However, such procedure of refund of application moneys to the same bank account shall not extend to cases where the payment of application money has been made by instruments and/or modes other than CTS compliant cheques. In case where payment of application money has been made by instruments and/or modes other than CTS compliant cheques, refunds shall be made to the bank account linked to the demat account.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc Bidders/Applicants may refer to RHP/Prospectus.

8.3.2 Mode of making refunds for ASBA Bidders/Applicants

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI Regulations.
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors

Term	Description
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Issue who Bid/apply through ASBA
Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid /Issue Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date
Bid/Issue Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount

Term	Description
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under the SEBI Regulations, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)/Lead Manager/ LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant’s Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant’s address, name of the Applicant’s father/husband, investor status, occupation and bank account details

Term	Description
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under the SEBI Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under the SEBI Regulations, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto

Term	Description
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and FPIs which are Category III foreign portfolio investors registered with SEBI, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form

Term	Description
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs, and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the IT Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price,the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under the SEBI Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made

Term	Description
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders/Applicants as provided under the SEBI Regulations
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than Rs. 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than Rs. 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in the Issue (excluding Bids from ASBA Bidders/Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)

Term	Description
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), issued the Consolidated Foreign Direct Investment Policy notified by the DIPP D/o IPP F. No. 5(1)/2015-FC-1 dated May 12, 2015, effective from May 12, 2015 (the "**Policy** "), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on May 11, 2015. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Circular 1 of 2014 will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("**FDI**") Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States.

Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

The Articles of Association of our Company comprise of two parts. Part B of the Articles shall stand terminated with immediate effect upon finalization of the basis of allotment for the Issue without any further action by the Company or by the Shareholders of our Company.

Part A of the Articles of Association

Authorised Share Capital

Article 5 provides that "the authorised share capital of the Company shall be such amount, divided into such class(es) denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum Of Association of the Company, with power to increase or reduce such Capital from time to time and power to divide the shares in the Capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the regulations of the Company or the provisions of the Company or the provisions of the law for the time being in force."

Increase, reduction and alteration in capital

Article 88 provides that "subject to the provisions of the Act, the Company may, by ordinary resolution –

a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;

b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;

c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Article 97 provides that "notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities."

Article 94 provides that "The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, —

a) its share capital; and/or

b) any capital redemption reserve account; and/or

c) any share premium account."

Payment of commission and brokerage

Article 31 provides that

a) "Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) to any shares or debentures of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares or debentures of the Company and provisions of the Act shall apply.

b) The Company may also, in any issue, pay such brokerage as may be lawful."

Calls

Article 41 provides that "the Board may, make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares (whether on account of the nominal value of the shares or by premium) and not by the conditions of allotment thereof made payable at fixed times. Provided no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed at the discretion of the Board.

A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid in installments."

Article 42 provides that "each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances."

Article 44 provides that "the joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof."

Article 45 provides that "if a Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member. The Board shall be at liberty to waive payment of any such interest wholly or in part."

Article 46 provides that "any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable."

Article 47 provides that "in case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified."

Article 51 provides that "the Board –

a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in its General Meeting shall otherwise direct, 12% p.a., as may be agreed upon between the Board and the Member paying the sum in advance. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him."

Forfeiture, surrender and lien

Article 53 provides that "if a member fails to pay any call, or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment."

Article 55 provides that "if the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect."

Article 62 provides that “a forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.”

Article 60 provides that “a person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares. All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realisation. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.”

Articles 70 provides that “the provisions of these Articles as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Article 32 provides that “the Company shall have a first and paramount lien –

a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.”

Articles 35 provides that “the Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

a) unless a sum in respect of which the lien exists is presently payable; or

b) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

No Member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.”

Article 36 provides that “to give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.

Transfer and transmission of shares

Article 74 provides that “the instrument of transfer of any share shall be in writing and all the provisions of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases. In case of transfer of shares, where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.”

Article 75 provides that “every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register of members in respect thereof. The instrument of transfer shall be in respect of same class of shares and should be in the form prescribed under the Act."

Article 77 provides that "subject to the provisions of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member in the Company. The Company shall within thirty (30) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares."

Article 80 provides that "the executors or administrators or the holders of a succession certificate issued in respect of the shares of a deceased Member and not being one of several joint holders shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such Members and in case of the death of one or more of the joint holders of any registered share, the survivor or survivors shall be entitled to the title or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Provided nevertheless that in case the Directors, in the absolute discretion think fit, it shall be lawful for the Directors to dispense with the production of a probate or letters of administration or a succession certificate or such other legal representation upon such terms (if any) (as to indemnify or otherwise) as the Directors may consider necessary or desirable."

Article 79 provides that "in case of the death of any one or more persons named in the Register as the joint holders of any shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such share but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person."

Article 82 provides that "subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, either by registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares."

Borrowing Powers

Article 158 provides that

a) "subject to the provisions of the Act and these Articles, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, debentures, perpetual or otherwise, including debentures convertible into shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities; provided however, that the moneys to be borrowed, together with the money already borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company by a Special Resolution at a General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves. Provided that every Special Resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or managing Director or to any other person permitted by applicable law, if any, within the limits prescribed.

c) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and he same shall be in the interests of the Company.

d) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution."

Conversion of shares into stock

Article 92 provides that "where shares are converted into stock:

a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

   Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;

b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;

c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"member" shall include "stock" and "stock-holder" respectively."

Convening General Meeting

Article 99 provides that "the Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year.

a) An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next.

b) Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96 of the Act to extend the time with which any Annual General Meeting may be held.

c) Every annual general meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday in India and shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the Company is situated."

Article 101 provides that "the Board shall on, the requisition of Members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under the Act.'

Article 100 provides that "in addition to any other Meetings, General Meeting of the Company shall be held within such intervals as are specified in Section 96 of the Act and subject to the provisions of Section 96 of the

Act, at such times and places as may be determined by the Board. Each such General Meeting shall be called as "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called as 'Extraordinary General Meeting'. Provided that, the Board may, whenever it thinks fit, call an extraordinary general meeting."

Article 102 provides that "all General Meetings shall be convened by giving not less than twenty-one (21) days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in the Act. Notice shall be given to all the shareholders and to such persons as are under the Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any Member or other person to whom it should be given shall not invalidate the proceedings of any General Meetings.

The Members may participate in General Meetings through such modes as permitted by applicable laws including video conferencing."

Article 106 provides that "five Members or such other number of Members as required under the Act or the law for the time being in force prescribes, personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting."

Votes of Members

Article 117 provides that "subject to any rights or restrictions for the time being attached to any class or classes of shares:

a) On a show of hands every Member holding equity shares and present in person shall have one vote.

b) On a poll, every Member holding equity shares therein shall have voting rights in proportion to his share of the paid up equity share capital.

c) On a poll, a Member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

d) A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once."

Article 112 provides that "if a poll is duly demanded in accordance with the provisions of the Act, it shall be taken in such manner as the chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded."

Article 113 provides that "in case of equal votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a Member."

Proxies

Article 122 provides that "the instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a corporation either under its common seal or under the hand of its attorney duly authorized in writing or be signed by an officer. Any person whether or not he is a Member of the Company may be appointed as a proxy.

The instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed or a notarized copy of that power or authority must be deposited at the registered Office of the Company not less than forty eight hours prior to the time fixed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. Subject to the provisions of the Act, the form of proxy shall be two way proxies enabling the shareholder to vote for/against any resolution."

Article 123 provides that "a vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its Office before the commencement of the meeting at which the proxy is used."

Directors

Article 125 provides that "unless otherwise determined by General Meeting, the number of Directors shall not be less than three and not more than fifteen, and atleast one Director shall be resident of India in the previous year.

Provided that a company may appoint more than fifteen directors after passing a special resolution."

Article 126 *Omitted

**The provisions of Article 126 have been omitted/deleted by way of passing a special resolution by the shareholders at the Extra ordinary General Meeting held on July 15, 2015*

Article 162 provides that

a) "subject to the provisions of the Act, so long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such institution/ corporation/ company (hereinafter referred to as the "Corporation") so provides, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as "Nominee Directors/s") on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board meetings and of the meetings of the committee of which Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

d) The Company may pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s may accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

e) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer."

Article 130 provides that "the Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.

An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director."

Article 129 provides that "subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles."

Article 132 provides that "a Director (other than a managing Director or whole-time Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any committee thereof attended by him. The remuneration of Directors including managing Director and/or whole-time Director may be paid in accordance with the applicable provisions of the Act.

The Board of Directors may allow and pay or reimburse any Director who is not a bonafide resident of the place where a meeting of the Board or of any committee is held and who shall come to such place for the purpose of attending such meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for travelling, and out-of-pocket expenses and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be reimbursed any travelling or other expenses incurred in connection with the business of the Company."

Key Managerial Personnel/Managing Director/Whole-Time Director

Article 168 provides that "subject to the provisions of the Companies Act,—

a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the managing Director and/ or whole-time Directors for such term and subject to such remuneration, terms and conditions as they may think fit.

b) The Directors may from time to time resolve that there shall be either one or more managing Directors and/ or whole-time Directors.

c) In the event of any vacancy arising in the office of a managing Director and/or whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the Members.

d) If a managing Director and/or whole-time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be managing Director/whole time Director.

e) The managing Director and/or whole time Director shall not be liable to retirement by rotation as long as he holds office as managing Director or whole-time Director."

Proceedings of the Board

Article 147 provides that

a) "the Board of Directors shall meet at least once in every three months with a maximum gap of 4 months between two meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four such meetings shall be held in every year. Place of meetings of the Board shall be at Mumbai, Maharashtra or a location determined by the Board at its previous meeting, or if no such determination is made, then as determined by the chairman of the Board.

b) The chairman may, at any time, and the Secretary or such other Officer of the Company as may be authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice of at least fourteen (14) Business Days in writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad, provided always that a meeting may be convened by a shorter notice with the consent of all the Directors.

c) The notice of each meeting of the Board shall include (i) the time for the proposed meeting; (ii) the venue for the proposed meeting; and (iii) an agenda setting out the business proposed to be transacted at the meeting. Unless waived in writing by all Directors, any item not included in the agenda of a meeting shall not be considered or voted upon at that meeting of the Board.

d) The Directors may participate in Board meetings through such modes as permitted by applicable laws."

Article 156 provides that "save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the committee, as the case may be and to all other Directors or Members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or committee duly convened and held."

Dividends

Article 178 provides that "the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend."

Article 182 provides that "subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares."

Article 184 provides that

a) "The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.

b) The Board may also carry forward any profits when it may think prudent not to appropriate to Reserves."

Article 179 provides that "subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit."

Capitalisation of Profits

Article 193 provides that

a) The Company in General Meeting, may, on recommendation of the Board resolve:

   i. That it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

   ii. That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (c) below, either in or towards:

i. Paying up any amounts for the time being unpaid on shares held by such Members respectively;

ii. Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or

c) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).

d) A securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Act in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.

e) The Board of Directors shall give effect to the resolution passed by the Company in pursuance of this Article"

Winding up

Article 213 provides that "subject to the applicable provisions of the Act and the Rules made thereunder –

a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members."

Indemnity and Insurance

Article 216 provides that

"a) subject to the provisions of the Act, the managing Director and Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such managing Director, Director, Officer, Employee or in any way in the discharge of his duties. Provided, however, that such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, willful misconduct or bad faith acts or omissions of such Director.

a) Subject as aforesaid the managing Director and every Director, manager, Secretary or other Officer or employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court."

Article 217 provides that "the Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably."

Part B of the Articles of Association

Part II of the Articles includes the relevant rights and obligations of the parties to:

a) the Share Subscription Agreement dated September 21, 2012 executed between the Company, India Agri Business Fund Ltd. ("IABFL"), REAL Trust, Nirmal Family Trust, Mr. Sarangdhar R. Nirmal, *Mr. Kishor R. Nirmal, Mr. Arvind J. Nirmal and Mr. Vivek S. Nirmal;*

b) *Share Subscription Agreement dated May 17, 2013 executed between the Company, Societe De Promotion Et De Participation Pour La Cooperation Economique ("PROPARCO"), Nirmal Family Trust, Mr. Sarangdhar R. Nirmal, Mr. Kishor R. Nirmal, Mr. Arvind J. Nirmal and Mr. Vivek S. Nirmal; and*

c) *Shareholders' Agreement dated May 17, 2013 (hereinafter referred to as "the Original Agreement") executed between the Company, IABFL, REAL Trust, PROPARCO, Nirmal Family Trust, Mr. Sarangdhar R. Nirmal, Mr. Kishor R. Nirmal, Mr. Arvind J. Nirmal and Mr. Vivek S. Nirmal as amended by the Restated and Amended Amendment Agreement dated July 13, 2015 to the amendment agreement dated March 9, 2015.*

In the event of any inconsistency between Part I and Part II of the Articles of Association, the provisions of Part II shall prevail over Part I of the Articles of Association. However, Part II of the Articles of Association shall automatically terminate and cease to have any force and effect and deemed to fall away on and from the date of listing of the Equity Shares of the Company on a stock exchange in India subsequent to the initial public offering of Equity Shares of the Company without any further action by the Company or by the shareholders.

Definitions

In the interpretation of the Articles, unless repugnant to the subject context:-

1. "**Act**" means the Companies Act, 1956 and/ or the Companies Act, 2013, as amended from time to time and shall include any statutory replacement or re-enactment thereof;

2. "**Applicable Law**" means, with respect to any Person, all provisions of laws, statutes, ordinances, rules, regulations, permits or certificates of any Governmental Authority applicable to such Person or any of its assets or property, and all judgments, injunctions, orders and decrees of any Governmental Authorities in proceedings or actions in which such Person is a party or by which any of its assets or properties are bound or the rules or regulations of any applicable governmental, quasi-governmental or self-regulating authority binding upon such Person for the time being (whether or not having force in law);

3. "**Investor I**" means:

   a) India Agri Business Fund Ltd., a company incorporated under the laws of Mauritius and having its registered office at 608 St. James Court, St. Denis Street Port Louis, Mauritius; and

   b) Real Trust, a trust formed under the Indian Trust Act 1882 and registered under the Registration Act, 1908, and having its office at 12, Paschimi Marg, Vasant Vihar, New Delhi – 110021 acting through its trustee Mr. Rajesh Srivastava;

4. "**Investor I Subscription Agreement**" means the share subscription agreement dated 21 September 2012 entered into between the Investor I, the Promoters, the Trust and the Company *inter-alia* setting out the terms of subscription of the Investor I CCPS by Investor I;

5. "**Investor II Subscription Agreement**" means the share subscription agreement dated May 17, 2013 entered into between the Company, the Promoters and Investor II for the subscription of Investor II CCPS;

6. "**Restricted Transferee**" means any Indian Dairy Entity;

7. "**Specified Exit Price**" means a price per Equity Share equal to the higher of (i) the Fair Value of the Equity Shares or 1.2 times the Aggregate Investment Amount for such Investor, if the relevant notice seeking the transfer of Equity Shares by any of the Investors is issued prior to the occurrence of an Exit Event; and (ii) the Investors Final Exit Price, if the relevant notice seeking the transfer of Equity Shares by the Investors is individually or jointly issued after the occurrence of an Exit Event in accordance with the provisions of the Shareholders Agreement;

8. "**Shares**" means the equity shares or preference shares issued by the Company from time to time.

Transfer of Shares

Subject to conditions stipulated in the Articles, until such time as any of the Investors holds any Shares, the Promoters shall not Transfer any Promoter Securities nor any interest therein to any person and the Promoter Securities shall stand locked-in from the date of issue and allotment thereof. Further, Promoter shall not Transfer any Equity Shares or Convertible Instruments *inter-se* or to any of the Affiliates of the Promoters, without the prior written consent of the Investors. However, the individual Promoters may transfer legal and beneficial title to some of their Shares to the Trust or inter-se amongst themselves without the prior consent of the Investors provided that each of the individual Promoters shall continue to hold not less than one per cent of the Share capital on a fully diluted basis of the Company subsequent to such transfer.

In addition, the Investors shall have the right of first refusal and tag along rights with respect to equity shares offered by the promoters, subject to the conditions and restrictions on transfer set forth in the Articles.

Except as specifically provided for in the Articles, the Investors shall not transfer any Investors' Shares to any Restricted Transferee. Subject to the aforementioned restriction and notwithstanding any provisions of the Shareholders Agreement the Investors shall have the right to transfer any of the Investor's Shares without offering a right of first offer to the other Investors and the Promoters in the following situations:

a) transfer by any Investor to any of their respective Affiliates in accordance with the Articles, at any point in time during the life of the Shareholders Agreement;

b) transfer by both Investors jointly to a Restricted Transferee, if the IPO has not been successfully completed on or prior to the IPO Date;

c) transfer by any Investor to a Restricted Transferee after the Restricted Transferee Individual Transfer Date, if the IPO has not been successfully completed on or prior to the IPO Date, and the non-transferor Investor fails to exercise his right of first refusal and Investor tag along rights as provided in the Articles;

d) transfer by both Investors jointly to any Person (other than a Restricted Transferee or a Financial Investor) at any time upon the occurrence of any exit event; and

e) transfer by both Investors jointly to any Restricted Transferee at any time upon the occurrence of any exit event.

The Investors may at any time, subject to the provisions of these Articles, transfer all or any of their Shares to one or more of its Affiliates provided that the Affiliate, prior to the Shares being transferred in its name undertakes to be bound to the terms and conditions of the Shareholders Agreement and execute a Deed of Adherence.

Except as provided in the Articles, the Promoters shall have the right of first refusal and tag along rights with respect to equity shares offered by the Investors, subject to the conditions and restrictions on transfer set forth in the Articles.

Notice for Calling Shareholders Meeting

Meetings of the Shareholders shall be convened by giving not less than fifteen days notice, unless a higher notice period is required under the Act. The notice of meeting of the Shareholders must contain a detailed agenda of items (and all other relevant documentation) proposed to be considered at the meeting of the Shareholders.

Quorum at General Meeting

No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business.

The quorum for any meeting of the Shareholders shall be the presence (in person or by proxy) of a duly authorised representative of each of the Investors and any Promoter.

Vote of Members

Subject to compliance with Applicable Law, any Shareholder may participate and vote in a meeting of the shareholders by means of a video conference such that all persons participating in the meeting can see each other throughout the duration of the meeting.

Number of Directors

The Company shall be managed by the Board which shall comprise of eight (8) Directors.

Investor Directors, Observer and Promoter Directors

The Investor I shall be entitled to appoint two directors, Investor II shall be entitled to appoint one director ("**Investor Directors**"), and the Promoters shall be entitled to appoint four directors ("**Promoter Directors**") and one director shall be an independent director on the Board.

The Investor Directors shall be non-executive directors, not subject to retirement by rotation, and shall not be a part of the management of the Company and therefore shall not be liable for any failure by the Company to comply with Applicable Law. The Investor Directors shall not be considered as 'occupiers' or 'managers' or 'officers' of the Company for the purposes of any legislation, and the Promoters shall ensure that at all points of time, one of the Promoters Directors or persons other than the Investors' Directors, has been identified as the occupier, manager or officer, as may be required under Applicable Law.

The Trust and the Individual Promoters expressly agree and acknowledge that the Individual Promoters shall be the Directors nominated on behalf of the Promoters. In the event that any of the Promoter Directors is to be replaced upon resignation or otherwise, then the Trust and the Individual Promoters shall ensure that only a direct lineal descendant or legal heir of the Individual Promoter being replaced is appointed as the Promoter Director. However, in the event that the Promoter Director proposed to be appointed is an individual other than the lineal descendant or legal heir of the Individual Promoter concerned, then the appointment shall require the prior written consent of the Investor.

The managing director of the Company shall be deemed to be a Director nominated by the Promoters and shall be responsible for the day-to-day management and control of the affairs of the Company. Any change in the managing director of the Company shall require the prior written consent of Investor I and Investor II.

Each of Investor I and Investor II shall have the right to appoint one non-voting observer ("**Observer**") to all meetings of the Board or committees of the Board. Each Investor shall also have the right to replace and substitute any individual from time to time as the Observer. Each Observer shall be entitled to attend and participate in the discussions in all the meetings of the Board, any committee or sub-committee of the Board and Shareholders of the Company, but will not have any right to vote.

Additional Director

The Company is authorized to appoint additional directors as prescribed in section 260 of the Act.

Alternate Director

The Company is authorized to appoint alternate directors as prescribed in section 313 of the Act.

The Investors and the Promoters shall be entitled to appoint alternate directors for any of their respective nominee Directors, in accordance with Applicable Law.

Proceedings of the Board of Directors

Meeting of Directors

The Board of Directors of the Company shall meet at least once every financial quarter and shall have additional meetings as often as necessary. Board meetings shall be called at the request of an Investor's Director or a Promoter Director. Unless otherwise agreed between the Promoters and the Investor, all Board meetings shall be held at the registered office of the Company.

Directors may appoint committee

The Company shall, constitute committees to perform such functions as the Investor may deem fit. The Board shall ensure that such committees shall be under the supervision of the Board and all the powers, functions and authorities delegated to such committees shall not be unconditional and absolute. Each committee of the Board shall, at the option of the Investors, consist of at least one (1) Investor I Director and one (1) Investor II Director or the alternate of such Investor I Director or Investor II Director.

The Directors may subject to the provisions of the Act and these Articles, from time to time delegate any of their powers to Committee.

Investor Approval

If the Company or the Shareholders, as the case may be, wish to take any action with respect to the Fundamental Issues at any meeting of the Board or at any general meeting of Shareholders (if such issue requires the approval of the Shareholders in general meeting), the Company shall obtain the prior written consent of the Investor I or Investor I's Director, as the case may be, and the prior written consent of Investor II without which the Company shall not be able to take any such action.

Dividend Policy

The Company shall declare dividend in General Meeting only out of the profits of that year of the Company but no dividend shall exceed the amount recommended by the Board of Directors. The Board may, from time to time, pay to the Members, such interim dividends as appear to it to be justified by the profits of the Company.

Exit Event

The Company and the Promoters shall cause the Company to provide an exit to the Investors by facilitating an offer for sale or IPO and listing the securities of the Company on a Recognised Stock Exchange on or prior to the IPO Date. Upon the failure of the Company to list its shares pursuant to an IPO or an offer for sale of the Investor I Equity Shares and Investor II Equity Shares, in the manner provided in Articles, on or prior to the IPO Date, or on occurrence of an event of default the investors shall have the right to exercise the following exit mechanisms:

a) to transfer any or all of the respective Investor's Shares to any Restricted Transferee, without any pre-conditions or restrictions, subject to right of first refusal and tag along rights of the non-transferor Investor;

b) to sell to the Promoters all or any of such Investor's Shares. The Promoters, jointly and severally, shall be under an obligation buy such Investor's Shares from such Investor for a price per Investor's Share which is equal to the Specified Exit Price;

c) the Investors shall jointly have the right to transfer all or part of the Investors' Shares to any purchaser (including Affiliates of the Investors) ("**Drag-Along Buyer**") and the Investors shall have the right but not the obligation to require the Promoters to transfer all or such proportion of their respective Promoter Securities on such terms, including the price for the relevant Promoter Securities, that the Investors may have jointly agreed with the Drag-Along Buyer; and/or

d) to require the Company to conduct a buyback of all or any of such Investor's Shares. The Promoters and the Company shall be under an obligation to ensure that the Company does a buyback of such Investor's Shares for a price per Investor's Share which is equal to the Specified Exit Price.

IPO

Company shall be responsible and liable for (i) all costs and expenses incurred in connection with the IPO (including without limitation underwriting, distribution and selling costs), and (ii) any breach of the Company's representations, warranties, covenants, obligations and undertakings set forth in any agreement, instrument or other document in relation to the IPO.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material will be attached to the copy of this Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated March 30, 2015 as amended by the amendment agreement July 24, 2015 entered into between our Company, the Selling Shareholders and the Lead Managers.

2. Memorandum of Understanding dated March 27, 2015 entered into between our Company, the Selling Shareholders and the Registrar to the Issue.

3. Escrow Agreement dated July 24, 2015 between our Company, the Selling Shareholders, the Registrar to the Issue, the Lead Managers, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank.

4. Share Escrow Agreement dated July 24, 2015 between the Selling Shareholders, the Lead Managers, our Company and the Escrow Agent.

5. Syndicate Agreement dated July 24, 2015 between our Company, the Selling Shareholders, the Lead Managers and the Syndicate Members and the Registrar to the Issue.

6. Underwriting Agreement dated [●] between our Company, the Selling Shareholders, the Registrar to the Issue and the Underwriters.

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company as amended from time to time.

2. Certificate of incorporation dated November 25, 1998.

3. Fresh certificate of incorporation dated March 19, 2015 upon conversion of our Company into a public company

4. Resolutions of the Board of Directors dated March 9, 2015 and March 26, 2015 in relation to the Fresh Issue and other matters related to the Issue.

5. Shareholders' resolution passed on March 9, 2015 and March 24, 2015 in relation to the Fresh Issue and other matters related to the Issue.

6. Resolution passed by the board of directors of IABF on March 24, 2015 approving the Offer for Sale.

7. Resolution passed by the investment committee of REAL on March 24, 2015 approving the Offer for Sale.

8. Confirmation letter from the managing director of Proparco dated March 25, 2015 approving the Offer for Sale.

9. Resolution passed by Nirmal Family Trust on March 16, 2015 approving the Offer for Sale.

10. The examination reports of the Auditors dated June 24, 2015, on the Restated Standalone Financial Statements and the Restated Consolidated Financial Statements, included in this Red

Herring Prospectus.

11. The Statement of Tax Benefits dated June 24, 2015 from the Auditors.

12. Consent of the Directors, the Lead Managers, the Syndicate Members, Indian Legal Counsel to the Issue, International Legal Counsel to the Lead Managers, Indian Legal Counsel to the Selling Shareholders, Registrar to the Issue, Bankers to the Issue, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.

13. Shareholders Agreement dated May 17, 2013 between our Company, IABF, REAL, Proparco, Nirmal Family Trust, Sarangdhar Ramchandra Nirmal, Kishor Ramchandra Nirmal, Arvind Jagannath Nirmal and Vivek Sarangdhar Nirmal, as amended by the Restated and Amended Amendment Agreement dated July 13, 2015 to the amendment agreement dated March 9, 2015.

14. Scheme of amalgamation of Prabhat Agri Project Development Private Limited and Prabhat Nutritious & Frozen Food Industries Private Limited.

15. Due Diligence Certificate dated March 31, 2015 addressed to SEBI from the Lead Managers.

16. In principle listing approvals dated May 7, 2015 and April 30, 2015 issued by BSE and NSE respectively.

17. Tripartite agreement dated June 28, 2011 entered into between our Company, NSDL and the Registrar to the Issue.

18. Tripartite agreement dated March 9, 2015 entered into between our Company, CDSL and the Registrar to the Issue.

19. Letter from SEBI bearing no. CFD/DIL-II/NR/AEA/OW/15850/2015 dated June 8, 2015.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, Societe De Promotion Et De Participation Pour La Cooperation Economique (being one of the Selling Shareholders) hereby declare and certify that all the statements made, and undertakings provided, by us in this Red Herring Prospectus about or in relation to ourselves and the Equity Shares being offered by us in the Offer for Sale are true and correct. However, we do not assume responsibility for any of the statements made, or undertakings provided, in this Red Herring Prospectus by: (i) the Company, (ii) any other Selling Shareholder, (iii) any expert, or (iv) any other person.

Signed for and on behalf of Societe De Promotion Et De Participation Pour La Cooperation Economique

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Authorised Signatory

Name: Sandrine Boucher

Designation: Deputy General Manager

Place: Mumbai
Date: August 17, 2015

DECLARATION

We, REAL Trust (being one of the Selling Shareholders) hereby declare and certify that all the statements made, and undertakings provided, by us in this Red Herring Prospectus about or in relation to ourselves and the Equity Shares being offered by us in the Offer for Sale are true and correct. However, we do not assume responsibility for any of the statements made, or undertakings provided, in this Red Herring Prospectus by: (i) the Company, (ii) any other Selling Shareholder, (iii) any expert, or (iv) any other person.

Signed for and on behalf of REAL Trust

Authorised Signatory

Name: Rajesh Srivastava

Designation: Trustee

Place: Mumbai
Date: August 17, 2015

DECLARATION

We, India Agri Business Fund Ltd. (being one of the Selling Shareholders) hereby declare and certify that all the statements made, and undertakings provided, by us in this Red Herring Prospectus about or in relation to ourselves and the Equity Shares being offered by us in the Offer for Sale are true and correct. However, we do not assume responsibility for any of the statements made, or undertakings provided, in this Red Herring Prospectus by: (i) the Company, (ii) any other Selling Shareholder, (iii) any expert, or (iv) any other person.

Signed for and on behalf of India Agri Business Fund Ltd.

Authorised Signatory

Name: Aslam Koomar

Designation: Director

Place: Mumbai
Date: August 17, 2015

DECLARATION

I, Sarangdhar Ramchandra Nirmal, Trustee of Nirmal Family Trust (‘the Trust’) (being one of the Selling Shareholders) hereby declare and certify that all the statements made, and undertakings provided, by us in this Red Herring Prospectus about or in relation to ourselves and the Equity Shares being offered by us in the Offer for Sale are true and correct. However, we do not assume responsibility for any of the statements made, or undertakings provided, in this Red Herring Prospectus by: (i) the Company, (ii) any other Selling Shareholder, (iii) any expert, or (iv) any other person.

Signed for and on behalf of Nirmal Family Trust

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Authorised Signatory

Name: Sarangdhar Ramchandra Nirmal

Designation: Trustee

Place: Mumbai
Date: August 17, 2015

DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act (including the rules made thereunder) and the rules, regulations, and guidelines issued by the Government or SEBI (as the case may be) have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act, or rules, regulations, and guidelines issued thereunder (as the case may be). We further certify that all the statements and disclosures in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

___________________________	**Sarangdhar Ramchandra Nirmal**
___________________________	**Vivek Sarangdhar Nirmal**
___________________________	**Ashok Sinha**
___________________________	**Rajesh Kumar Srivastava**
___________________________	**Raphael Gabriel Roger Plihon**
___________________________	**Udayan Bose**
___________________________	**Omprakash Venkatswamy Bundellu**
___________________________	**Seemantinee Khot**

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

___________________________	**Keyur Shah** (Chief Financial Officer)

Place: Mumbai
Date: August 17, 2015