One direction. Multiple opportunities.

Dodla Dairy Limited | Annual Report 2018-19

Corporate Overview

Statutory Reports

Financial Statements

Please find our online version at https://www.dodladairy.com/annual_reports

Or simply scan to download

AGM Date :
30 September 2019

AGM Venue :
Dodla Dairy Limited

Small opportunities often mark the beginning of great achievements.

At Dodla Dairy Limited, we have significantly evolved over the past two decades and marked a significant foothold in the Indian Dairy space.

We have defined one directional agenda of growth for us. We rise up to see the opportunity and look at each day as not just a new day but new opportunities to embrace.

We are progressing consistently and sustainably. Our growth is centred around the key product – Milk – and its value-added products like curd, paneer, ghee, ice cream and many more.

The progress path is broadening and fetching us multiple opportunities in creating value for ourselves and all the stakeholders associated with us.

Read on to know more about us and the strategies we have adopted to derive maximum benefits from the underlying opportunities.

Key Performance Indicators, 2018-19

INR 16,967.83 Mn
+6.25%
Total income

INR 1,320.15 Mn
+18.54%
EBITDA

INR 630.01 Mn
+10.37%
PAT

7.82%
+82 bps
EBITDA margin

3.71%
+14 bps
PAT margin

0.27
Net debt to equity*

* Note:
- Net Debt = Long term borrowings + Short term borrowings - Cash and cash equivalents
- Equity = Average share holder equity

3rd

Largest private milk company in South India in terms of procurement

2nd

Highest in terms of market presence amongst private dairies

(Source: Crisil Report)

Revenue-break up, 2018-19

We are Dodla Dairy: The Milk Powerhouse

Dodla Dairy Limited (referred as 'Dodla' or 'the Company' in the report) is an integrated company operating in the private dairy space with presence across the milk value chain – right from the procurement, processing, to distribution and marketing of milk and its value-added-products (VAPs) like curd, ultra high temperature processed milk (UHT milk), ghee, butter, flavoured milk and ice cream, among others.

Headquartered in Hyderabad since 1995, the Company operates through its 14 state-of-the-art-production facilities strategically located in Uganda and across four states viz. Andhra Pradesh, Karnataka, Tamil Nadu and Telangana. The raw milk is procured from approximately 233,036 farmers through procurement agents, third party suppliers across 6102 villages and through our own Dodla Dairy Collection Centres (DDCCs). We have marked a predominant presence in the Southern India and have also made successful inroads in the international business operations in Africa, catering to the markets of Uganda and Kenya.

Our products are available through a large network of distributors, sales agents and at dedicated Dodla Retail Parlours (DRPs). Our value-added, high quality products have generated strong customer faith for us to build upon.

Vision

To be a world-class dairy company by providing high quality products and services.

Mission

To supply good and safe milk products consistently through continual improvement of our systems and practices.

Brands

Dodla Dairy	Dairy Top	KC+
Indian operations	International operations	Indian operations

Our integrated business model forms the backbone of our core operations - making us industry ready.

Milk procurement

We procure majority of the milk directly from the farmers through different districts in South India. The milk goes through adulteration and neutraliser testing process before being approved and collected in the collection centre.

1,103,572 LPD

Raw milk procured per day

855, – 76.79 %

Procurement agents

5581, + 57.48%

DDCCs

Cattle feed

At Dodla, we have introduced quality cattle feed under the brand 'Dodla Feed'. We offer the feed at reasonable price to the farmers, which results in better health and yield of milk and ensures better compositional quality of milk.

407 tons per month

Cattle feed distributed among the farmers

Processing

From the chilling centres the chilled milk is transported in insulated tankers to nearby dairy plant through the third party logistic companies, maintaining the cold chain. This ensures maintenance of quality and freshness of chilled milk. At the dairy plant milk is tested for various quality parameters and pasteurized to destroy harmful micro organisms. Thereafter the milk standardized and packed into different milk variants and value added products (VAP). Our stringent quality checks at every stage of milk procurement and processing, added with the advantage of four automated dairy plants have enabled us to exceed the consumer expectation on quality of our milk and milk products.

1,948,500 LPD

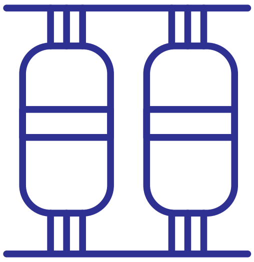
Installed capacities across 14 plants

70.78%

Capacity utilisation in 2018-19

105.31%

Increase in capacity over the past three years



Chilling centres

The milk is sent from collection centre to the chilling centre, which is within a 30 Km radius of the procurement spot. At chilling centres the milk undergoes stringent tests for various parameters including extraneous matter adulterants, neutralizers and antibiotics for acceptance. Once accepted, it is filtered and chilled below 4 Deg C to keep the microbial activity under check, so as to preserve its freshness till the milk is processed in a dairy plant.

85, +10.39%

Chilling centres

18.06 %

Increase in chilling centres over the last three years

Distribution

Once the milk and VAPs are packaged, they are sent to our distributors, sale agents and Dodla parlours from where they are finally sold to the consumers. We have enhanced our product availability through our different sales channels as well as through different sizes of packs.

278, + 44.79%

DRPs

1,314, + 30.23%

Distributors

4,226, + 15.53%

Distribution agents

Our diversified product basket allows us to capture opportunities across multiple product segments

Milk 22 SKUs

- Full Cream Milk: 175 ml, 200 ml, 500 ml and 1 litre
- Toned Milk: 200 ml, 250 ml, 500 ml and 1 litre
- Standardised Milk: 100 ml, 200 ml, 500 ml and 1 litre
- Double Toned Milk: 500 ml

Curd 23 SKUs

- Sachet Curd: 90 g, 165 g and 175 g
- Bucket Curd: 1 kg and 5 kg
- Cup Curd: 50 g, 100 g, 250 g and 400 g

Ghee 34 SKUs

- Cow Ghee: 50 ml, 100 ml, 200 ml, 500 ml, 1 litre and 5 litres
- White Ghee (Buffalo Ghee): 100 ml, 200 ml, 500 ml, 1 litre, 5 litres and 15 Kg
- Premium Ghee (Full-boiled White Ghee): 200 ml and 500 ml

Butter Milk 3 SKUs

- 200 ml

Butter 5 SKUs

- Yellow Salted Butter
- Yellow Cooking Butter
- White Cooking Butter

Paneer 3 SKUs

- 200 g, 500 g and 1 kg

Sterilised Flavoured Milk
14 SKUs

- Badam: 200 ml
- Strawberry: 200 ml
- Pista: 200 ml
- Vanilla: 200 ml
- Elaichi: 200 ml
- Chocolate: 200 ml
- Pineapple: 200 ml

Sweets
15 SKUs

- Doodh Peda: 20 g, 200 g and 500 g
- Gulab Jamun: 100 g
- Basundhi: 50 g
- Junnu: 100 g
- Malai laddu: 180 g
- Milk Cake: 200 g
- Junnu: 100 g
- Sweet lassi: 180 g

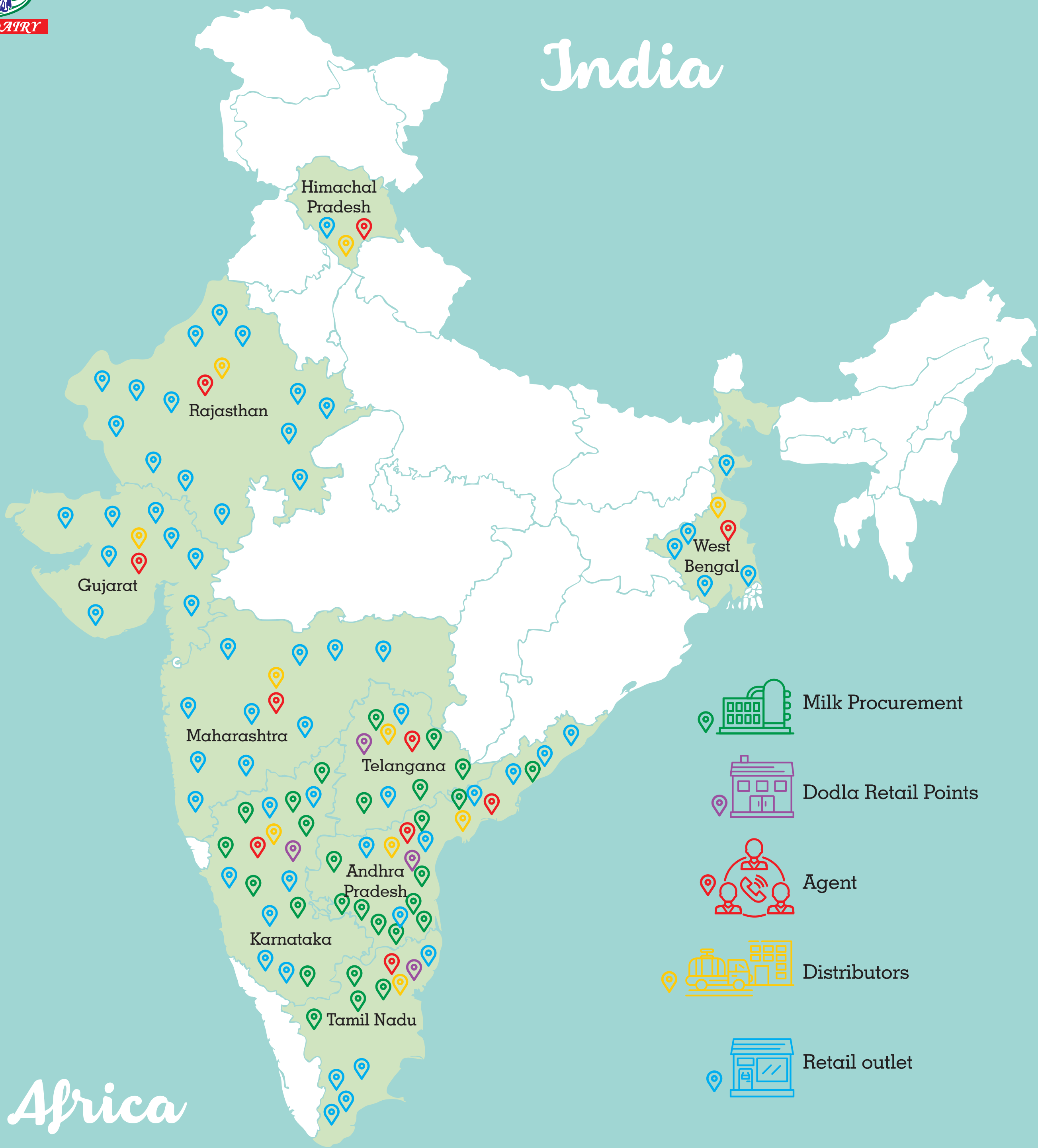
Ice Cream
95 SKUs

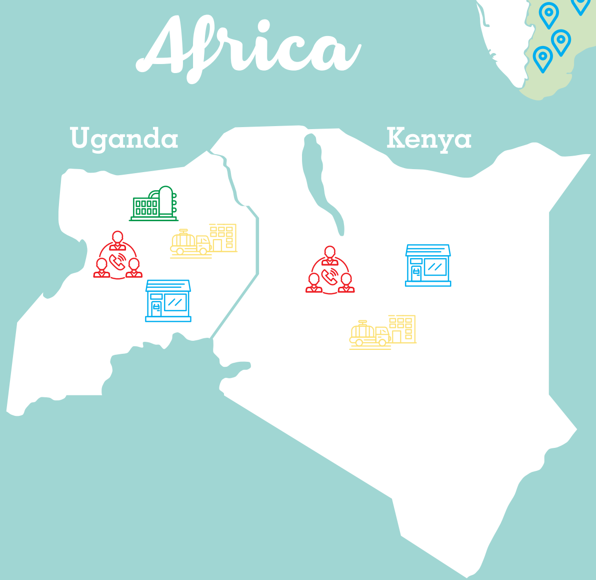
Yogurt
14 SKUs

- Yogurt Chocolate Cup: 250 g and 500 g
- Yogurt Chocolate PP: 250 g and 400 g
- Yogurt Mango Cup: 250 g and 500 g
- Yogurt Mango PP: 250 g and 400 g
- Yogurt Strawberry Cup: 250 g and 500 g
- Yogurt Strawberry PP: 250 g and 400 g
- Yogurt Vanilla Cup: 250 g and 500 g
- Yogurt Vanilla PP: 250 g and 400 g

Extended Shelf Life (ESL)
10 SKUs

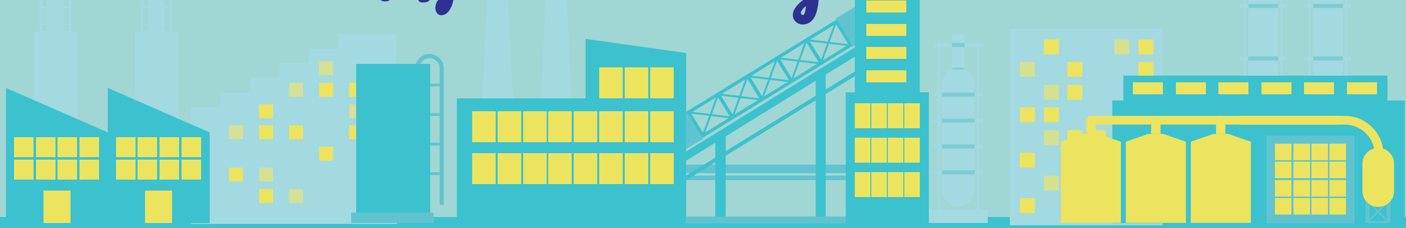
- UHT Toned Milk ESL: 200 ml and 500 ml
- UHT Milk DTM: 200 ml and 500 ml





This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

Our areas of operations allow us to capture market potential across the key Southern markets in India as well as African region.



Plant location	Installed capacity (LPD)
Badvel, Andhra Pradesh	50,000
Kurnool, Andhra Pradesh	10,000
Palamaner, Andhra Pradesh (Automated)	380,000
Penumur, Andhra Pradesh	50,000
Nellore, Andhra Pradesh	372,300
Sattenapalle, Andhra Pradesh	46,700
Indragi, Karnataka (Automated)	200,000
Tumkur, Karnataka	35,000
Dharmapuri, Tamil Nadu	100,000
Hyderabad, Telangana (Automated)	209,500
Rajahmundry, Andhra Pradesh (Automated)	150,000
Vedasandur, Tamil Nadu	150,000
Batlagundu, Tamil Nadu	95,000
Lakeside Dairy Limited, Uganda, Africa	100,000

PLANT LOCATIONS

INSTALLED CAPACITY (LPD)

One direction. Growth defining strategies.

At Dodla, our strategies are driven by a single objective of consistent growth by converting more milk into higher returning products. Some of the key endeavours undertaken by us include:

Strategy

S1- Expansion

We have been expanding organically in our existing facility by adding more to the product line as well as by commencing new plants.

Apart from that, we have been expanding inorganically by way of timely and value-accretive acquisitions.

What will we achieve?

- Increase in the number of products, production plants and chilling centres
- Capitalise on the increasing demand
- Reach out to new markets

Strategy

S2- Direct procurement from the farmers

Over the years, we have increased our share of direct procurement from farmers and eliminated external involvements.

What will we achieve?

- Cut down the middlemen cost
- Better control quality
- Strengthening the value chain

Strategy

S3- International business expansion

We always aim to spread our presence not only in the domestic market but also across foreign markets.

We sensed the scope for milk and milk products globally and hence set up facility and sales office in Africa.

What will we achieve?

- Hedging our business against any unfavourable industrial scenario in the domestic business
- Building a good brand name
- Improvement in EBITDA margin due to low cost of production in Africa
- Easier access to quality feed due to large grazing lands in Africa

Strategy

S4- Branding and marketing

We take different economical initiatives to increase our brand visibility through effective marketing.

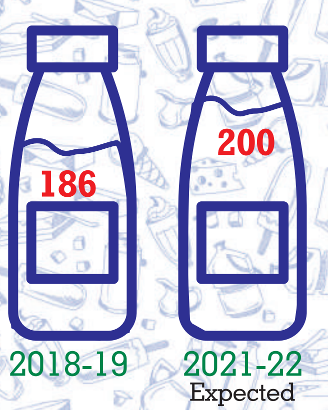
What will we achieve?

- Help attract new customers
- Help us to gain knowledge about the Dairy market
- Increase in our sales volume

The industrial opportunity zone

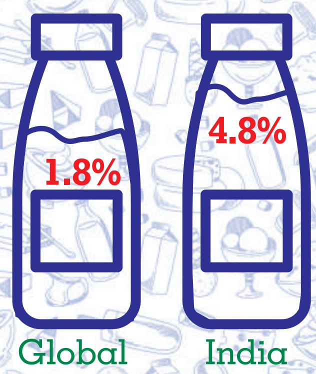
Milk

India is at the forefront of producing and internally consuming dairy products since 1998. The contribution of the dairy segment is very important for the rural Indian economy, serving as a key source of employment and income for more than 600 Mn people. Low milk production cost in the country has played an important role in pushing the industry growth. Nearly the entire dairy produce is being consumed domestically, with fluid milk occupying larger proportion of the milk pie. On account of this, the Indian dairy industry has a huge opportunity for growth of value-added products.



Milk production (In Mn metric tonnes)

Source: Indianfolk and FnBnews



Milk production CAGR over the last five years

Source: Businessworld

13%

Market share of India in global milk production

Source: Indian Council of Food and Agriculture

Value-Added Products

The Value-Added Products (VAP) segment is witnessing a growth of 15-20% annually, which includes wide range of products like UHT milk, curd, cheese, ice cream, baby foods, flavoured milk and butter. The small dairy players are failing to fulfil the demand of value-added products by themselves. Hence, the space is dominated by organised players due to high technology requirement.

30%

Expected share of VAP by 2020

Source: Ministry of Agriculture and Farmers Welfare

20%

Higher revenues offered by Value Added Products than regular dairy products

Source: The Dairy Times

Positive developments

Shift from unorganised to organised sector

As per the Department of Animal Husbandry, Dairying and Fisheries, the organised milk handling is expected to grow owing to standardisation of milk quality test, transparency in payment to farmers along with educating farmers on the best dairy and animal husbandry practices.

50%

Expected organised milk handling by 2022-23

Source: Economic Times

Change in lifestyle

Health conscious consumers are turning to dairy food and drinks, away from beverages, which include chemicals. Consumers are opting for dairy products as a key source of protein and calcium.

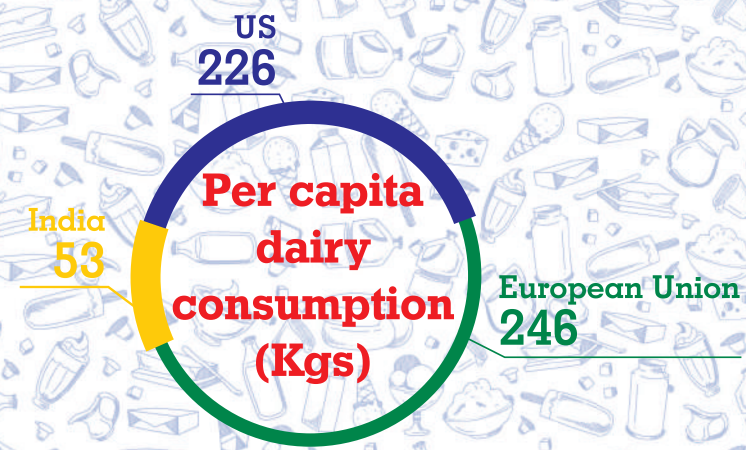
~10%

Health food market as a percentage of overall food market

Source: Nielsen Report

Growth in per capita milk consumption

In India, the condition of malnutrition is an adverse health situation creating a negative impact on the demographic and economic growth. The reason behind the same is the dietary pattern of our countrymen. Here, milk and milk products will play an important role in sorting that issue with some more amount of awareness. As India's per capita consumption of milk is still low as compared to the other major milk markets, it implies that there is a room for growth for this market.



Source: FnBnews

Financial Highlights

Total income (INR in Mn)

2018-19	16,967.83
2017-18	15,970.13
2016-17	14,462.29
2015-16	12,073.72
2014-15	10,315.02

PAT (INR in Mn)

2018-19	630.01
2017-18	570.81
2016-17	438.54
2015-16	359.28
2014-15	133.16

EBITDA (INR in Mn)

2018-19	1,320.15
2017-18	1,113.64
2016-17	891.47
2015-16	973.93
2014-15	278.39

How are we creating the value?

Value drivers

Manufacturing capital

Includes all the physical infrastructure such as state-of-the-art processing plant, building, machinery, equipment and 3rd party logistics services.

Milk procured from 233,036 farmers

Average milk procured in a day: 1,103,572 litres

No. of chilling centres: 85

No. of plants: 14

Capex incurred: INR 1,928.15 Mn

Financial capital

It includes pool of funds raised by the company through equity and debt to create value through right allocation.

Equity capital: INR 556.72 Mn

Net debt capital: INR 1,019.38 Mn

Intellectual capital

It refers to the intangible resource available with the organisation to drive long term sustainability

No. of automated plants: 4

We have got the best testing of milk quality at different stages of value chain process

Driven by core values

HARD WORK

We understand the value of people and believe that by way of HARD WORK we can achieve extraordinary result.

INTEGRITY

We trust that INTEGRITY of people is the key factor for long-term sustenance.

TRANSPARENCY

Our faith on openness and TRANSPARENCY will encompass across all the transactions beyond business.

Values created

Average production in a day:

Milk: 808,307 LPD, + 4.6%

Value added products: 322,457 kgs, + 16.8%

EBITDA: INR 1,320.15 Mn, 18.54%

PAT: INR 630.01 Mn, + 10.37%

ROCE: 21.64%

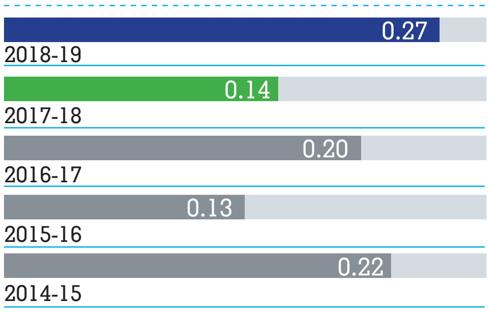
Cash generated from operations: INR 1,336.88 Mn

Strong and consistent quality

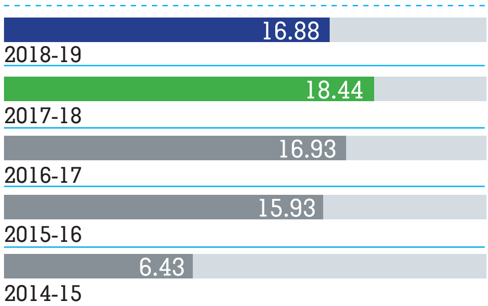
Improvement in production efficiency

Innovation and value-addition to existing products

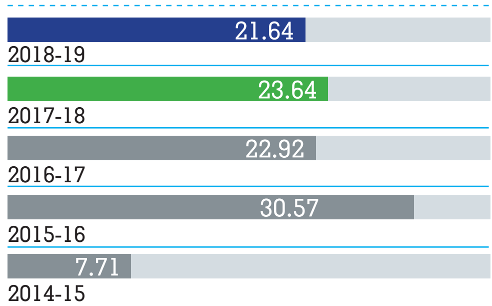
Net debt to equity*



ROE (%)



ROCE (%)



* Note:
- Net Debt = Long term borrowings + Short term borrowings - Cash and cash equivalents
- Equity = Average share holder equity

Human capital

It includes know-how and skills of the workforce enhanced by nurturing them through training and development.

Social and relationship capital

It refers to maintaining relationship with all the stakeholders which includes internal as well as external.

CSR expenditure: INR 0.79 Mn

Initiative taken towards farmers:
- Training and development
- Familiarisation program

Natural capital

It refers to usage of natural resources by the Company in reducing the environmental impact.

Solar plant installed

LED lighting at packaging room

SINCERITY

We believe that, SINCERITY is the road for success.

COMMITMENT

Our COMMITMENTS are irrevocable, and we stand by them.

HONESTY

Truthfulness is our soul and we never compromise on HONESTY.

High employee satisfaction
High retention rate
Transparency in the organisation

Trust gained from the society, as well as investors
Long-term relationship with existing farmers
Direct procurement from farmers increased by 57% to 5,581
Strong Corporate Governance

INR 4,018 saved per day on account of solar plant installation

Chairman's Letter

Dear Friends,

It is an honour for me to address my vision and key industry megatrends through this annual report. It's our endeavour to be one of the most competitive companies in the dairy space with emphasis on providing better nutrition for the consumers, and a good living for our farmers, now and for the generations to come.

Today, dairy industry is utmost important for socio-economic development of the country. Several schemes are introduced for improving cattle productivity and providing great market access to the farmers. The dairy industry over the past five years has witnessed a CAGR of 4.8% owing to improving purchasing power of the people and increasing awareness of nutritious foods. Consumer behaviour throughout the world is changing as well. They are increasingly demanding healthy and nutritional dairy items and value-added products. Furthermore, consumers maintain increasingly fewer traditional mealtimes. Dairy is increasingly more often consumed at other moments in the day. The online sale of food is becoming increasingly more important. Furthermore, consumers are placing higher demands on the food's origin and method of production. Consumers throughout the world are also increasingly demanding sustainably produced products. For consumers and society, producing in a sustainable and transparent way is no longer a nice-to-have, but a must-have.

At Dodla, we ensure that the dairy products continue to be affordable so as

At Dodla, we ensure that the dairy products continue to be affordable so as to provide as many people as possible with essential nutrients from milk. We aim to add as much 'value' to milk as possible through strategic acquisitions and expansion in high value-added products, while keeping in mind the specificities of the areas where we operate. Our recent KC Dairy acquisition and the commencement of Rajahmundry plant brighten our prospects of leveraging the huge underlying potential that the industry offers.

to provide as many people as possible with essential nutrients from milk. We aim to add as much 'value' to milk as possible through strategic acquisitions and expansion in high value-added products, while keeping in mind the specificities of the areas where we operate. Our recent KC Dairy acquisition and the commencement of Rajahmundry plant brighten our prospects of leveraging the huge underlying potential that the industry offers. Our deep understanding and extensive knowledge of the dairy industry and our ability to process milk and VAP through demand-based procurement will continue to drive our success going ahead.

On the softer aspect, we look for different ways to reduce our environmental footprint in our own operations through installation of solar plant at the corporate office, four packaging stations and two chilling centres. We are also improving the well-being of our farmers by educating them and providing the best quality cattle feed in order to get consistent output. We also engage with our social communities through donation at schools and health camps.

Closing thoughts

Looking at the growth prospects for Dodla in the coming years, I am convinced of successfully leveraging industrial opportunities through our strong portfolio of products and brands, a strong industrial capacity, consolidated competitive positioning and the valuable competencies of our teams. I look forward to a brighter and robust future for the organisation.

Sincerely yours,

Dodla Sesha Reddy

MD's message

With timely acquisitions and new addition to our product portfolio we have accelerated our marketing efforts to further strengthen the bond with our customers. Whether it be a door-to-door campaign to offer them free milk vouchers or introducing the new ice cream product at economical price points.

Dear Shareholders,

It gives me a great pleasure to write to you through this communication about the year gone by. It was a year of strong strategic endeavours by means of successful acquisitions and expansions, paving way for a sustainable growth.

Dairy environment: Changing habits of the country

The winds are changing for better in the dairy industry. Products like milk, ghee and curd are consumed on a daily basis. For our food habits, these products are an important source of protein and calcium. Health-conscious people have started to prefer lassi and buttermilk over unhealthy carbonated drinks. The higher disposable incomes, lifestyle changes, level of urbanisation and increasing health awareness are driving demand for the readymade VAP like curd, butter, ghee and other product derivatives. Strong demand prospects in Indian dairy, driven by formalisation from loose to packaged dairy products and the growth of the value-added dairy products, are expected to continue for the next five years. Product like ice cream is gaining the popularity not only in urban but also in rural India. The cold storage facility and the uninterrupted power supply have made the product easily available within the reach of a common man.

Getting the timing right

At Dodla, we were quick to sense the opportunity and responded through our strategic acquisition of KC Dairy. The acquisition gives us an access to the entire dairy portfolio with two dairy plants having a combined capacity of 245,000 LPD equipped with facility to process milk powder and ice cream. This will allow us to enhance our revenue share from the VAP and strengthen our margins.

Strengthening the customer connect

With timely acquisitions and new addition to our product portfolio we have accelerated our marketing efforts to further strengthen the bond with our customers. Whether it be a door-to-door campaign to offer them free milk vouchers or introducing the new ice cream product at economical price points. The efforts will continue in the coming years to consistently push our brand in the market and enhance our market share further.

High performance organisation

People have strongly driven our success. Their dedication and commitment levels keep the organisation motivated and moving. Our industry-best HR policies allow us to retain high performing team members, capable of consistently executing in a complex and competitive market. Their ability to adapt and evolve, adds value to the organisational growth and improves the way we deliver to our customers.

Going forward

We are geared up for the future by bringing our strategies into action. We have cautiously nurtured our relations with our key stakeholders – farmers, vendors, customers, bankers and investors, and will continue to generate positive value over the years to come. I would also like to place my gratitude to the honourable Board of Directors for their continuous guidance and support. Your association and faith in our abilities will allow us to build a strong and sustainable organisation in the years to come.

With warm regards,

Dodla Sunil Reddy
Managing Director

CEO's Communique

Dear Shareholders,

We have been on an exciting journey over the past couple of years, pursuing growth with focus and intensity. It's a journey that is taking us deeper into the lives of hundreds of millions of people around the nation with our milk and value-added products. While we continue to lead with the evolvement of our industry, our model for success is tested, proven and scalable across the plethora of opportunities lying ahead of us.

Performance snapshot 2018-19

Financial highlights

- Total income increased 6.25 % to INR 16,967.83 Mn in 2018-19 from INR 15,970.13 Mn in the previous year
- EBITDA increased 18.54% to INR 1,320.15 Mn in 2018-19 from INR 1,113.64 Mn in the previous year; EBITDA margins strengthened by 82 bps to 7.82% in 2018-19 from 7% in the previous year
- PAT grew 10.37% to INR 630.01 Mn in 2018-19 from INR 570.81 Mn in the previous year; PAT margins strengthened by 14 bps to 3.71% in 2018-19 from 3.57% in the previous year
- Share of VAP to our total revenues increased to 31.95% in 2018-19 from 31.34% in the previous year

Operational highlights

- Our procurement volume increased 4.50% from 1,056,084 LPD in 2017-18 to 1,103,572 LPD in 2018-19
- Direct procurement from farmers increased 46.45% from 504,804 LPD in 2017-18 to 739,284 LPD in 2018-19
- Number of chilling centres increased 10.39% from 77 in 2017-18 to 85 in 2018-19
- Our DDCCs increased 57.48% from 3,544 in 2017-18 to 5,581 in 2018-19

We continued to expand in Uganda to meet next years' requirement as well increase our sales offices in Kenya to take advantage of the opportunity existing there. During the year, we capitalised on many opportunities by taking several initiatives that will help to deliver stronger and more consistent returns. Satisfactory progress was made across our capex projects. We completed the Rajahmundry plant which will help us to reach out to coastal regions of Andhra Pradesh. We also acquired KC Dairy that allows us to gain synergic benefits by way of new plant additions, new product to our basket and penetration into the newer regions. We also expanded our curd production facility in Palamaner, Andhra Pradesh to capture the underlying potential in the Southern markets.

Besides, we continued to optimise our supply chain to drive operational efficiencies and reduce costs. During the year, we incurred an expense of INR 563.17 Mn towards improving our brand visibility. Our effective branding and marketing have helped us to be more consistent in performing across our established markets. It has built our brand credibility and allowed us to dominate the Southern Regions of India. Our strong distribution network has further allowed us to reach out to our 5818 customers.

While we continue to focus on creating a value for our shareholders by maintaining our strong return on capital, our objective is to move in the direction of growth and keep exploring multiple opportunities across our product lines.

I would like to thank Dodla Dairy employees and all the respected Board Members for being an important driving force of the Company. We are moving ahead with all sincerity and look forward towards achieving bigger growth milestones going ahead.

Best regards,

Busireddy Venkat Krishna Reddy
CEO

Our growth enablers

1. Timely procurement

What we have?

- **Proximity**

  We believe that the vicinity of the facility location for a perishable product like milk is of vital importance. Considering this, we have kept our chilling centres within the 30 km radius from our milk procurement locations. This helps us to maintain the freshness of the milk, reduce the logistics cost and save transportation time.

- **Financial benefits to farmers**

  We are an inclusive growth company moving with the approach: 'If our farmers grow, we as a company will grow'. Our financial support towards the farmers, like easy sanctioning of loan through our regional bank affiliation and timely payment of money within 10-15 days has motivated them to be with us for years together.

- **Non-monetary benefits provided to farmers**

  We sell 'Dodla Feed' to our farmers at a reasonable price as a facility to them. The healthy feed includes essential nutrients crucial for the increase in productivity of the cattle. Apart from this, we have partnered with veterinary doctors who assist and educate farmers about the cattle health.

- **Milk analyser test**

  At the initial stage of procurement, the raw milk is tested by us through electronic milk analysers which monitor for the fat and solid non-fat (SNF) content. If it fails to meet the quality parameters, it gets rejected at the procurement stage itself.

1,195,717 litres per day

Peak amount of milk procured in 2018-19 across the four states

What we intend to do?

- **Conventional milk cooler**

  We are planning to install a conventional milk cooler which to strengthen our backward integration. It will act as an integrated milk collection centre as well as chilling centre for raw milk procurement.

- **Lower procurement cost**

  Our strategic intent is to procure the higher volume of raw milk from different regions at lower cost. To unlock the cost saving potential in value chain process, we continue to increase our milk volume through direct procurement from farmers for better quality and cut down of the interference of agents.

- **Direct procurement from farmers**

  Every year, we strengthen our tie-ups by adding new farmers into our value chain process. This has helped us to cut down the middlemen cost and offer quality assurance.

Milk procurement directly from the farmers

67 % in 2018-19

48 % in 2017-18

Our growth enablers

2. Timely expansions

At Dodla, we know only one direction – the forward direction led by growth towards the multiple opportunities. Over a period, we have hand-picked such opportunities and evolved through continuous efforts and unaltered focus. As we know, focus creates expansion.

With a strong presence in four states of Southern India (Andhra Pradesh, Telangana, Tamil Nadu and Karnataka), we are now planning to enter the coastal regions of Andhra Pradesh. We have upgraded our production facilities and incorporated automation at some of the plants to match the pace of desired expansion.

With the demand for curd (100% growth) being more in South India and that being a high value product, the strong foray into curd market is also leading to high profitability for the Company.

Ice cream is another strong product line for our expansion. It is the fastest growing product in the dairy industry with high profit margins. While spreading our reach, we are planning to add 7 to 10 new chilling centres every year.

Rajahmundry Processing Plant

Commencement: February 2019

Capacity: 150,000 LPD

Acquisition of KC Dairy

Acquisition Date: March 2019

Capacity: 245,000 LPD

Services offered: 2 plants and 4 chilling centres and market of 23 districts covered

Efficiency - Our way

We have set up solar panels at corporate office, four packaging stations and two chilling centres for efficient energy generation. As a support system, we supply high-quality nutrient cattle feed to the farmers resulting in better yield of milk. For the same, we supply the feed as a packaged product since September 2018 .

Our growth enablers

3. Overseas opportunities

An observation in case of the Indian Dairy business is that India's share in the world trade of milk and milk products is still considerably low.

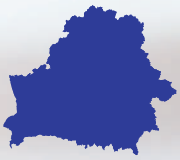
This gives us a better opportunity to reach out to bigger and wider markets. Also, due to the perishable nature of the products, there are not many dairy companies from India to have presence abroad in terms of this business.

Top exporting countries of milk and milk products


European Union


New Zealand


The US


Belarus


Australia

Top importing countries of milk and milk products


China

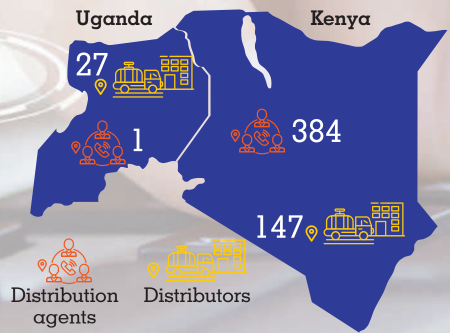

Russian Federation


Mexico


Algeria


Indonesia

In 2015, we acquired Hillside Dairy and Agriculture Ltd through Dodla subsidiary, namely, Lakeside Dairy Ltd in Uganda. It offers products such as UHT milk and milk-based products through its processing capacity of 100,000 LPD. The products are marketed and distributed across the markets of Uganda and Kenya. We operate through a network of 27 distributors and 1 distribution agents in Africa and 147 distributors and 384 distribution agents in Kenya. We are poised to expand well in Uganda. We also foresee a huge opportunity in Kenya. The international business in value terms is also a great contributor towards our profitability. This underlines the importance of first mover advantage for us in the African subcontinent markets.

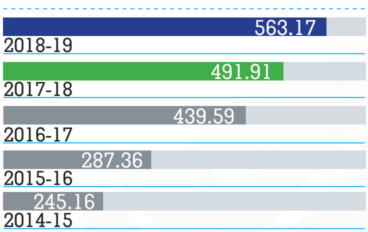


We are strongly expanding in Uganda by adding capacity to storage tanks and boilers from 1.2 to 1.5 lacs. We are adding 2 more sales offices and depots in Kenya as we sense a huge opportunity in Kenya.

Our growth enablers

4. Marketing and distribution

We connect with our customers deeply and directly. This empowers us to develop persistent, perpetual engagement with our consumers around the nation to unlock the full potential of our brands. We study the industry trends as well regular customer feedback. Accordingly, we implement the change to better our product profile and services that satisfy customer needs. Moreover, our strong distribution network ensures sufficient supply in the market.

Placing emphasis on marketing	Outcome	Strong sales channel
Increase spending on marketing We believe marketing is an essential area to help grow our business. We are always in search of improvement areas and implement the same to maximise the returns. **Advertisement and distribution expense (INR In Mn)** 	• Improve brand awareness • Amplify word of mouth publicity • Increase customer traffic in the shops and parlours • Product adoption among existing customers • Boost in the revenue	We are giving an integrating experience to our customers by taking advertisement initiative as well as setting a multi-sales channel platform to reach out to customers. Sales offices: 39 Distribution agents: 4,226 Milk distributors: 726 Milk product distributors: 588 Dodla Retail Parlor: 278

Capitalising on opportunity of cross-selling

We sell value-added products and variants of the same through our existing distributors. This entice our customers to try our different dairy-based products from which they intended to buy. Also, this gives them the option of purchasing all dairy products at one place.

The advertisement initiatives taken to strengthen our brand:

1. Brand building

We have chosen the most impressive way to display the advertisement i.e. wall painting done in rural areas and small outlets. It helps us to capture the target audience and translate the observation into the leads at later stage. Apart from that, we also do bus brandings, hoardings, signages and direction boards.

2. Door-to-door campaign

The door-to-door coupon distribution campaign offers free milk for 15 days. The quality of our products makes our consumers come back to us to redeem the coupon, thus leading to increase in customer base.

3. Attractive look and feel of our parlours

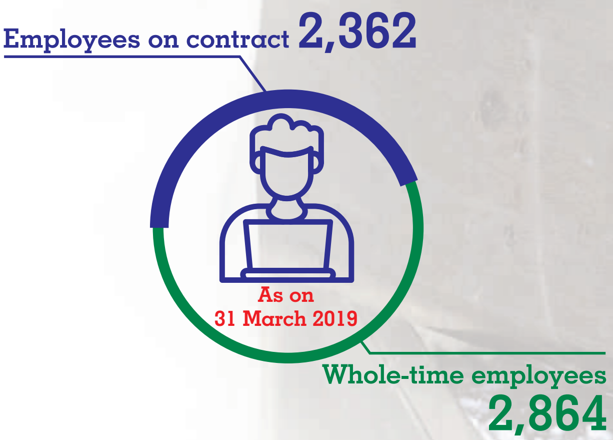
We are taking various innovative efforts to make our parlours look visually more appealing. This is done by using the right colour, lighting and signage to perfectly set the customer mood. This helps us to generate better customer turnaround rate visiting our parlours and increases the yield rate generated per retail store.

Our growth enablers

5. Human capital

We strive to provide a professional, safe and inclusive workplace for our employees. We continue to implement programs to uphold respect for labour and human rights internally and across our supply chain. We admire the calibre of our people by hiring the very best and helping them to fulfil the potential.

The reason we have got one of the best human capital: Effective Hiring



- **Hiring employees within the similar industry**

  We prefer to recruit top talents from the similar industry like Agriculture and FMCG. Thus, we enjoy the benefit of talents who are already well-versed with the knowledge about the industry. These employees having prior relevant experience, tend to get absorbed in our corporate culture very swiftly.

- **Hiring through employee referral program**

  Employees usually have acquaintances with other capable professionals like them. We believe the key to building a competitive advantage is to bring the best people in. Hence, we have got the well-developed employee referral program which helps to bring the best workforce on the board.

  The benefits our people get working with us leads to high retention rate.

- **Training and development**

  We provide excellent training and career advancement opportunities with a strong focus on developing the leaders of tomorrow. Within a short span of time as well, we gear up our people to be future-ready.

- **Rewards and other benefits**

  We believe in creating a recognition culture in our organisation for their contribution. We declare a performance-based incentive, which helps us to move in the direction of inclusive growth. We also provide various benefits such as medical insurance and Group gratuity scheme.

Our growth enablers

6. Technology

Technology plays a vital role in case of our operations right from hiring the right people to operational efficiencies

- ### Hiring employees through online portals

Hiring employees through online portals help us reach out to wider employees and filter out the best potential future candidates. We also get control over the hiring process with online recruitment, which helps us reach out to candidates in real-time.

- ### Exposure to new technology for employees

Some of our plants have state-of-the-art facility while some of them are automated. Through this, our human force gets exposure to new technology and machines. We have learning as an ongoing process, considering the fact that there is an operational upgradation every year.

- ### Using SAP software

We have introduced SAP HCM solution for Corporate office employees, where travel management and leave management have been shifted to online system. This helps us to speed up the process through automation and integrate the HR solution to increase the efficiency. This enables us to bring transparency and open culture in the organisation.

- ### Plant automation

Our automation process implemented in some our plants enhances the efficiency of our operations. We aim to extend the same level of automation standards across all the plant.

Risk management

At Dodla, we ensure that our performance is optimised through the identification and management of the most material risks to the business. Our Risk Management Framework is aligned with international best practice and includes a consistent process that:

- Considers our goals and relevant context
- Identifies any assumptions or uncertainties that could affect achieving our goals
- Prioritises control effort through assessing the potential consequences of a risk materialising, the likelihood of that occurrence
- Considers risk drivers
- Evaluates current controls, their effectiveness and outcome acceptability
- Introduces new controls or action plans to strengthen our position
- Regularly reviews control effectiveness, context changes and resulting exposure

We aim to deepen the understanding, management and reporting of key business risks as well as reporting on emerging risk as part of our approach to strengthening organisational resilience. Some of the key identified risks include:

Risk

Economic change

IMPACT

Liquidity issues, social turbulence, inflationary pressures or currency instability can impact our business performance.

MITIGATION MEASURES

We are proactively engaged in building our relationship with the Government, industry and other stakeholders.

Dairy is one of the industries which is least affected by any economic slowdown. As consumers continually prefer to buy milk, considering it is one of the essential parts of Indian culture, providing nutrition to millions of families.

Risk

Critical industry development

IMPACT

Failure to move up with the industry change can lead to consumer attrition.

MITIGATION MEASURES

We always look to improve and develop our business model by introducing new products in the profile through organic and inorganic growth and by undertaking initiatives to optimise cost in value chain process.

Risk

Quality risk

IMPACT

This risk arises when the Company is unable to meet the quality standards set internally and externally.

MITIGATION MEASURES

We adhere to our Food Safety policy rigorously. This includes stringent quality checks right from milk procurement stage up to the consumption point.

Risk

Financial risk

IMPACT

This risk arises when the Company defaults in its loan payment or does not generate enough funds to run the business.

MITIGATION MEASURES

The Company is growing cautiously through a balance of equity fund and internal accruals, rather than being debt aggressive.

We continue to attract private equity and strategic investor like TPG and International Finance Corporation (IFC) due to our strong balance sheet and profit metrics.

Risk

Business acquisition

IMPACT

If the acquisition done is far outside of the Company's business line can lead to failure in delivering value by acquired company.

MITIGATION MEASURES

We monitor the M&A environment and transact where it is appropriate. The acquisition done by us is in line with our business profile.

Core Team

Hemanth Kundavaram
CFO

Prabhakar Reddy
Head Production

Meher Baba Yerroju
Head Sales

VCS Reddy
Head Materials

Krishna Prasad
Head IT

Suresh Subramanian
Head Procurement

Sebastian Joseph
Head Quality

A Madhusudhana Reddy
Head HR & Admin

Board of Directors

Dodla Sesha Reddy
Chairman

Dodla Sunil Reddy
Managing Director

A Madhusudhana Reddy
Whole Time Director

Akshay Tanna
Nominee Director

Kishore Mirchandani
Independent Director

Ponnavolu Divya
Independent Director

Rampraveen Swaminathan
Independent Director

Tallam Puranam Raman
Independent Director

Corporate Information

Board of Directors

Dodla Sesha Reddy	:	Chairman
Dodla Sunil Reddy	:	Managing Director
A. Madhusudhana Reddy	:	Whole Time Director
Akshay Tanna	:	Nominee Director
Kishore Mirchandani	:	Independent Director
Ponnavolu Divya	:	Independent Director
Rampraveen Swaminathan	:	Independent Director
Tallam Puranam Raman	:	Independent Director

Key Managerial Personnel

Busireddy Venkat Krishna Reddy	:	Chief Executive Officer
Hemanth Kundavaram	:	Chief Financial Officer
Ruchita Malpani	:	Company Secretary & Compliance Officer

Statutory Auditors	:	M/s. B S R & Associates LLP Chartered Accountants
Secretarial Auditors	:	M/s. MNM & Associates Company Secretaries
Internal Auditors	:	E&Y (Ernst & Young) Chartered Accountants
Tax Auditors	:	M/s. A. Ramachandra Rao & Co., Chartered Accountants
Registered & Corporate Office	:	8-2-293/82/A/270-Q, Road No 10-C, Jubilee Hills, Hyderabad, Telangana - 500 033 Ph: 040-45467777; Fax: 040-45467788 www.dodladairy.com

Notice

NOTICE is hereby given that the 24th Annual General Meeting of Members of the Company will be held Monday, 30 September 2019, at 10:00 A.M., at the registered office of the Company at 8-2-293/82/A/270-Q, Road No 10-C, Jubilee hills, Hyderabad – 500 033 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   a. The Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the reports of the Board of Directors and the Auditors thereon.

   b. The Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2019 together with the reports of the Auditors thereon.

2. To appoint a Director in the place of Dodla Sesha Reddy (DIN 00520448), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, seeks re-appointment.

3. To consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Company hereby appoint M/s. B S R & Associates LLP, Chartered Accountants, Hyderabad, (Firm Registration No. 116231W/W-100024) as Statutory Auditors of the Company for a term of 3 years and that they shall hold office until the conclusion of 27th Annual General Meeting to be held in the Financial Year 2021-22, at such remuneration plus applicable taxes, out-of-pocket, travelling and living expenses, as may be mutually agreed between the board of directors of the Company and the auditors."

SPECIAL BUSINESS

4. TO CONSIDER AND APPROVE THE CHANGE IN REMUNERATION OF THE MANAGING DIRECTOR

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"**RESOLVED THAT** Pursuant to Sec 196, 197, and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other consents, approvals and permissions if any needed and subject to such modifications, variations as may be approved and acceptable between Dodla Sunil Reddy, (DIN: 00794889), the Managing Director and the Company on the remuneration and on such terms and conditions as set out in the agreement entered with him, with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof for the remaining tenure of his appointment, the consent of the members be and is hereby given for payment of remuneration which shall not be less then INR 2,78,80,000/- (Rupees Two Cr Seventy Eight Lakhs Eighty Thousand only) p.a., and shall not exceed INR 5,00,00,000/- (Rupees Five Cr only) p.a., in any given year for the remaining tenure of his appointment as Managing Director.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year during the currency of tenure of services of Dodla Sunil Reddy, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Schedule V of the Companies Act, 2013 such that the remuneration payable shall not be less then INR 2,78,80,000/- (Rupees Two Cr Seventy Eight Lakhs Eighty Thousand only) p.a., and shall not exceed INR 5,00,00,000/- (Rupees Five Cr only) p.a., in any given year for the remaining tenure of his appointment as Managing Director."

5. TO CONSIDER AND APPROVE THE CHANGE IN REMUNERATION OF WHOLE-TIME DIRECTOR

To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to Sec 196, 197, and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other consents, approvals and permissions if any needed and subject to such modifications, variations as may be approved and acceptable between A Madhusudana Reddy, (DIN: 08126380), the Whole-time Director and the Company on the remuneration and on such terms and conditions as set out in the agreement to be entered with him, with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof for the remaining tenure of his appointment, the consent of the members be and is hereby given for payment of remuneration to Whole-time Director which shall not be less then INR 24,00,000/- (Rupees Twenty Four Lakhs only) p.a., and shall not exceed INR 60,00,000/- (Rupees Sixty Lakhs only) p.a., in any given year for the remaining tenure of his appointment as whole time director.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year during the currency of tenure of services of A Madhusudana Reddy, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Schedule V of the Companies Act, 2013 such that the remuneration payable shall not be less then INR 24,00,000/- (Rupees Twenty Four Lakhs only) p.a., and shall not exceed INR 60,00,000/- (Rupees Sixty Lakhs only) p.a., in any given year for the remaining tenure of his appointment as Whole Time Director."

6. TO CONSIDER AND APPROVE THE ALTERATION OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of section 14 and such other provisions as may be applicable of the Companies Act, 2013, the Articles of Association of the Company and Companies (Incorporation) Rules, 2014, including any statutory modifications or re-enactments thereof, for the time being in force, consent of the members be and is hereby accorded to alter below mentioned clauses of the of Part II of Articles of Association with the following Clauses:

A. Definition of Big 4 Firm to be deleted which reads as below:

"Big 4 Firm" means KPMG, PricewaterhouseCoopers, EY, Deloitte Touche Tohmatsu, or their affiliates eligible to practice in India, as per Applicable Law

B. Under Clause 1.1 (t) "Affirmative Vote Items":

Existing Clause:

Appointment or removal of the statutory or internal auditor, if such auditor is not a Big 4 Firm

Revised Clause 1.1 (t) shall be read as below:

Appointment or removal of the statutory or internal auditor

C. Alteration in Clause 23.8:

Existing clause:

23.8 Statutory Auditor and Internal Auditor

The Company shall, within 30 (thirty) days of the Closing Date appoint the statutory auditor and the internal auditor of the Company who shall be anyone of the Big 4 Firms.

Revised Clause 23.8 shall be read as below:

The Company shall, within 30 (thirty) days of the Closing Date appoint the statutory auditor and the internal auditor of the Company as may be mutually agreed between the Company, promoters and the investors.

RESOLVED FURTHER THAT Dodla Sunil Reddy, Managing Director, Ruchita Malpani, Company Secretary of the Company be and hereby jointly and severally authorised to do all such acts, deeds, matters and things as may be required to give effect to the above resolution."

By Order of the Board of Directors

Ruchita Malpani
Company Secretary
M. No: A32883

Place : Hyderabad
Date: 09 August 2019

Notes:

1. **EVERY MEMBER IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Duly filled in Proxy form must be deposited at the registered office of the Company before 48 hours of the time fixed for holding the meeting.
3. Members having any queries with respect to Financials may communicate the same to the Company 48 hours well in advance before the meeting.

Members are requested to:

i. Note that as a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting. A physical copy of annual report may be provided to members on receiving a specific request from them.

ii. Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue, as entry will be strictly on the basis of the entry slip, available at the counters at the venue to be exchanged with the attendance slip.

iii. Quote the Folio / Client ID & DP ID Nos. in all their correspondences.

iv. Note that no gifts/compliments/coupons will be distributed at the Annual General Meeting.

v. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the Board resolution or power of attorney authorising their representatives to attend.

vi. Members are requested to notify immediately, changes if any, in their addresses, in respect of the physical shares held by them, to the Company, and to their Depository Participants (DP) in respect of shares held in the dematerialised form.

In support of the green initiatives of the Central Government and, also to save trees, we sincerely urge and request the shareholders to compulsorily register their e-mail ids with the Company. Please join us in this endeavour to reduce the usage of paper.

SAVE PAPER . . . SAVE TREES . . .

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Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

CIN: U15209TG1995PLC020324

Name of the Company: Dodla Dairy Limited

Registered Office: 8-2-293/82/A/270-Q, Road No 10C, Jubilee hills, Hyderabad, Telangana - 500033 IN

Name of the member (s)	
Registered Address	
E-mail Id	
Folio No./Client Id	
DP ID	

I/We, being the member(s) of Dodla Dairy Limited, shares of the above-named company, hereby appoint:

1. Name:
   Address:
   E-mail Id:
   Signature:

   or failing him/her

2. Name:
   Address:
   E-mail Id:
   Signature:

as my / our proxy to attend and vote (on a poll) for me / us and on my /our behalf at the Annual General Meeting to be held on Monday, 30 September 2019 at the Registered office of the Company at 10:00 AM and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:

Resolution No.	Transaction Item
1.	To receive, consider and adopt: a. The Audited Financial Statements of the Company for the Financial Year ended 31 March 2019, the Reports of the Board of Directors and Auditors thereon; and b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended 31 March 2019
2.	To appoint a Director in the place of Dodla Sesha Reddy (DIN 00520448), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, seeks re-appointment
3.	To appoint the Statutory Auditors of the Company, and to fix their remuneration
4.	To consider ad approve the Change in remuneration of Managing Director
5.	To consider ad approve the Change in remuneration of Whole time Director
6.	To consider ad approve the alteration of the articles of association of the Company

Signed this ………… day of ……/….. 2019

Signature of Shareholder

Signature of Proxy holder(s)

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than One hour before the commencement of the meeting.

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Explanatory Statement

(Pursuant to Section 102 of the Companies Act, 2013)

ITEM NO. 4:

The Board at their meeting held on 9 August 2019 approved the payment of remuneration at an amount which shall not be less than INR 27,880,000/- (Rupees Two Cr Seventy Eight Lakhs Eighty Thousand only) p.a., and shall not exceed INR 50,000,000/- (Rupees Five Cr only) p.a., in any given year for the remaining tenure of his appointment as Managing Director as may be agreed between the Company and the Managing Director.

Further, the above limits of INR 27,880,000/- (Rupees Two Cr Seventy Eight Lakhs Eighty Thousand only) p.a., and INR 50,000,000/- (Rupees Five Cr only) p.a., will be applicable even when there is loss or inadequacy of Profits in any financial year subject to the provisions of Schedule V of the Companies Act, 2013. It is proposed to seek Members approval for the variation of terms of appointment and remuneration.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, of the Company.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution except to the extent of their shareholding and outstanding grants under ESOP in the Company.

The Board recommends the resolution as mentioned in Notice for approval of the members by way of special resolution.

ITEM NO.5

The Members at their meeting held on 17 July 2018 appointed A Madhusudana Reddy, (DIN: 08126380) as "Whole Time Director" and "Officer who is in default" under various laws applicable to the Company for the term of 5 years commencing from 3 May 2017 to 30 April 2022. The Board at their meeting held on 15 May 2019 approved the payment of remuneration at an amount which shall not be less than INR 2,400,000/- (Rupees Twenty Four Lakhs only) p.a., and not exceeding INR 6,000,000 (Rupees Sixty Lakhs only) p.a., in any given year, for the remaining tenure of his appointment as a Whole Time Director.

Further, the above limits of INR 2,400,000/- (Rupees Twenty Four Lakhs only) p.a., and INR 6,000,000 (Rupees Sixty Lakhs only) p.a., will be applicable even when there is loss or inadequacy of Profits in any financial year subject to the provisions of Schedule V of the Companies Act, 2013. It is proposed to seek Members approval for the variation of terms of appointment and remuneration

Hence the Resolution set out in Item No. 5 of the Notice is placed before the members for passing Special Resolution in the Annual General Meeting.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, of the Company.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution except to the extent of their shareholding and outstanding grants under ESOP in the Company.

The Board recommends the resolution as mentioned in Notice for approval of the members by way of special resolution.

ITEM NO.6

Part II of the Articles of Association (Hereinafter AOA) of the Company mentions about the rights and obligations of the Shareholders of the Company. Certain clauses of the said Part II mentions about Big 4 Firm and defines Big 4 Firm as below:

"Big 4 Firm" *means KPMG, PricewaterhouseCoopers, EY, Deloitte Touche Tohmatsu, or their affiliates eligible to practice in India, as per Applicable Law*

These firms as such cannot be appointed in India. Considering the legal applicability of appointing these Big 4 Firms, it is proposed to appoint Auditors for the Company as may be mutually agreed between the Company, Promoters and Investors.

Therefore, the Clauses of AOA relating to the appointment of 'Big 4 Auditors' as mentioned in the Resolution requires amendment

Copy of existing articles of association and revised articles of association will be made available for inspection at the registered office of the Company during the working hours of the Company on any working day up to the date of the Annual General Meeting.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, as applicable, any amendment in article of association of the Company requires approval of the members of the Company by way of Special Resolution.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution except to the extent of their shareholding and outstanding grants under ESOP in the Company.

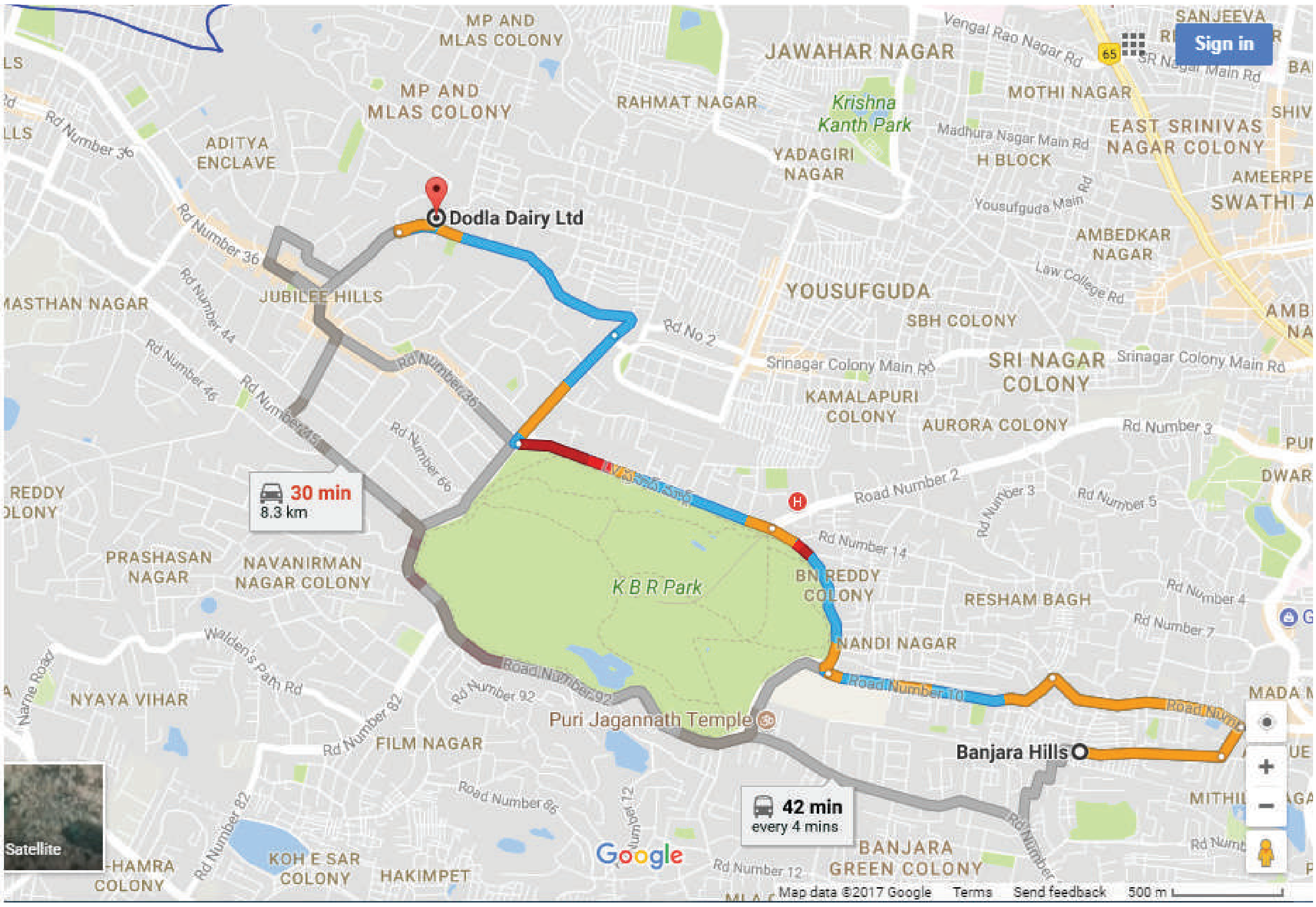
The Board of Directors recommends the resolutions in Item no 6 of the Notice for approval of the members by way of special resolution.

By Order of the Board of Directors

Ruchita Malpani
Company Secretary
M. No: A32883

Place : Hyderabad
Date: 09 August 2019

Route Map to the Company



Directors' Report

Dear Members,

Your Directors take the pleasure in presenting the 24th Directors' report on the business and operations of the Company for the financial year ended 31 March 2019.

FINANCIAL HIGHLIGHTS

(INR in Millions)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Total Income	16,967.83	15,970.13	16,031.16	15,436.17
EBITDA	1,320.15	1,113.64	1,152.29	1,044.54
Finance Cost	107.68	102.74	107.68	102.74
Depreciation, Amortisation, Impairment	356.02	268.56	335.91	252.79
Profit Before Tax	936.62	807.72	786.57	752.51
Current Tax	238.15	186.04	233.23	177.19
Deferred Tax charge	68.46	50.87	29.58	69.67
Paid up Equity Share Capital	556.72	32.75	556.72	32.75
Earnings per Equity Share (in INR)	11.32	10.26	9.41	9.08
Reserves	3,511.67	3,364.84	3,412.62	3,395.65

STATE OF AFFIARS / COMPANY'S PERFORMANCE

On Consolidated basis, the revenue from operations for 2018-2019 at INR 16,887.66 Mn was higher by 6.18% over the last year (INR 15,904.75 Mn in 2017-2018) with a corresponding Profit after tax of INR 630.01 Mn, 10.37% higher than that of the previous year (INR 570.81 Mn).

On Standalone basis, the revenue from operations for 2018-2019 at INR 15,953.29 Mn was higher by 3.78% over the last year (INR 15,372.67 Mn in 2017-2018) with a corresponding Profit after tax of INR 523.76 Mn, 3.58% higher than that of the previous year (INR 505.65 Mn).

There was no change in nature of business of the Company. There were no significant or material orders passed by regulators, courts or tribunals impacting the Company's operations in future.

DIVIDEND

Your Directors have not recommended any dividend for the financial year 2018-19 to facilitate increased earnings.

TRANSFER TO RESERVES

TheCompany does not propose to transfer any amount to the General Reserve out of amount available for appropriations.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

There has been no material change in the nature of the business of the subsidiaries.

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ("the Act") and Rule 5 (1) of the Companies (Accounts) Rules 2014 the performance and financial position of the subsidiary and associate companies is provided in Form AOC-1, appended to this report as **Annexure I.**

BOARD OF DIRECTORS

The board acts on an informed basis and in the best interests of the Company with good faith, care and diligence, for the benefit of shareholders, while having regard to all relevant stakeholders. At the Company, the board is accountable to shareholders and relevant stakeholders and is responsible for protecting and generating sustainable value over the long term. In fulfilling their role effectively, board of directors of the Company:

- guide, review and approve corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments;
- monitor the effectiveness of the Company's governance practices, environmental practices, and social practices, and adhere to applicable laws;
- oversee the management of potential conflicts of interest, such as those which may arise around related party transactions;

- oversee the integrity of the Company's accounting and reporting systems, its compliance with internationally accepted standards, the effectiveness of its systems of internal control, and the independence of the external audit process;
- oversee the implementation of effective risk management and proactively review the risk management approach and policies annually or with any significant business change;

The board meets regularly to discharge its duties and directors allocate adequate time to board meeting preparation and attendance. Board members are aware of the business, its operations and senior management well enough to contribute effectively to board discussions and decisions.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Following are the KMPs of the Company in terms of Sec 203 of the Act

Dodla Sunil Reddy	:	Managing Director (MD)
B V Krishna Reddy	:	Chief Executive Officer (CEO)
Ambavaram Madhusudan Reddy	:	Whole time Director (WTD)
Ruchita Malpani	:	Company Secretary & Compliance officer (CS & CO)
Hemanth Kundavaram	:	Chief Financial Officer (CFO)

None of the directors of the Company are disqualified under the provisions of the Act.

Resignations

Zubin Jamshed Irani, Director resigned from the Board with effect from 2 August 2018

Composition of the Board

Dodla Sesha Reddy	:	Chairman
Dodla Sunil Reddy	:	Managing Director
A Madhusudhana Reddy	:	Whole Time Director
Akshay Tanna	:	Nominee Director
Kishore Mirchandani	:	Independent Director
Ponnavolu Divya	:	Independent Director
Rampraveen Swaminathan	:	Independent Director
Tallam Puranam Raman	:	Independent Director

MEETINGS OF THE BOARD

A calendar of Meeting is prepared and circulated in advance to the Directors. The Board evaluates all the decisions on a collective consensus basis amongst the Directors. The intervening gap between the Meetings was within the period prescribed under the Act.

The Board met 7 (Seven) times i.e., on 3 May 2018, 13 July 2018, 17 July 2018, 9 August 2018, 28 November 2018, 1 February 2019 and 6 February 2019 during the financial year under review.

MEETINGS OF THE COMMITTEE

Audit Committee

The Audit Committee comprises of Kishore Mirchandani, Tallam Puranam Raman, Rampraveen Swaminathan and Dodla Sunil Reddy. During the year there were no instances where Board has not accepted the recommendation of Audit Committee.

The Committee met Seven (7) times i.e., on 2 May 2018, 3 May 2018, 9 May 2018, 12 July 2018, 28 November 2018, 1 February 2019 and 6 February 2019 during the financial year under review.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Rampraveen Swaminathan, Dodla Sesha Reddy, Kishore Mirchandani and Akshay Tanna.

The Committee met Two (2) times i.e., on, 2 May 2018 and 13 July 2018 during the financial year under review.

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee comprises of Dodla Sesha Reddy, Akshay Tanna Ponnavolu Divya

The Committee met two (2) times i.e., on 3 May 2018 and 2 November 2018, during the financial year under review.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of T P Raman as Chairman, Akshay Tanna and Dodla Sunil Reddy.

The Committee did not meet during the financial year under review.

IPO Committee

The Company constituted IPO committee to consider the various matters connected to IPO proposed to be undertaken. The Committee comprises of Dodla Sunil Reddy, Kishore Mirchandani and Akshay Tanna

Directors' Report (Contd.)

The Committee met One (1) time i.e., on 13 July 2018 during the financial year under review.

BOARD PROCESSES, PROCEDURES AND PRACTICES

The Company believes that the effectiveness of the board is reinforced by its structures and the processes and procedures it follows. It has in place robust practices and processes that contribute to the effective and efficient performance of the board. Board systems and procedures broadly comprise convening the meetings, contents of the agenda, conducting the meetings, decision making at the meetings, adequacy of minutes and working of board committees.

Decisions relating to the policy and operations of the Company are arrived at meetings of the board held periodically. Meetings of the board enable discussions on matters placed before them and facilitate decision making based on collective judgment of the board. The Company follows the best practices in convening and conducting meetings of the board and its committees. These include:

Frequency of meetings

A minimum of four board meetings is held each year with the time gap between any two successive meetings not exceeding 120 days. Meetings of the committees are also planned and scheduled to be held along with the board meetings.

Board agenda

It strikes a fine balance between the reviews of the past performance and forward-looking issues. The agenda is structured such that routine and administrative matters do not consume too much board time. The agenda is made available to the directors along with supporting documents sufficiently in advance of the meetings.

Decision making process

The board follows a culture of openness and debate by facilitating effective contribution of all directors and ensuring constructive relations among the directors. Constructive discussions are facilitated leading to effective decision making. The chairman ensures that adequate time is available for discussion of all agenda items in particular strategic issues.

Availability of information to the board

The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. Under the advice and direction of the chairman, the Company secretary's responsibility includes ensuring good information flows within the board as well as between senior management and non-executive directors.

The following information, inter alia, is provided to the directors of the Company:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company
- Minutes of meetings of audit committee and other committees of the board
- General notices of interest received from directors.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company
- Non-compliance of any regulatory, statutory duty
- Legal compliance reports and details of payment of statutory dues

Role of the Chairman

The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role. The role includes:

- Making certain that an effective decision-making process is in place in the board, and that the board's committees are properly structured with appropriate terms of reference
- Encouraging the active engagement of all board members in board and committee meetings, drawing fully on their skills, experience, knowledge and, where appropriate, independence;
- Building effective relationships founded on mutual respect and open communication - both inside and outside the boardroom - between the non-executive directors and executive team, in particular with regard to the identification and oversight of significant risks

Role of Managing Director

The Managing Director (MD) lives and upholds the highest standards of integrity and probity inside and outside the boardroom, through setting clear expectations in terms of culture and values, as well as in terms of the style and tone of board discussions. The MD encourages directors to express their views frankly and challenge constructively in order to improve the standard of discussion in the boardroom. The MD appreciates that constructive challenge from non-executive directors is an essential aspect of good governance and encourage the non-executive colleagues to probe proposals, especially when issues of judgement are concerned. The role includes:

- Setting a board agenda which is primarily focused on business, strategy, accountability, competitive performance and value creation;
- ensuring that issues relevant to this objective are reserved for board consideration, including determining the nature and extent of the significant risks the board is willing to embrace in the implementation of its strategy;
- developing, in particular, a productive working relationship with the CEO, providing support and advice while respecting executive responsibility;
- consulting the senior independent director on board matters consistent with regulations;
- ensuring effective processes are established relating to succession planning and the composition of the board, having regard to the benefits of diversity;

Role of CEO

The CEO is vested with operational responsibility for delivering the Company's strategy. The CEO's relationship with the chair and MD is the key dynamic that underpins the effectiveness of the board. The CEO, with the support of the executive team, has primary responsibility for communicating to the people working within the business the expectations of the board in relation to the Company's culture, values and behaviours.

He has the most intimate knowledge of the Company and its capabilities. This is evidenced when making proposals and exercising judgement, particularly on matters of strategy.

Role of Company Secretary in overall governance process

The Company secretary has a key role to play in facilitating the effective functioning of the board through the timely presentation of board information which - by being accurate, clear and comprehensive - assists high-quality decision making.

Under the direction of the Chairman and MD, the Company secretary's responsibilities include ensuring accurate information flows within the board and its committees, between senior management and non-executive directors, as well as facilitating induction and assisting with professional development. All directors have access to the advice and services of the Company secretary who is responsible to the Board for ensuring that Board procedures are complied with. In addition, the Company Secretary discharges the functions prescribed under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Besides, the Company secretary acts as secretary of the Board and its committees thereof.

Decision making at the board

Effective and good decision-making at the board is facilitated by:

- ensuring that directors are afforded adequate time to prepare for meetings;
- allowing time for debate and challenge, especially for complex, contentious or business-critical issues;
- achieving timely closure on decisions taken; and
- providing clarity for executives on the actions required.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy as adopted by the Board of Directors is appended to this Report as Annexure II. The Nomination & Remuneration Committee has also framed criteria for performance evaluation of every Director and accordingly has carried out the performance evaluation during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to

Directors' Report (Contd.)

give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year under review.

STATEMENT OF DECLARATION GIVEN BY INDEPENDENT DIRECTOR AS PER SECTION 149 (6)

The Company has received necessary declarations from each of the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence laid down in Section 149(6).

MEETINGS OF INDEPENDENT DIRECTORS

The independent directors met once in the financial year under review i.e., on 31 March 2019 to review the performance of non-independent directors and the Board as a whole, review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board and suggested for various implementations for adopting enhanced transparency and hostile good governance practices in the Company.

AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory for the Company to rotate its Statutory Auditors on completion of maximum term as prescribed thereunder. M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/ W-100024) has been the Statutory Auditors of the Company from 2012-13. They can be appointed for second term of 3 years.

The Company at the 19th Annual General Meeting (AGM) held on 30 September 2014, appointed M/s. B S R & Associates LLP, Chartered Accountants, Hyderabad, (Firm Registration No. 116231W/ W-100024) as Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of 19th AGM (subject to ratification of such appointment by the Members at every AGM) till the conclusion of the 24th AGM of your Company. Therefore, their term of office ends at the conclusion of forthcoming AGM.

The Auditors consented for their appointment to 2nd term for a period of 3 years and that their appointment will be in accordance with the limits laid down under Section 141 of the Companies Act, 2013

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Board appointed M/s. MNM & Associates, Company Secretaries to conduct the Secretarial Audit of the Company for the financial year 2018-19.

The Secretarial Audit Report is appended to this report as **Annexure II** which is self-explanatory and the further explanation to same is provided in CSR Report appended as **Annexure VI** to this report.

LOANS, GUARANTEE AND INVESTMENTS

The particulars of loan guarantee and investment have been disclosed under Note 47 of the financial statements.

RELATED PARTY CONTRACTS / ARRANGEMENTS

All related party transactions that were entered into during the financial year are in compliance with Section 177 and 188 of the Act and details of such transactions have been disclosed in Note 43 to the financial statement. Accordingly, transactions are being reported in **Form AOC-2** in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is appended to this report as **Annexure III.**

The Company has developed a Related Party Transactions Policy for purpose of identification and monitoring of such transactions and accordingly any or all Related Party Transactions are placed before the Audit Committee and the Board for approval / noting.

EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act, the extract of the annual return is appended as Annexure IV to this report

EMPLOYEES STOCK OPTION PLAN

During the year 2018-19, your Company adopted an Employees Stock Option Plan named as "Dodla Dairy Limited Employees Stock Option Plan 2018" ("ESOP Scheme").

The options to acquire shares by way of ESOP plan shall be granted to the eligible employees who are in the permanent employment of the Company working in India or outside including directors of the Company whether whole time or not (excluding independent directors).

As per the ESOP plan 2018 dated 23 March 2018 and as amended by 1st Amendment to ESOP 2018, the aggregate number of Options which may be issued by the Company under ESOP Plan is 13,91,800 options and each option shall entitle the option holder to One Equity Share in the Company.

Disclosure pursuant to Rule 9 Chapter IV of The Companies (Share Capital and Debenture) Rules, 2014

Sl. No	Descriptiaon	Details
a.	options granted	835,074
b.	options vested	208,794
c.	options exercised	NIL
d.	the total number of shares arising as a result of exercise of option	NIL
e.	options lapsed	Nil
f.	the exercise price	213.3929
g.	variation of terms of options	NIL
h.	money realised by exercise of options	NIL
i.	employee wise details of options granted:	

(i) key managerial personnel;

Sr. no.	Name of the employee	Employee code	No. of options
1	Venkat Krishna Reddy Busireddy	0002	8,35,074

(ii) any other employee who receives a grant of options in any one year of option amounting to five % or more of options granted during that year - Nil

(iii) identified employees who were granted option, during any one year, equal to or exceeding one % of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - Nil

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is appended to this Report as **Annexure V.**

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public and as such there are no outstanding fixed deposits in terms of Companies (Acceptance of Deposit Rules) 2014.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/ information, safeguarding of assets, prevention and detection of frauds and errors. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the directors confirm that, for the preparation of financial statements for the financial year ended 31 March 2019, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

Directors' Report (Contd.)

INTERNAL AUDIT & CONTROL SYSTEMS

Your Company has a well-defined and documented internal control system, which is adequately monitored. Checks & balances and control systems have been established to ensure that assets are safe guarded, utilised with proper authorisation and recorded in the books of account. The Internal control systems are improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

These are supplemented by internal audit of your Company carried out by reputed firms of Chartered Accountants across India. Your Company has an Audit Committee consisting of Four Directors in whom all are Non-Executive and three are independent Directors. The Audit Committee of the Board of Directors are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. Your Company has a robust Management Information System which is an integral part of the control mechanism.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There were no material changes and commitments affecting financial position of the Company between 31 March 2019 and the date of this Report

PARTICULARS OF EMPLOYEES

No Employee is drawing in excess of remuneration in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 except as stated in the Annual Return of the Company appended to this report.

SIGNIFICANT OF MATERIAL ORDERS PASSED BY THE REGULATORS

There is no significant order passed by the regulators or Courts during the year under review.

RISK MANAGEMENT POLICY

The Company has adopted the development and implementation of risk management policy and analysis. The brief detail about this policy may be accessed on the Company's website at the weblink:

https://www.dodladairy.com/static/downloads/audit-and-risk-mgt-committee-charter.pdf

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the Financial Year under review the Company has received no complaints of sexual harassment at workplace. The brief detail about this policy may be accessed on the Company's website at the weblink: https://www.dodladairy.com/static/downloads/psh-policy.pdf

CORPORATE SOCIAL RESPONSIBILTY POLICY

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year is appended to this Report as **Annexure VI** in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

A detail policy is available on the website of the Company at the weblink:

https://www.dodladairy.com/csr_policy

WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a vigil mechanism and adopted vigil mechanism / whistle blower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism.

The brief detail about this mechanism may be accessed on the Company's website at the weblink:

https://www.dodladairy.com/static/downloads/Vigil-Mechanism.pdf

DISCLOSURE ABOUT COST AUDIT

During the financial year under review, your Company has not crossed the threshold limits prescribed for appointment of Cost Auditor as per provisions of Section 148 of the Companies Act, 2013 and rules made thereunder.

INDUSTRY BASED DISCLOSURES AS MANDATED BY THE RESPECTIVE LAWS GOVERNING THE COMPANY

RBI Guidelines:

The Company being not accepting deposits, will not fall under the category of NBFC to comply with all the requirements prescribed by the Reserve Bank of India, from time to time as applicable to it.

MATERIAL CHANGES AND COMMITEMENTS, IF ANY, AFFECTING FINANCIAL STATEMENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS TILL THE DATE OF REPORT

There were no material changes and commitments affecting financial position of the Company between 31 March 2019 and the date of Board's Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere gratitude to the Government of India, Government of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, and other States, Registrar of Companies - Telangana, lenders including bankers whose assistance and support, your Company has been privileged to receive.

Your directors thank the shareholders for the confidence reposed in the Company and for their continued support and co-operation. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board

Place : Hyderabad **DODLA SESHA REDDY**

Date: 09 August 2019 *CHAIRMAN*

Note: Except as otherwise stated, all the numbers in the Director's Report are on standalone basis

Annexure Index

Sl. No	DETAILS OF THE ANNEXURE	ANNEXURE
1.	FORM AOC 1 - STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES, ASSOCIATE COMPANIES, JOINT VENTURES	I.
2.	FORM MR 3- SECRETARIAL AUDIT REPORT	II.
3.	FORM AOC 2 – PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES	III.
4.	FORM MGT 9 - EXTRACT OF ANNUAL RETURN	IV.
5.	CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO	V.
6.	ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY	VI.

Annexure- I

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures

PART "A": SUBSIDIARIES

Sl. No	Particulars	Details		
		USD	USh in '000	In Kshs.
1.	Name of the subsidiary	Dodla Holdings Pte. Limited (WOS)	Lakeside Dairy Limited (SDS)	Dodla Dairy Kenya Limited (SDS)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April 2018 to 31 March 2019	1 April 2018 to 31 March 2019	1 April 2018 to 31 March 2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD = 69.281	USh = 0.0186 INR	Ksh = 0.688 INR
4.	Share capital	6,500,000	2,000,000	2,500,000
5.	Reserves & surplus	762,401	2,403,291	(15,838,627)
6.	Total Assets	7,296,824	28,168,125	88,719,266
7.	Total Liabilities	34,423	22,039,764	102,057,892
8.	Investments	1,401,336	0	0
9.	Turnover	0	47,640,727	1,070,667,083
10.	Profit before taxation	256,201	7,039,768	(2,529,348)
11.	Provision for taxation	(57,392)	(2,153,977)	(432,103)
12.	Profit after taxation	198,809	4,885,791	(2,961,452)
13.	Proposed Dividend	0	0	0
14.	% of shareholding	100%	0%	0%
15.	Type of Subsidiary	Wholly Owned Subsidiary	Step Down Subsidiary	Step Down Subsidiary

1. Names of subsidiaries which are yet to commence operations: Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

Annexure- I (Contd.)

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No	Name of associates/Joint Ventures	Global Vetmed Concepts India Private Limited (GVC)
1.	Latest audited Balance Sheet Date	31 March 2019
2.	Shares held by the Company on the year end	3,866,923
	Amount of Investment in Associates/Joint Venture	38,669,230
	Extend of Holding%	48%
3.	Description of how there is significant influence	Dodla Sunil Reddy, the Managing Director of the Company is a Director on Board of GVC and the Company holds 48% equity stake in the Company
4.	Reason why the associate/joint venture is not consolidated	It has been consolidated
5.	Profit/Loss for the year	
I.	Considered in Consolidation	Yes
II.	Not Considered in Consolidation	NA

1. Names of associates or joint ventures which are yet to commence operations. NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year: NIL

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

Annexure- II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

DODLA DAIRY LIMITED

8-2-293/82/A/270-Q, Road No 10-C

Jubilee hills, Hyderabad– 500 033

Telangana

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DODLA DAIRY LIMITED** (hereinafter called the Company) bearing **CIN: U15209TG1995PLC020324.** Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Dodla Dairy Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31 March 2019,** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Dodla Dairy Limited** ("the Company"), an **Unlisted Public Company** for the financial year ended on **31 March 2019** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) **General and other labour laws:** applicable to the Company, as mentioned below:

1. Employees State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;
2. Employees Provident Funds and Miscellaneous Provisions Act, 1952and the Employees' Provident Funds Scheme, 1952;
3. Payment of Bonus Act,1965 and the Payment of Bonus Rules, 1965;
4. Employment Exchanges(Compulsory Notification of Vacancies) Act,1959
5. Contract Labour (Regulation and Abolition) Act,1970 and the Contract Labour (Regulation and Abolition) Central Rules,1971;
6. Factories Act, 1948 and the rules made thereunder;
7. Andhra PradeshShops and Establishment Act, 1988 and various respective State laws;
8. Water (Prevention and Control of Pollution) Act, 1974
9. Air (Prevention and Control of Pollution) Act, 1981
10. Environment Protection Act, 1986
11. Public Liability Insurance Act,1991
12. Indian Boilers Act,1923
13. Explosives Act,1884
14. Legal Metrology Act, 2009
15. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Annexure- II (Contd.)

(vi) **Industry Specific Laws:** The Company is engaged in the business of processing of milk and preparation of milk products and its allied products. The management has identified and confirmed the compliances of the following laws being specifically applicable to the Company are as under:

1. Infant Milk Substitutes, Feeding Bottles and Infant Foods(Regulation of Production Supply and Distribution) Act, 1992
2. Livestock Importation Act, 1898
3. Agricultural Produce(Grading and Marketing) Act, 1937
4. Bureau of Indian Standards (BIS) Act, 1986
5. Export of Milk Products(Quality Control, Inspection and Monitoring) Rules 2000

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below Observations:

1. ***During the financial year 2018-19 the actual CSR amount was spent Rs 7,95,000/- as against an amount of Rs1,62,94,211/- (2% of Average net profit of preceding three financial year) which is required to be spent in terms of the provisions of Section 135 of the Companies Act, 2013 and rules thereon.***
2. ***The Company has incorrectly filed form DIR-12 in relation to the appointment of Whole-time Director Mr Madhusudhana Reddy Ambavaram***

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company not entered into / carried out any activity that has major bearing on the Company's affairs.

For MNM & Associates
Company Secretaries
Firm Registration No. P2017TL059600

Sridevi Madati
Partner
M.No.F6476
COP 11694

Date: 09 August 2019
Place: Hyderabad

Annexure A

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MNM & Associates
Company Secretaries
Firm Registration No. P2017TL059600

Sridevi Madati
Partner
M.No.F6476
COP 11694

Date: 09 August 2019
Place: Hyderabad

Annexure - III

FORM NO. AOC 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis: NIL**

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

The following material contracts or arrangements or transactions entered in to during the year ended 31 March 2019, which were at arm's length basis as mentioned below:

Name of the Related Party	Nature of Relationship	Salient Terms	Amount in INR
Dodla Dairy, Vinjumur	Enterprise over which KMP have significant influence	Lease Rent paid	1,200,000
Surekha Milk Chilling Centre	Enterprise over which KMP have significant influence	Lease Rent paid	900,000
Dodla Nutri Feeds LLP	Enterprise over which KMP have significant influence	Lease Rent paid	540,000
Dodla Foundation	Enterprise over which KMP have significant influence	Corporate social responsibility	800,000
D Soft India Private Limited	Enterprise over which KMP have significant influence	Software maintenance expenses	600,000
Global Vetmed Concept Private Limited ('GVC')	Associate Company	Purchase of Raw Material	9,740,000
		Expenses incurred	2,050,000
Tropical Bovine Genetics Private Limited	Enterprise over which KMP have significant influence	Purchase of goods	1,020,000
Dodla Sesha Reddy	Director	Consultancy Fees	3,600,000
Dodla Silpa Reddy	Relative of KMP	Consultancy Fees	600,000
Oremus Corporate Services Private Limited (Inclusive Tax)	Enterprise over which KMP have significant influence	Consultancy Fees	990,000

Note:

All the above transactions were approved by the Members of Audit Committee and by the Board of Directors of the Company wherever required

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

Annexure - IV

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2019

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN [(SECTION 134 (3) (A)]

I. REGISTRATION AND OTHER DETAILS:

S. No	Particulars	Details
i.	CIN	U15209TG1995PLC020324
ii.	Registration date	15 May 1995
iii.	Name of the Company	Dodla Dairy Limited
iv.	Category / Sub-Category	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered office and contact details	8-2-293/82/A/270-Q, Road No 10-C, Jubilee hills, Hyderabad - 500033, Telangana, India; Tel No.: 040-45467777
vi.	Whether listed Company	Unlisted
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot No. 31 &32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500032; Tel: +91 40 2331 2454

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The following are the business activities contributing 10% or more of the total turnover of the Company

S. No	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
i.	Manufacture of dairy products Wholesale of raw milk & dairy products	1050, 46302 (NIC 2008)	99.44%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The following are the details

S. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
i.	Dodla Holdings Pte. Limited, Singapore	UEN: 201418023E	Subsidiary	100	2(87)
ii.	Lakeside Dairy Limited	--	Step-Down Subsidiary	Nil	2(87)
iii.	Dodla Dairy Kenya Limited	--	Step-Down Subsidiary	Nil	2(87)
iv.	Global Vetmed Concepts India Private Limited	U15400TG2009PTC063052	Associate	48	2(6)

Annexure - IV (Contd.)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) INDIAN									
a) Individual* / HUF	2,390,620	Nil	2,390,620	72.99	23,259,746	Nil	23,259,746	41.78	(31.21)
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other Trust	Nil	Nil	Nil	Nil	16,144,877	Nil	16,144,877	29.00	29.00
Sub-total (A) (1):	**2,390,620**	**Nil**	**2,390,620**	**72.99**	**39,404,623**		**39,404,623**	**70.78**	**(2.21)**
(2) Foreign									
a) NRIs- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)Other–Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**2,390,620**	**Nil**	**2,390,620**	**72.99**	**39,404,623**	**Nil**	**39,404,623**	**70.78**	**Nil**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	884,202	Nil	884,202	26.99	15,031,434	Nil	15,031,434	27.00	0.01
i) Individual shareholders holding nominal share capital up to INR 1 lakh	1	Nil	1	0.00	1,235,934	Nil	1,235,934	2.22	2.22
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)									
Sub-total (B)(2):	884,202	Nil	884,202	26.99	16,267,368	Nil	16,267,368	29.22	2.23
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Grand Total (A+B+C)	**3,274,823**	**Nil**	**3,274,823**	**100**	**55,671,991**	**Nil**	**55,671,991**	**100**	**Nil**

*D. Subba Reddy, D. Girija Reddy and D. Deepa Reedy are members of the promoter group within the meaning of regulation 2(1)(zb) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. D. Subba Reddy, D. Girija Reddy and D. Deepa Reedy are not the promoters of the Company. Their shareholding has been classified under the heading Promoters, as the Companies Act, 2013 does not contain the definition of the term "Promoter Group"

Annexure - IV (Contd.)

ii) Shareholding of Promoters#

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	D. Sunil Reddy	832,124	25.41	0	14,857,479	26.69	0	1.28
2	D. Sesha Reddy	1,195,238	36.49	0	556,716	1.00	0	-35.49
3	D. Subba Reddy*	01	0.0	0	17	0.00	0	0
4	D. Girija Reddy*	01	0.0	0	17	0.00	0	0
5	D. Deepa Reddy*	363,256	11.09	0	7,845,517	14.09	0	3
6.	Dodla Family trust	0	0	0	16,144,877	29.00	0	29
Total		**2,390,620**	**72.99**	**0**	**39,404,623**	**70.77**	**0**	**-2.22**

* D. Subba Reddy, D. Girija Reddy and D. Deepa Reedy are members of the promoter group within the meaning of regulation 2(1)(zb) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. D. Subba Reddy, D. Girija Reddy and D. Deepa Reedy are not the promoters of the Company. Their shareholding has been classified under the heading Promoters, as the Companies Act, 2013 does not contain the definition of the term "Promoter Group"

Pursuant to the Board resolution dated 13 July 2018, Dodla Sunil Reddy, Dodla Sesha Reddy and Dodla Family Trust have been identified as Promoters of the Company.

Change in promoter's shareholding:

Name of the Promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1. Dodla Sesha Reddy				
At the beginning of the year	1,195,238	36.50	1,195,238	36.50
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transfer of 1,162,490 shares on 12 May 2018 Issue of bonus share in the ratio of 16:1 i.e., 523,968 equity shares on 17 May 2018			
At the end of the year	556,716	1.00	556,716	1.00
2. Dodla Sunil Reddy				
At the beginning of the year	832,124	25.41	832,124	25.41
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Received 991,544 equity shares through transfer on 17 May 2018 Issue of bonus share in the ratio of 16:1 i.e., 29,178,688 equity shares Transferred 16,144,877 equity shares to Dodla family trust on 30 July 2018			
At the end of the year	14,857,479	26.69	14,857,479	26.69
3. Dodla Subba Reddy*				
At the beginning of the year	1	00	1	00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Issue of bonus share in the ratio of 16:1 i.e., 16 equity shares on 17 May 2018			
At the end of the year	17	0.00	17	0.00
4. Dodla Girija Reddy*				
At the beginning of the year	1	00	1	00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Issue of bonus share in the ratio of 16:1 i.e., 16 equity shares on 17 May 2018			
At the end of the year	17	0.00	17	0.00

Annexure - IV (Contd.)

Name of the Promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5. Dodla Deepa Reddy*				
At the beginning of the year	363,256	11.09	363,256	11.09
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Received shares of 98,245 from D Sesha Reddy through share transfer on 12 May 2018 Issue of bonus share in the ratio of 16:1 ie., 7,384,016 equity shares on 17 May 2018			
At the end of the year	7,845,517	14.09	7,845,517	14.09

* D. Subba Reddy, D. Girija Reddy and D. Deepa Reedy are members of the promoter group within the meaning of regulation 2(1)(zb) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. D. Subba Reddy, D. Girija Reddy and D. Deepa Reedy are not the promoters of the Company. Their shareholding has been classified under the heading Promoters, as the Companies Act, 2013 does not contain the definition of the term "Promoter Group"

iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoter and Holders of GDRs and ADRs):

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TPG DODLA DAIRY HOLDINGS PTE. Limited				
At the beginning of the year	884,202	26.99%	884,202	26.99%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Issue of bonus share in the ratio of 16:1 i.e., 14,147,232 equity shares on 17 May 2018			
At the end of the year	15,031,434	27	15,031,434	27
SUREKHA REDDY BOMNIREDDY				
At the beginning of the year	1	0	1	0
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Received 32,748 equity shares from D Sesha Reddy through transfer on 12 May 2018 Issue of bonus share in the ratio of 16:1 i.e., 523,984 Equity shares on 17 May 2018			
At the end of the year	5,556,733	1.00	5,556,733	1.00
B V K Reddy				
At the beginning of the year	**NIL**			
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Received 39,953 equity shares through transfer on 12 May 2018 Issue of bonus share in the ratio of 16:1 i.e., 639,248 Equity shares on 17 May 2018			
At the end of the year	679,201	1.22	679,201	1.22

iv) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Dodla Sesha Reddy				
At the beginning of the year	1,195,238	36.50	1,195,238	36.50
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transfer of 1,162,490 shares on 12 May 2018 Issue of bonus share in the ratio of 16:1 i.e., 523,968 equity shares on 17 May 2018			
At the end of the year	556,716	1.00	556,716	1.00
Dodla Sunil Reddy				
At the beginning of the year	832,124	25.41	832,124	25.41
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Received 991,544 equity shares through transfer on 12 May 2018 Issue of bonus share in the ratio of 16:1 i.e., 29,178,688 equity shares on 17 May 2018 Transferred 16,144,877 equity shares to Dodla family trust on 30 July 2018			
At the end of the year	14,857,479	26.69	14,857,479	26.69

V. INDEBTEDNESS

1. Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in INR)

Particulars		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year					
i)	Principal Amount	1,258,130,000	0	0	1,258,130,000
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	2,720,000	0	0	2,720,000
	Total of (i + ii + iii)	1,260,850,000	0	0	1,260,850,000
	Change in Indebtedness during the financial year				
	Addition	321,420,000			321,420,000
	Reduction				
Net Change		321,420,000			321,420,000
Indebtedness at the end of the financial year					
i)	Principal Amount	1,577,890,000	0	0	1,577,890,000
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	4,380,000	0	0	4,380,000
Total of (i + ii + iii)		1,582,270,000	0	0	1,582,270,000

Annexure - IV (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(Amount in INR)

Particulars		Name of MD/WTD/Manager			Total Amount
		Managing Director	Whole-time Director	Manager	
Gross salary				NA	
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21,063,772	1,879,164		22,942,936
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	5,517,629	50,884		5,568,513
c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0		0
	Stock Option	0	0		0
	Sweat Equity	0	0		0
	Commission	0	0		0
	- as % of profit				
	- others, specify				
	Others, Performance Incentive / Bonus	1,121,796	174,230		1,296,026
	Total (A)	27,703,197	2,104,278		29,807,475
	Ceiling as per the Act				3%

B. Remuneration to other directors:

1. Independent Directors

Particulars of Remuneration	Name of Directors				Total Amount
	Kishore M	Rampraveen S	Divya P	T P Raman	
Fee for attending board / committee meetings	1,200,000	600,000	600,000	400,000	2,800,000
Commission	Nil	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil	Nil
Total (1)	**1,200,000**	**600,000**	**600,000**	**400,000**	**2,800,000**

2. Other Non-Executive Directors

Particulars of Remuneration	Name of Directors		Total Amount
	Dodla Sesha Reddy	Akshay Tanna	
Fee for attending board / committee meetings	Nil	Nil	Nil
Commission	Nil	Nil	Nil
Others (Consultancy Fee)	3,600,000	Nil	3,600,000
Total (2)	**3,600,000**	**Nil**	**3,600,000**
Total (B)=(1+2)			**6,400,000**
Total Managerial Remuneration			
Overall Ceiling as per the Act			NA

3. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Particulars of Remuneration		Key Managerial Personnel			Total
		CS	CEO	CFO*	
Gross salary					
a.	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	916,800	15,624,000	3,587,589	20,128,389
b.	Value of perquisites u/s 17(2) Income-tax Act, 1961	0	1,433,131	0	1,433,131
c.	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
	Stock Option	0	208,794	0	208,794
	Sweat Equity	0	0	0	0
	Commission	0	0	0	0
	- as % of profit				
	- others,				
	Others, Performance Incentive	29,050	939,462	197,300	1,165,812
	Total Remuneration excluding Stock Option	**945,850**	**17,996,593**	**3,784,889**	**22,727,332**

*The CFO was appointed w.e.f., 13 July 2018

PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act 2013	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeals made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Date: 09 August 2019
Place: Hyderabad

Dodla Sunil Reddy
Managing Director
DIN: 00794889

Ruchita Malpani
Company Secretary
M.No: A32883

Annexure – V

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required to be disclosed under section 134 the Companies Act 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

A. CONSERVATION OF ENERGY

i. Steps Taken or Impact on Conservation of Energy:

Energy conservation dictates how efficiently a company can conduct its operations. The Company has recognised the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has undertaken various energy efficient practices that have reduced the growth in carbon dioxide (CO2) emissions and strengthened the Company's commitment towards becoming an environment friendly organisation. The Company has been certified by ISO 50001 for Energy Management System. A dedicated 'Energy Cell' is focusing on energy management and closely monitor energy consumption pattern across all manufacturing sites. Periodic energy audits are conducted to improve energy performance.

ii. Steps taken by the Company for utilising alternate source of energy:

Commissioned (On Grid) Distributed Solar Power Plants at its **seven various locations/plants** with total capacity of **1.2755 MWp during March 2019** with key objective to optimise energy mix by use of Clean & Green (Renewable) Energy sources to reduce carbon emissions and to secure Energy at Low Cost.

LED lights installation at various plants. LED lights are reducing power consumption

iii. The Capital investment on energy conservation equipment's:

The Capital investment on energy conservation equipment's is **INR 5.82 Cr (for solar generation) and INR 0.18 Cr (LED Lighting) Total 6.00 Cr.**

B. TECHNOLOGY ABSORPTION

I. The efforts made by the Company towards technology absorption during the year under review are:

a) Installation of energy efficient evaporative condenser in most of our plants

b) Commissioned 2tph, 3tph, 4tph & 8tph wood & bio-gas Fired boilers

c) Provided LED lighting system in most of our packing station

d) Installed Automatic CIP system in most of our plants

e) Installation of Heat recovery system

f) Provide Crate conveyor system

g) Using of eco-friendly consumption materials

h) Implementation of Rapid Milk chilling to enhance quality of Milk

i) Implementation of Automatic milk analyser for accurate quality/quantity management system

j) Installed High efficiency Homogeniser

Annexure - V (Contd.)

II. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

III. Expenditure on R & D

The Company incurred expenditure on Farming activities along with GVC as stated below:

S. No	Particulars	2018-19	2017-18
1	Capital	427,207	933,554
2	Recurring	64,307,961	64,517,531
	Total	**64,735,168**	**65,451,085**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013, read with the Rule 5 of the Companies (Accounts) Rules, 2014, the information relating to foreign exchange earnings and outgo is:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	NIL	NIL

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

Annexure – VI

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. BRIEF OUTLINE OF THE CSR POLICY

The CSR policy speaks about Dodla Dairy's intent to support to the rural community through various developmental programmes, called Dodla CSR policy. This policy shall apply at all major mandals and towns of Andhra Pradesh and Telangana States initially. This may be extended to the other parts of the Country in the near future for the benefit of society at large.

The main objective of Dodla CSR policy is giving back to the rural society which has helped its business growth and sustenance so far. The area of community development includes Malnutrition & Eradicating hunger, Animal health, drinking water, Rural Infrastructure facilities, Rural Education/promoting gender equality among rural mass.

For achieving the CSR objectives through implementation of meaningful and sustainable CSR programmes, Dodla shall allocate not less than 2% of its average Net Profit calculated as per Sec-198 of the Companies Act, 2013, as its Annual CSR Budget in each Financial Year. From the annual CSR Budget allocation, a provision will be made towards the expenditure to be incurred on identified Areas, for undertaking CSR activities on a year on year basis. Allocation of the Annual Budget for CSR activities in any given year shall be as per the provisions of the Companies Act 2013 and rules made thereof as amended from time to time.

In case of any query / suggestions with regard to any provision(s) of the policy, a reference can be made to the CSR Committee. In all such matters, the interpretation & decision of the members of CSR committee shall be final. Any or all provisions of the CSR Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Central Government, from time to time. The CSR Committee / Board will review the policy from time to time based on changing needs and aspirations the beneficiaries and make suitable modifications, as may be necessary.

2. COMPOSITION OF THE COMMITTEE

Dodla Sesha Reddy	Chairman
Akshay Tanna	Member
Ponnavolu Divya	Member

3. THE AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS:

Financial Year	Amount in INR
2015-16	760,617,249
2016-17	804,096,972
2017-18	879,417,438
Total	2,444,131,659
Average	814,710,553
2% of Net Profit	**16,294,211**

4. PRESCRIBED CSR EXPENDITURE: INR 16,294,211/-

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

a. Total amount to be spent for the financial year: INR 16,294,211/-

b. Amount unspent, if any: INR 15,499,211/-

c. Manner in which the amount spent during the financial year is detailed below.

S. No	PARTICULARS	DETAILS
1	CSR project or activity Identified.	Rural development projects
2	Sector in which the Project is covered	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
3	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Nellore district of the State of Andhra Pradesh
4	Amount outlay (budget) project or programs wise	a) Expansion and construction of Sai Silver Oak Foundation, a registered educational trust. b) Three-year program of Techno Serve to build capacity of up to 10,000 small holder dairy farmers (including 2,000 women) and to help increase incomes of smallholder dairy farmers through a combination of capacity building, productivity enhancement, quality improvement and cost reduction interventions. c) To provide infrastructure facility to the hostel students in Mahmuddapuram, Nellore District
5	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or program (2) Overheads:	INR 795,000
6	Cumulative expenditure up to the reporting period	INR 795,000
7	Amount spent: Direct or through implementing agency	Indirect, through trust

In case the Company has failed to spend the two % of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its board report:

As per the project approved by the CSR committee to spend funds on infrastructure facility to the hostel students in Mahmuddapuram, Nellore District. Since, there was no request received from the hostel for funds, Company did not provide any fund to the hostel.

In addition to this, the Company has created a trust in a name & Style "DODLA FOUNDATION" to spend the funds on CSR activities. Hence the trust is looking after the CSR activities. The various activities to be performed on the ground and the team identification for execution of CSR activities are in progress by the trust.

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company

We hereby confirm that implementation and monitoring of the CSR Policy are in compliance with the CSR objectives and CSR Policy of the Company.

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

Financial Statements

Independent Auditors' Report

To the Members of Dodla Dairy Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of Dodla Dairy Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

Independent Auditors' Report (contd.)

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act with relevant Rules issued thereunder;

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 38 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197. The remuneration paid to any director is not in excess of the limit laid down under Section 197. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number:
116231W/ W-100024

Vikash Somani
Partner
Membership No: 061272
UDIN: 19061272AAAAAV2902

Place : Hyderabad
Date: 09 August 2019

Annexure - A to the Independent Auditors' Report on the Standalone Financial Statements

With reference to the Annexure-A referred to in the Independent Auditors' Report of even date, on the standalone financial statements, to the Members of Dodla Dairy Limited ('the Company') for the year ended 31 March 2019, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year, except for certain assets which are in the possession of vendors. The Company has obtained confirmation of these assets from the vendors. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 4 on fixed assets to the Standalone Financial Statements, are held in the name of the Company.

(ii) The inventories, except goods-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) (a), (b) and (C) of the Order are not applicable to the Company.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act, in respect of the loans given and investments made. Further, there are no loans given in respect of which provisions of section 185 of the Act are applicable and there are no guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable.

(v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a delay in few cases. Professional tax have not generally been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases. As explained to us, the Company did not have any dues on account of Sales-tax, Service tax, Duty of excise and Value added tax. Refer note 27 to the financial statements relating to provident fund contribution.

Annexure - A to the Independent Auditors' Report on the Standalone Financial Statements (Contd.)

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable, except as mentioned below:

Name of the statute	Nature of the dues	Amount in INR (excluding interest)	Period to which the amount relates	Due date	Paid subsequent to the year end
Tamil Nadu Value Added Tax Act, 2006	Sales tax	2,609,230	July 2012 to November 2012	20th of the subsequent month	Not paid till date

(b) According to the information and explanations given to us, there are no dues of Sales tax, Service tax, Duty of Excise and Value added tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income tax and Duty of Customs have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the dues	Amount in INR*	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income tax and interest thereon	1,683,215 (689,893)	Assessment year 2008 – 2009	Deputy Commissioner of Income-tax Hyderabad Circle 1(2)
Income-tax Act, 1961	Income tax and interest thereon	2,866,620 (2,866,620)	Assessment year 2010 – 2011	Income Tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income tax and interest thereon	6,417,854 (6,417,854)	Assessment year 2011 – 2012	Commissioner of Income-tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	32,381,867 (32,381,867)	Assessment year 2012 – 2013	
Income-tax Act, 1961	Income tax and interest thereon	25,364,150 (25,364,150)	Assessment year 2013 – 2014	
Income-tax Act, 1961	Income tax and interest thereon	9,247,720 (9,247,720)	Assessment year 2014 – 2015	
Customs Act, 1962	Custom duty and Penalty thereon	3,792,623 (104,450)	Financial year 2015-2016	High Court of Karnataka

* Amount in parenthesis represents amounts paid under protest.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or dues to debenture holders. The Company does not have any loans or borrowings from any financial institution or government during the year.

(ix) In our opinion and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

Annexure - A to the Independent Auditors' Report on the Standalone Financial Statements (Contd.)

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in Note 41 to the standalone financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number: 116231W/ W-100024

Vikash Somani
Partner
Membership No: 061272
UDIN: 19061272AAAAAV2902

Place : Hyderabad
Date: 09 August 2019

Annexure - B to the Independent Auditors' Report on the Standalone Financial Statements

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

We have audited the internal financial controls with reference to financial statements of Dodla Dairy Limited ('the Company') as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that:

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure - B to the Independent Auditors' Report on the Standalone Financial Statements (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number:
116231W/ W-100024

Vikash Somani
Partner
Membership No: 061272
UDIN: 19061272AAAAAV2902

Place : Hyderabad
Date: 09 August 2019

Standalone Balance Sheet

as at 31 March 2019

(INR in Millions except for share data or otherwise stated)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,120.45	2,937.77
Capital work-in-progress	4	109.84	150.10
Goodwill	5	359.37	-
Other intangible assets	5	129.16	6.07
Biological assets other than bearer plants			
Matured biological assets	6	20.60	20.34
Immatured biological assets	6	6.40	7.65
Financial assets			
Investments in subsidiary and associate	7	407.84	407.84
Other investments	7	78.63	71.10
Loans receivables	8	83.36	147.07
Income-tax assets	27	36.48	38.52
Other non-current assets	9	83.16	81.04
Total non-current assets		**5,435.29**	**3,867.50**
Current assets			
Inventories	10	1,174.46	1,295.79
Financial assets			
Investments	11	181.35	598.49
Trade receivables	12	37.17	19.35
Loans receivables	13	156.93	67.00
Cash and cash equivalents	14 (a)	100.22	110.98
Bank balances other than above	14 (b)	0.82	0.70
Other financial assets	15	2.26	1.63
Other current assets	16	145.87	46.00
Total current assets		**1,799.08**	**2,139.94**
Total assets		**7,234.37**	**6,007.44**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	556.72	32.75
Other equity	18	3,412.62	3,395.65
Total equity		**3,969.34**	**3,428.40**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	1,102.38	222.50
Deferred tax liabilities (net)	20	237.47	208.52
Government grants	21	31.34	34.52
Provisions	22	65.00	68.88
Total non-current liabilities		**1,436.19**	**534.42**
Current liabilities			
Financial liabilities			
Borrowings	23	313.65	943.13
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	24	2.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	24	695.89	592.52
Other financial liabilities	25	566.10	314.72
Government grants	21	2.96	2.86
Provisions	26	20.82	16.15
Current tax liabilities	27	177.06	131.41
Other current liabilities	28	49.62	43.83
Total current liabilities		**1,828.84**	**2,044.62**
Total liabilities		**3,265.03**	**2,579.04**
Total equity and liabilities		**7,234.37**	**6,007.44**
Significant accounting policies	3		

See accompanying notes to standalone financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAV2902

Place: Hyderabad
Date: 09 August 2019

for and on behalf of the Board of Directors of
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Standalone Statement of Profit and Loss

for the year ended 31 March 2019

(INR in Millions except for share data or otherwise stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	29	15,953.29	15,372.67
Other income	30	77.87	63.50
Total income		**16,031.16**	**15,436.17**
Expenses			
Cost of materials consumed	31	11,843.35	12,407.11
Changes in inventories of finished goods and work-in-progress	32	148.21	(417.14)
Employee benefits expense	33	714.45	613.13
Depreciation and amortisation expense	34	335.91	252.79
Finance costs	35	107.68	102.74
Other expenses	36	2,094.99	1,725.03
Total expenses		**15,244.59**	**14,683.66**
Profit before tax		**786.57**	**752.51**
Income-tax expense			
-Current tax	37	233.23	177.19
-Deferred tax	37	29.58	69.67
Total tax expense		**262.81**	**246.86**
Profit for the year (A)		**523.76**	**505.65**
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of profit or loss			
Remeasurement of the net defined benefit obligation		(1.79)	23.40
Income tax relating to these items	37	0.63	(8.10)
Other comprehensive income for the year (B)		**(1.16)**	**15.30**
Total comprehensive income for the year (A+B)		**522.60**	**520.95**
Earnings per share (nominal value of INR 10 each, fully paid-up)	40		
Basic [in INR]		9.41	9.08
Diluted [in INR]		9.40	9.08
Weighted average number of equity shares used in computing earnings per share:			
-Basic		55,671,991	55,671,991
-Diluted		55,733,681	55,671,991

Significant accounting policies 3

See accompanying notes to standalone financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAV2902

Place: Hyderabad
Date: 09 August 2019

for and on behalf of the Board of Directors of
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Standalone Statement of Changes in Equity

for the year ended 31 March 2019

(INR in Millions except for share data or otherwise stated)

Particulars	Equity share capital	Other equity					Total equity attributable to owners of The Company
		Reserves and surplus					
		Capital redemption reserve	Debenture redemption reserve	Securities premium	Retained earnings	Share options outstanding account	
Balance as at 01 April 2017	**32.75**	**12.00**	**-**	**1,092.25**	**1,769.85**	**-**	**2,906.85**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	505.65	-	505.65
Employee share based payment expense	-	-	-	-	-	0.60	0.60
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	15.30	-	15.30
Balance as at 31 March 2018	**32.75**	**12.00**	**-**	**1,092.25**	**2,290.80**	**0.60**	**3,428.40**

Particulars	Equity share capital	Other equity					Total equity attributable to owners of The Company
		Reserves and surplus					
		Capital redemption reserve	Debenture redemption reserve	Securities premium	Retained earnings	Share options outstanding account	
Balance as at 01 April 2018	**32.75**	**12.00**	**-**	**1,092.25**	**2,290.80**	**0.60**	**3,428.40**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	523.76	-	523.76
Employee share based payment expense	-	-	-	-	-	18.34	18.34
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	(1.16)	-	(1.16)
Issue of bonus shares (refer note 1 below)	523.97	-	-	(523.97)	-	-	-
Transfer to Debenture redemption reserve	-	-	3.30	-	(3.30)	-	-
Balance as at 31 March 2019	**556.72**	**12.00**	**3.30**	**568.28**	**2,810.10**	**18.94**	**3,969.34**

Note 1: The Company has allotted 52,397,168 equity shares of INR 10 each, fully paid-up as bonus shares on 17 July 2018 in the ratio of 16:1 (sixteen equity shares of INR 10 each for every one equity share of INR 10 each held in The Company as on the record date i.e. 05 July 2018) by capitalisation of securities premium account.

See accompanying notes to standalone financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAV2902

Place: Hyderabad
Date: 09 August 2019

for and on behalf of the Board of Directors of
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DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Standalone Statement of cash flows

for the year ended 31 March 2019

(INR in Millions except for share data or otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	786.57	752.51
Adjustments for:		
Depreciation and amortisation expenses	335.91	252.79
Gain on fair valuation of biological assets	(4.16)	(9.82)
Net loss on sale/ retirement of property, plant and equipment	2.65	4.62
Net loss on sale/ retirement of biological assets	1.78	3.67
Interest income	(4.85)	(3.28)
Finance costs	107.68	102.74
Dividend income from investment in mutual funds	-	(3.90)
Employee share based payment expenses	18.34	0.60
Net profit on sale of current investments	(29.95)	(0.82)
Fair value gain on financial assets measured at fair value through profit and loss, net	(7.21)	(32.51)
Government grants income	(3.08)	(4.32)
Unrealised foreign exchange gain, net	-	(0.34)
	1,203.68	**1,061.94**
CHANGE IN OPERATING ASSETS AND LIABILITIES		
Increase in trade receivables	(13.75)	(14.09)
Decrease/ (increase) in inventories	170.84	(467.61)
(Increase)/ decrease in loans and other financial assets	(10.96)	1.10
(Increase)/ decrease in other current and non-current assets	(97.48)	229.66
Increase in trade payables and other financial liabilities	117.82	160.47
(Decrease)/ increase in employee benefit obligations	(7.88)	11.38
Increase in other current and non-current liabilities	5.79	3.15
Cash generated from operations	**1,368.06**	**986.00**
Income-taxes paid, net	(188.25)	(158.13)
Net cash generated from operating activities	**1,179.81**	**827.87**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment and intangible assets	(901.68)	(668.52)
Proceeds from sale of property, plant and equipment and intangible assets	3.78	2.62
Proceeds from sale of biological assets	3.37	1.71
Inter-corporate deposit given	(100.00)	-
Inter-corporate deposit matured	100.00	-
Consideration paid on business combination	(961.32)	-
Purchase of mutual funds	(1,431.29)	(445.57)
Proceeds from sale of mutual funds	1,878.06	492.85
Interest/ dividend received	4.22	6.94
Deposits placed (having original maturity of more than three months), net	(0.12)	(0.20)
Net cash used in investing activities	**(1,404.98)**	**(610.17)**

Standalone Statement of cash flows

for the year ended 31 March 2019 (Contd.)

(INR in Millions except for share data or otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
CASH FLOWS FROM FINANCING ACTIVITIES*		
Receipt of long term borrowings from banks	499.50	-
Receipts from issue of non-convertible debentures	550.00	-
Repayment of long term borrowings to banks	(100.26)	(72.82)
Receipt of government grant	-	25.78
Repayment of short term borrowings, net	(225.00)	(250.00)
Finance costs paid	(105.35)	(103.81)
Net cash generated/ (used in) from financing activities	**618.89**	**(400.85)**
Net increase/ (decrease) in cash and cash equivalents	**393.72**	**(183.15)**
Cash and cash equivalents at the beginning of the year	(457.15)	(274.00)
Cash and cash equivalents at end of the year	**(63.43)**	**(457.15)**

*Changes in liabilities arising from financing activities:

	As at 01 April 2018	Cash flow changes	Non- cash changes	As at 31 March 2019
Debentures**	-	539.08	5.33	544.41
Long-term borrowings other than debentures**	317.72	372.55	33.94	724.21
Short-term borrowingsˆ	375.00	(292.74)	67.74	150.00

** Includes Interest accrued but not due on borrowings.

ˆ As Cash credit and overdraft balances are considered as part of cash and cash equivalents, the same has not been included in short term borrowings.

Note:

a) The above standalone statement of cash flows has been prepared under the “Indirect Method” as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

b) Cash and cash equivalents as per above comprise of the following:

	As at 31 March 2019	As at 31 March 2018
Cash on hand	46.76	14.46
Balances with banks		
-in current accounts	53.46	46.52
-in deposit accounts (with original maturity of less than three months)	-	50.00
Cash credit and overdraft balances	(163.65)	(568.13)
Balances as per statement of cash flows	**(63.43)**	**(457.15)**

See accompanying notes to standalone financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAV2902

Place: Hyderabad
Date: 09 August 2019

for and on behalf of the Board of Directors of
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

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DIN: 00520448

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Managing Director
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B.V.K. Reddy
Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Notes to Standalone Financial Statements

(INR in Millions except for share data or otherwise stated)

NOTE 1 REPORTING ENTITY

Dodla Dairy Limited ('The Company') was incorporated on 15 May 1995. The Registered office of The Company is situated at 8-2-293/82/A/270-Q, Road No. 10-C, Jubilee hills, Hyderabad. The Company is in the business of processing/ production of milk and production of milk products.

NOTE 2 BASIS OF PREPARATION

A. Statement of compliance

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

The standalone financial statements were authorised for issue by The Company's Board of Directors on 09 August 2019.

Details of The Company's accounting policies are included in note 3.

B. Functional and presentation currency

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

C. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Biological assets	Fair value less cost to sell
Share based payment	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligation

D. Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 36(i) - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next year financial statements is included in the following notes:

- Note 6 - determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 22 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 38 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(a) - useful life of property, plant and equipment
- Note 3(b) - impairment of intangible assets
- Note 45 - impairment of financial assets

E. Measurement of fair values

Certain accounting policies and disclosures of The Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 6 - Biological assets other than bearer plants
- Note 44 - Financial instruments
- Note 17(e) - Share based payment arrangement
- Note 47(c) - Business combination

F. Current versus non-current classification

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

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

- It is expected to be realised or intended to be sold or consumed in Company's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Apart from the above, current assets also include the current portion of non-current financial assets. All other assets are classified as non-current.

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

- It is expected to be settled in Company's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date.

Apart from the above, current liabilities also include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle - The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

i. Recognition and measurement

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

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

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

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

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

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

associated with the expenditure will flow to The Company.

iii. ***Depreciation***

Depreciation on tangible assets (other than for those class of assets specifically mentioned below) is calculated on a straight-line basis as per the useful lives prescribed and in the manner laid down under Schedule II to the Companies Act, 2013 and additions and deletions are restricted to the period of use. If the Management's estimate of the useful life of a fixed asset is different than that envisaged in the aforesaid Schedule, depreciation is provided based on the Management's estimate of the useful life. Pursuant to this policy, depreciation on the following class of fixed assets has been provided at the rates based on the following useful lives of fixed assets as estimated by Management which is different from the useful life prescribed under Schedule II of the Companies Act, 2013:

Asset*	Useful life	Useful life prescribed under Schedule II
Laboratory equipment	3 years	10 years
Temporary structures	1 year	3 years

*for these class of assets, the Management believes, based on technical evaluation carried out by them internally, that the useful life as given above best represent the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as in Schedule II of the Act. Freehold land is not depreciated.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

iv. ***Capital work-in-progress***

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

(b) Intangible assets

Intangible assets including those acquired by The Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3 years
Brands	5 years
Non-compete arrangements	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(c) Biological assets

Biological assets i.e. living animals, are measured at fair value less cost to sell. Costs to sell include the minimal transportation charges for transporting the cattle to the market but excludes finance costs and income taxes. Changes in fair value of livestock are recognised in the statement of profit and loss. Costs such as vaccination, fodder and other expenses are expensed as incurred. The animals reared from conception (calf) and heifers are classified as 'immatured biological assets' until the animals become productive. All the productive animals are classified as "matured biological assets".

(d) Impairment

i. ***Financial assets***

In accordance with Ind AS 109, The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require The Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, The Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

ii. ***Non -financial assets***

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured as the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

(e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to The Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(f) Inventories

Inventories comprise of raw materials and packing materials, work-in-progress, finished goods, stock-in-trade and stores and spares and are carried at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. The comparison of cost and net realisable value is made on an item-by-item basis.

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

Goods-in-transit are valued at cost which represents the costs incurred upto the stage at which the goods are in-transit.

(g) Financial instruments

i. ***Recognition and initial measurement***

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

ii. Classification and subsequent measurement Financial Assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiary and associate

Investment in subsidiary and associate is carried at cost in the standalone financial statements.

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

(h) Revenue recognition

The Company is engaged in sale of milk and milk products. Revenue from the sale of goods is recognised when control of the goods has transferred to the buyer which coincides with the time when the goods are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of goods.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade discounts, cash discount, allowances and volume rebates, taxes collected and amounts collected on behalf of third parties. Revenue is recognised to the extent it is probable that the economic benefits will flow to The Company and the revenue and costs, if applicable, can be measured reliably.

Dividend income and interest income

Dividend income is recognised when The Company's right to receive the payment is established, which is generally when shareholders approve the dividend. For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

(i) Earnings per share (EPS)

Basic Earnings Per Share is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

(j) Business combination

In accordance with Ind AS 103, The Company accounts for the business combinations using the acquisition method when control is transferred to The Company. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination of the amount to be included in consideration transferred is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls The Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of The Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by The Company is transferred to the capital reserve or to the accumulated balance of profit and loss.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

(k) Foreign currencies

Transactions in foreign currencies are initially recorded by The Company at their functional currency spot rates at the date the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of The Company's monetary items at the closing rates, are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(l) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and The Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(m) Income taxes:

Income-tax expense for the year comprise of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

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

ii. Deferred tax

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

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

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

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

(o) Provisions and contingent liabilities

i. General

Provisions are recognised when The Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous contracts

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(p) Employee benefits

i. Short-term employee benefits

Short-term employee benefits obligation are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if The Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Share based payment transactions

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in profit or loss in the periods during which the related services are rendered by employees.

iv. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for The Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. ***Compensated absences***

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of independent actuarial obligation using the projected unit credit method.

vi. ***Other long-term employee benefits***

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

(q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Where bank overdrafts/ cash credits which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. For the purposes of cash flow, bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of The Company are segregated.

(s) Recent accounting pronouncements

Standards issued but not yet effective

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which The Company has not applied as they are effective for periods beginning on or after 1 April 2019:

(1) Ind AS 116 - Leases

The Company is required to adopt Ind AS 116, Leases from 01 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value iteMs Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company plans to apply Ind AS 116 initially on 01 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 01 April 2019, with no restatement of comparative information. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 01 April 2019 and identified as leases in accordance with Ind AS 17. The Company has initiated detailed study to ascertain the impact, if any, on its standlaone financial statements due to adoption of Ind AS 116 and the same is not reasonably estimable at present.

(2) Ind AS 12 Income-taxes (amendments relating to income tax consequences of dividend and uncertainty over income-tax treatments)

The amendment relating to income-tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in the statement of profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any significant impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its standalone financial statements.

(3) Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any significant impact on its financial statements.

(4) Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

(5) Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect this amendment to have any significant impact on its financial statements.

(6) Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not expect this amendment to have any significant impact on its financial statements.

(7) Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not currently have any interests in joint ventures.

(INR in Millions except for share data or otherwise stated)

NOTE - 4 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Description	Gross carrying amount					Accumulated depreciation				Carrying amounts (net)
	As at 01 April 2018	Acquisitions through business combination (Note 47)	Additions	Disposals	As at 31 March 2019	As at 01 April 2018	Depreciation for the year	Disposals	As at 31 March 2019	As at 31 March 2019
Freehold land	483.08	103.30	53.18	-	639.56	-	-	-	-	639.56
Buildings	786.82	212.65	194.11	0.11	1,193.47	42.74	32.02	0.03	74.73	1,118.74
Plant and equipment	1,525.15	244.49	428.42	6.61	2,191.45	182.68	128.41	2.23	308.86	1,882.59
Electrical installation	91.98	0.86	18.57	0.25	111.16	16.91	11.09	0.24	27.76	83.40
Electronic data processors	32.37	1.35	7.92	0.38	41.26	9.46	11.04	0.36	20.14	21.12
Office equipment	24.65	0.66	3.41	0.33	28.39	6.57	5.15	0.25	11.47	16.92
Furniture and fixtures	58.36	25.46	15.41	0.86	98.37	7.53	6.95	0.48	14.00	84.37
Laboratory equipment	325.89	14.85	145.71	7.91	478.54	150.55	113.25	7.41	256.39	222.15
Vehicles	30.80	18.65	13.26	1.68	61.03	4.89	5.24	0.70	9.43	51.60
Total	**3,359.10**	**622.27**	**879.99**	**18.13**	**4,843.23**	**421.33**	**313.15**	**11.70**	**722.78**	**4,120.45**
										109.84
										4,230.29

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

	Gross carrying amount					Accumulated depreciation				Carrying amounts (net)
Description	**As at 01 April 2017**	**Acquisitions through business combination**	**Additions**	**Disposals**	**As at 31 March 2018**	**As at 01 April 2017**	**Depreciation for the year**	**Disposals**	**As at 31 March 2018**	**As at 31 March 2018**
Freehold land	344.83	-	138.25	-	483.08	-	-	-	-	483.08
Buildings	613.48	-	173.57	0.23	786.82	15.15	27.60	0.01	42.74	744.08
Plant and equipment	1,178.06	-	352.55	5.46	1,525.15	76.57	107.37	1.26	182.68	1,342.47
Electrical installation	80.45	-	13.49	1.96	91.98	8.00	10.60	1.69	16.91	75.07
Electronic data processors	12.93	-	19.63	0.19	32.37	4.06	5.53	0.13	9.46	22.91
Office equipment	14.92	-	9.81	0.08	24.65	2.33	4.30	0.06	6.57	18.08
Furniture and fixtures	39.61	-	18.98	0.23	58.36	2.39	5.25	0.11	7.53	50.83
Laboratory equipment	189.55	-	138.04	1.70	325.89	65.24	86.65	1.34	150.55	175.34
Vehicles	17.80	-	15.98	2.98	30.80	2.70	3.19	1.00	4.89	25.91
Total	**2,491.63**	**-**	**880.30**	**12.83**	**3,359.10**	**176.44**	**250.49**	**5.60**	**421.33**	**2,937.77**
										150.10
										3,087.87

(i) Capital work-in-progress

Capital work-in-progress mainly comprises new plant and machinery, buildings, chilling centres and other assets under erection for the plant.

(ii) Contractual obligations

Refer note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Carrying amount of property, plant and equipment (included in above) pledged as securities for borrowings - 31 March 2019: INR 4,120.45 (31 March 2018: INR 2,937.77)

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 5 GOODWILL AND OTHER INTANGIBLE ASSETS

Reconciliation of carrying amount

Description	Goodwill	Other intangible assets			
		Computer software	Brands	Non-compete arrangements	Total
Gross carrying amount					
As at 01 April 2018	-	9.42	-	-	9.42
Acquisitions through business combination (Note 47)	359.37	-	58.80	22.20	81.00
Additions	-	64.85	-	-	64.85
Disposals	-	-	-	-	-
As at 31 March 2019	**359.37**	**74.27**	**58.80**	**22.20**	**155.27**
Accumulated amortisation					
As at 01 April 2018	-	3.35	-	-	3.35
Amortisation expense	-	21.60	0.84	0.32	22.76
Disposals	-	-	-	-	-
As at 31 March 2019	**-**	**24.95**	**0.84**	**0.32**	**26.11**
Carrying amounts (net) as at 31 March 2019	**359.37**	**49.32**	**57.96**	**21.88**	**129.16**
Gross carrying amount					
As at 01 April 2017	-	3.89	-	-	3.89
Additions	-	5.55	-	-	5.55
Disposals	-	0.02	-	-	0.02
As at 31 March 2018	**-**	**9.42**	**-**	**-**	**9.42**
Accumulated amortisation					
As at 01 April 2017	-	1.06	-	-	1.06
Amortisation expense	-	2.30	-	-	2.30
Disposals	-	0.01	-	-	0.01
As at 31 March 2018	**-**	**3.35**	**-**	**-**	**3.35**
Carrying amounts (net) as at 31 March 2018	**-**	**6.07**	**-**	**-**	**6.07**

NOTE - 6 BIOLOGICAL ASSETS OTHER THAN BEARER PLANTS

	As at 31 March 2019	As at 31 March 2018
Matured biological assets	20.60	20.34
Immatured biological assets	6.40	7.65
	27.00	**27.99**

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Reconciliation of carrying amount:

	As at 31 March 2019		As at 31 March 2018	
	Matured biological assets	Immatured biological assets	Matured biological assets	Immatured biological assets
Balance at the beginning of the year	20.34	7.65	17.68	5.87
Change in fair value (refer note 30)	(0.85)	5.01	4.26	5.56
Cattles matured during the year	4.35	(4.35)	3.36	(3.36)
Cattles sold/ discarded during the year	(3.24)	(1.91)	(4.96)	(0.42)
Balance at the end of the year	**20.60**	**6.40**	**20.34**	**7.65**

As at 31 March 2019, there were 170 cattle (31 March 2018: 212 cattle) as immatured biological assets and 285 cattle (31 March 2018: 245 cattle) as matured biological assets. During the current year, The Company has sold/ discarded 98 cattle (year ended 31 March 2018: 76 cattle).

The fair valuation of biological assets is classified as level 2 in the fair value hierarchy as they are determined based on the basis of the best available quote from the nearest market to the farm and on the basis of age of the calves, cows and heifers.

NOTE - 7 NON-CURRENT INVESTMENTS

	As at 31 March 2019	As at 31 March 2018
Investment in subsidiary and associate		
Investment in equity instruments		
Carried at cost less provision for other than temporary impairment		
Unquoted		
Investment in subsidiary		
Dodla Holding Pte. Limited, Singapore	407.84	407.84
6,606,628 (31 March 2018: 6,606,628) equity shares of face value USD 1.00 each, fully paid-up		
Investment in associate		
Global VetMed Concepts India Private Limited	38.67	38.67
3,866,923 (31 March 2018: 3,866,923) equity shares of face value INR 10 each, fully paid-up		
Less: Provision for impairment for investment in Global VetMed Concepts India Private Limited	(38.67)	(38.67)
	407.84	**407.84**
Other investments		
Investment in quoted mutual funds (carried at fair value through profit and loss (FVTPL))	78.63	71.10
	486.47	**478.94**
Aggregate value of non-current investments - unquoted	446.51	446.51
Aggregate book/ market value of non-current investments - quoted	78.63	71.10
Aggregate provision for impairment in value of investment	(38.67)	(38.67)

Information about The Company's exposure to credit and market risks, and fair value measurement, is included in note 45.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 8 NON-CURRENT LOANS RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
Unsecured		
Security deposits	83.36	56.88
Amounts receivable from vendors	5.00	95.19
Less: Provision for impairment	(5.00)	(5.00)
	83.36	**147.07**

NOTE - 9 OTHER NON-CURRENT ASSETS

	As at 31 March 2019	As at 31 March 2018
Capital advances		
Unsecured, considered good	5.48	3.01
Unsecured, considered doubtful	0.03	0.03
Less : Provision for doubtful advances	(0.03)	(0.03)
Advances other than capital advances (Unsecured, considered good)		
Salary advances to key managerial person**	0.61	3.00
Taxes paid under protest	77.07	75.03
	83.16	**81.04**

** Includes outstanding balances as disclosed under note 41(iii)

NOTE - 10 INVENTORIES*

	As at 31 March 2019	As at 31 March 2018
Raw materials and packing materials	226.80	211.42
Work-in-progress	209.65	455.92
Finished goods**	701.78	593.43
Stores and spares	36.23	35.02
	1,174.46	**1,295.79**
Carrying amount of inventories (included in above) pledged as securities for borrowings	1,174.46	1,295.79

*refer note 3 (f) for mode of valuation for inventories.

**include goods-in-transit amounting to INR 39.90 (31 March 2018: INR Nil).

The write down of inventories to net realisable value during the year amounted to INR 1.66 (31 March 2018: INR 0.82). The write down are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress.

NOTE - 11 CURRENT INVESTMENTS

	As at 31 March 2019	As at 31 March 2018
Investment in quoted mutual funds (carried at FVTPL)	181.35	598.49
	181.35	**598.49**
Carrying amount of investments (included in above) pledged as securities for borrowings (refer note 45)	-	531.42
Aggregate book/ market value of current investments - quoted	181.35	598.49
Aggregate amount of impairment in value of investment	-	-

Information about The Company's exposure to credit and market risks, and fair value measurement, is included in note 45.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 12 TRADE RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
Unsecured		
Trade receivables	37.81	19.80
Less: Provision for impairment	(0.64)	(0.45)
	37.17	**19.35**
Carrying amount of receivables (included in above) pledged as securities for borrowings	37.17	19.35

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 45.

NOTE - 13 CURRENT LOANS RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
Unsecured		
Amounts receivable from vendors	156.93	67.00
	156.93	**67.00**

NOTE - 14 CASH AND BANK BALANCES

	As at 31 March 2019	As at 31 March 2018
(a) Cash and cash equivalents:		
Cash on hand	46.76	14.46
Balances with banks		
-in current accounts	53.46	46.52
-in deposit accounts (with original maturity of less than three months)	-	50.00
	100.22	**110.98**
(b) Other bank balances*	0.82	0.70
	0.82	**0.70**

* Represents margin money deposits against bank guarantee.

NOTE - 15 OTHER CURRENT FINANCIAL ASSETS

	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Interest accrued	2.26	1.63
	2.26	**1.63**

(INR in Millions except for share data or otherwise stated)

NOTE - 16 OTHER CURRENT ASSETS

	As at 31 March 2019	As at 31 March 2018
Advances other than capital advances:		
Unsecured considered good:		
Salary advances to employees	3.99	3.74
Salary advances to key managerial person**	2.40	2.40
Prepaid expenses	33.07	19.18
Advance to suppliers	6.17	6.45
Share issue expenses (refer note (i) below)	69.15	-
Other advances**	8.87	8.19
Balance with government authorities	22.22	6.04
Unsecured, considered doubtful:		
Other advances**	47.47	53.64
Less : Provision for doubtful advances	(47.47)	(53.64)
	145.87	**46.00**

Note (i): During the year ended 31 March 2019, The Company was in the process of filing Red Herring Prospectus with SEBI in connection with the proposed Initial Public Offer of equity shares of The Company by way of fresh issue and an offer for sale by the existing shareholders. Accordingly, expenses incurred by The Company aggregating to INR 69.15 in connection with filing of Red Herring Prospectus have been shown under "other current assets". The same will be partly adjusted towards the securities premium account and will be partially recovered from the existing shareholders (to the extent of shares offered for sale by existing shareholders, the expenses incurred by The Company for the proposed issue are recoverable from them) as per the provisions of the Companies Act, 2013. However, the actual number/ proportion of shares to be offered for sale being not known to The Company as at 31 March 2019, the same has not been bifurcated and is included in "other current assets".

** Includes a part of outstanding balances as disclosed under note 41 (iii)

NOTE - 17 EQUITY SHARE CAPITAL

	As at 31 March 2019	As at 31 March 2018
Authorised		
75,000,000 (31 March 2018: 75,000,000) equity shares of INR 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and paid up share capital		
55,671,991 (31 March 2018: 3,274,823) equity shares of INR 10 each fully paid-up	556.72	32.75
	556.72	**32.75**

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	3,274,823	32.75	3,274,823	32.75
Issued during the period (refer note (d) below)	52,397,168	523.97	-	-
Outstanding at the end of the year	**55,671,991**	**556.72**	**3,274,823**	**32.75**

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

(b) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares as at 31 March 2019 having a par value of INR 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of The Company, TPG Dodla Dairy Holdings Pte. Ltd ("the Investor") shall be paid from the distributable proceeds, an amount (hereafter referred to as the "investor liquidation amount") which is the higher of:

(i) an amount equal to the investment amount, plus any accrued or declared but unpaid dividends on its investor shares; and

(ii) such amount as is equivalent to it's proportionate share of the distributable proceeds, based on the Investor's then existing shareholding percentage, provided that, in the event that the distributable proceeds are less than the investor liquidation amount, the investor will have the right to receive (and the Promoters and The Company shall procure that the Investor receives) the entire distributable proceeds.

After the payment in full is made to the Investor, as set forth in above clause, the balance of the distributable proceeds, if any, shall be distributed to all shareholders, excluding the Investor pro rata in proportion to their inter se shareholding held in The Company.

However, with effect from the date of the listing of the equity shares of The Company on a recognised stock exchange in India pursuant to an initial public offering of the equity shares of The Company, all the equity shareholders shall be entitled to identical rights with respect to the liquidation i.e. the equity shareholders will be eligible to receive the remaining assets of The Company, after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5% shares in The Company

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Equity shares of INR10/- each fully paid-up				
Mr D. Sunil Reddy	14,857,479	26.69%	832,124	25.41%
Mrs D. Deepa Reddy	7,845,517	14.09%	363,256	11.09%
Mr D. Sesha Reddy	556,716	1.00%	1,195,238	36.50%
Dodla Family Trust	16,144,877	29.00%	-	-
TPG Dodla Dairy Holdings Pte. Limited	15,031,434	27.00%	884,202	27.00%

(d) During the five years immediately preceding the balance sheet date, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued other than the issuance of 52,397,168 equity shares of INR 10 each, fully paid-up as bonus shares on 17 July 2018 in the ratio of 16:1 (sixteen equity shares of INR 10 each for every one equity share of INR 10 each held in The Company as on the record date i.e. 05 July 2018) by capitalisation of securities premium account. In accordance with Ind AS 33, "Earnings per share", the Earnings per share data (including comparatives) has been adjusted to give effect to the bonus issue.

(e) Share based payment arrangement

During the financial year 2017-18, The Company introduced Dodla Dairy Limited Employee Stock Option Plan 2018 ('the Plan'). As per the Plan, the Nomination and Remuneration Committee grants options to the eligible employees and directors of The Company. The vesting period of the option shall be provided in the relevant grant letter and shall be subject to the applicable law. Options granted under the Plan can be exercised within the period determined by the Nomination and Remuneration Committee. Exercise of an option is subject to continued employment.

Under the Plan, The Company granted 49,122 options (to be adjusted in the ratio of bonus shares issued) on 23 March 2018 at an exercise price of INR 3,627.38 per share to the Chief Executive Officer of The Company. Each option represents one equity share of INR 10 each, fully paid-up.

(INR in Millions except for share data or otherwise stated)

Movement in the options under the Plan (to be adjusted in the ratio of bonus shares issued)

	No. of options	
	As at 31 March 2019	As at 31 March 2018
Options outstanding at the beginning of the year	49,122	-
Options granted during the year	-	49,122
Options exercised during the year	-	-
Options exercisable at the end of the year	**49,122**	**49,122**

Fair value measurement

The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The key inputs used in Black-Scholes model for calculating fair value of options under the plan as on the date of grant are as follows:

No. of options granted	49,122
Date of grant	23-Mar-18
Vesting period (years)	1 to 4
Expected volatility	45.00%
Risk free rate	7.60%

NOTE - 18 OTHER EQUITY

	Attributable to the owners of The Company					
Particulars	**Capital redemption reserve**	**Debenture redemption reserve**	**Securities premium**	**Retained earnings**	**Share options outstanding account**	**Total**
Balance as at 01 April 2017	**12.00**	**-**	**1,092.25**	**1,769.85**	**-**	**2,874.10**
Additions:						
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	15.30	-	15.30
Employee share based payment expense	-	-	-	-	0.60	0.60
Net profit after tax transferred from the statement of profit and loss	-	-	-	505.65	-	505.65
Balance as at 31 March 2018	**12.00**	**-**	**1,092.25**	**2,290.80**	**0.60**	**3,395.65**

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Particulars	Capital redemption reserve	Debenture redemption reserve	Securities premium	Retained earnings	Share options outstanding account	Total
Balance as at 01 April 2018	**12.00**	**-**	**1,092.25**	**2,290.80**	**0.60**	**3,395.65**
Additions:						
Issue of bonus shares (refer note 17(d))	-	-	(523.97)	-	-	(523.97)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	(1.16)	-	(1.16)
Employee share based payment expense	-	-	-	-	18.34	18.34
Net profit after tax transferred from the statement of profit and loss	-	-	-	523.76	-	523.76
Transfer to debenture redemption reserve	-	3.30	-	(3.30)	-	-
Balance as at 31 March 2019	**12.00**	**3.30**	**568.28**	**2,810.10**	**18.94**	**3,412.62**

Nature and purpose of the reserve

Capital redemption reserve

The Company had redeemed the preference shares and as per the provisions of the applicable laws, a sum equal to the nominal value of the shares so redeemed is required to be transferred to the capital redemption reserve.

Debenture redemption reserve

The Company has issued non-convertible debentures in India and as per the provisions of the Compananies Act, 2013 is required to create debenture redemption reserve out of the profits of The Company avilable for payment of dividend.

Securities Premium

Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued under Dodla Dairy Limited Employee Stock Option Plan 2018 (refer note 17(e)).

NOTE - 19 NON-CURRENT BORROWINGS

	As at 31 March 2019	As at 31 March 2018
Secured		
Debentures		
550,000 (31 March 2018: Nil) Redeemable non-convertible debentures of INR 1,000 each, fully paid-up	542.24	-
Term loans		
- from banks (refer below)	560.14	222.50
	1,102.38	**222.50**

Terms of repayment of Debentures:

During the financial year 2018-2019, The Company has issued 550,000 Redeemable non-convertible debentures of INR 1,000 each, fully paid-up to International Finance Corporation (IFC) which carries interest rate of IFC's cost of funding plus 2.25%, currently 9.00% p.a. and is secured by the first charge on movable plant, machinery, equipment and all other movable assets (both present and future) pertaining to specified plants and second pari passu charge on current assets (both present and future) and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. The debentures are getting matrued by 2026-2027. Outstanding amount (including current maturities) as at 31 March 2019 is INR 542.24 (31 March 2018: INR Nil).

Terms of repayment for secured term loans from banks:

a) Term loan of INR 250.00 was taken from HSBC Bank during the financial year 2018-2019 which carries interest rate equal to minimum MCLR, currently 9.30% per annum. It is repayable in 18 equal quarterly installments of INR 13.89 commencing from November 2019. The term loan is secured by first pari-passu charge on all the identified properties movable and immovable fixed assets (both present and future), pari-passu second charge on the current assets both present and future and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 250.00 (31 March 2018: INR Nil).

b) Term loan of INR 249.50 was taken from ICICI Bank during the financial year 2018-2019 which carries interest rate equal to MCLR plus 0.60% per annum. It is repayable in 9 equal quarterly installments of INR 13.86 and final installment of INR 124.75 commencing from September 2019. The term loan is secured by first pari-passu charge on all the identified properties movable and immovable fixed assets (both present and future), pari-passu second charge on the current assets both present and future except for the investments in the mutual funds and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 249.50 (31 March 2018: INR Nil).

c) Term loan of INR 65 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 4.06 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 44.69 (31 March 2018: INR 60.93).

d) Term loan of INR 100 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate at the rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 6.25 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 68.75 (31 March 2018: INR 93.75).

e) Term loan of INR 50 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 3.13 commencing from September 2016. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount as at 31 March 2019 is INR 15.63 (31 March 2018:INR 28.13).

f) Term loan of INR 25 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 1.56 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 17.18 (31 March 2018: INR 23.44).

g) Term loan of INR 60 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 3.75 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy Outstanding amount (including current maturities) as at 31 March 2019 is INR 41.25 (31 March 2018: INR 56.25).

h) Term loan of INR 70 was taken from HDFC Bank during the financial year 2016-2017 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 4.38 each commencing from April 2017. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 35.00 (31 March 2018: INR 52.50).

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Aggregate amount of loans (including current maturities) guaranteed by the directors of The Company outstanding as at 31 March 2019 is INR 1,264.24 (31 March 2018: INR 315.00).

The Company has not complied with the requirement of maintenance of current ratio (calculated as current assets to current liabilities) associated with redeemable non-convertible debentures issued to IFC for the year ended 31 March 2019. Subsequent to the year end i.e, on 12 July 2019, IFC has waived the non-compliance with the current ratio for the financial year ended 31 March 2019.

The Company has not complied with the requirement of maintenance of current ratio (calculated as current assets to current liabilities) associated with a term loan obtained from HSBC bank for the year ended 31 March 2019. Subsequent to the year end i.e, on 08 August 2019, HSBC has waived the non-compliance with the current ratio for the financial year ended 31 March 2019.

Information about The Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 45.

NOTE - 20 DEFERRED TAX LIABILITIES

	As at 31 March 2019	As at 31 March 2018
The balance comprises temporary differences attributable to:		
Deferred tax liabilities		
On account of property, plant and equipment (PPE), goodwill and other intangible assets	287.84	246.37
Fair value changes in mutual funds	3.09	16.99
Others	5.21	5.02
Deferred tax assets		
Provision for employee benefits	(40.32)	(39.40)
Provision for impairment of receivables, advances and other assets, net	(18.35)	(20.46)
Net deferred tax liabilities	**237.47**	**208.52**

Also refer note 37, for tax expense.

Movement in deferred tax liabilities/ (assets)

Particulars	On account of PPE, goodwill and other intangible assets	Fair value changes in mutual funds	Provision for employee benefits	Provision for impairment of receivables, advances and other assets, net	Others	Total
Balance as at 01 April 2017	**175.96**	**14.71**	**(42.34)**	**(20.39)**	**2.81**	**130.75**
Charged/ (credited):						
- to profit or loss	70.41	2.28	(5.16)	(0.07)	2.21	69.67
- to other comprehensive income	-	-	8.10	-	-	8.10
Balance as at 31 March 2018	**246.37**	**16.99**	**(39.40)**	**(20.46)**	**5.02**	**208.52**

Particulars	On account of PPE, goodwill and other intangible assets	Fair value changes in mutual funds	Provision for employee benefits	Provision for impairment of receivables, advances and other assets, net	Others	Total
Balance as at 01 April 2018	**246.37**	**16.99**	**(39.40)**	**(20.46)**	**5.02**	**208.52**
Charged/ (credited):						
- to profit or loss	41.47	(13.90)	(0.29)	2.11	0.19	29.58
- to other comprehensive income	-	-	(0.63)	-	-	(0.63)
Balance as at 31 March 2019	**287.84**	**3.09**	**(40.32)**	**(18.35)**	**5.21**	**237.47**

(INR in Millions except for share data or otherwise stated)

NOTE - 21 GOVERNMENT GRANTS

	As at 31 March 2019	As at 31 March 2018
Non-current	31.34	34.52
Current	2.96	2.86
	34.30	**37.38**

Movement of government grants:

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	37.38	15.92
Add: Received during the year	-	25.78
Less: Released to statement of profit and loss (refer note 30)	(3.08)	(4.32)
Balance at the end of the year	**34.30**	**37.38**

NOTE - 22 NON-CURRENT PROVISIONS

	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Compensated absences	64.40	53.32
Gratuity (refer note (ii) below)	0.60	15.56
	65.00	**68.88**

(i) Post retirement benefit - Defined contribution plans

The Company makes contributions, determined as a specified %age of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue (refer note 33).

(ii) Post retirement benefit - Defined benefit plans

The Company provides its employees with the benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/ exit, restricted to a sum of INR 2.00).

a) The amounts recognised in the financial statements and the movements in the defined benefit obligation and plan assets over the period are as follows:

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

	As at 31 March 2019			As at 31 March 2018		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
Opening balance (A)	**57.63**	**(35.81)**	**21.82**	**60.21**	**(22.24)**	**37.97**
Current service cost	11.67	-	11.67	14.48	-	14.48
Past service cost	-	-	-	2.78	-	2.78
Interest cost	4.41	-	4.41	4.03	-	4.03
Expected returns	-	(2.72)	(2.72)	-	(1.49)	(1.49)
Total amount recognised in profit or loss (B)	**16.08**	**(2.72)**	**13.36**	**21.29**	**(1.49)**	**19.80**
Remeasurements						
(Gain)/ loss from change in demographic assumptions	-	-	-	(3.58)	-	(3.58)
(Gain)/ loss from change in financial assumptions	1.08	-	1.08	(20.37)	-	(20.37)
Experience losses/ (gains)	1.36	(0.65)	0.71	1.43	(0.88)	0.55
Total amount recognised in other comprehensive income (C)	**2.44**	**(0.65)**	**1.79**	**(22.52)**	**(0.88)**	**(23.40)**
Contributions (D)	-	(34.06)	(34.06)	-	(12.55)	(12.55)
Benefit paid (E)	(4.03)	4.03	-	(1.35)	1.35	-
Acquisition Adjustment (F) (refer note 47)	6.88	-	6.88	-	-	-
Closing balance (A+B+C+D+E+F)	**79.00**	**(69.21)**	**9.79**	**57.63**	**(35.81)**	**21.82**

b) Significant estimates: actuarial assumptions

The significant actuarial assumptions for defined benefit obligation are as follows:

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.40%	7.60%
Salary escalation rate	10.00%	10.00%
Employee attrition rate	12.00%	12.00%
Retirement age	58 years	58 years

i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.

ii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

c) Sensitivity analysis

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

	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	73.59	85.20	53.76	62.07
Salary escalation rate (1% movement)	84.88	73.76	61.81	53.90
Employee attrition rate (1% movement)	74.05	88.26	56.96	58.40

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(INR in Millions except for share data or otherwise stated)

d) The major categories of plan assets are as follows

	As at 31 March 2019	As at 31 March 2018
Funds managed by Life Insurance Corporation of India	69.21	35.81
Total	**69.21**	**35.81**

The Company makes annual contribution to the Life Insurance Corporation of India ('LIC') of an amount advised by LIC. The Company was not informed by LIC of the investments made by them or the breakup of the plan assets into various type of investments.

e) Risk exposure

Through its defined benefit plan, The Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. The Company's plan assets are insurer managed funds and are subject to less material risk.

Changes in bond yields: A decrease in bond yields will increase plan liabilities and The Company ensures that it has enough reserves to fund the liability.

f) Maturity profile of defined benefit obligation:

	As at 31 March 2019	As at 31 March 2018
1st following year	9.19	6.26
2nd following year	10.05	7.11
3rd following year	8.72	7.73
4th following year	8.10	6.64
5th following year	7.79	5.79
Thereafter	112.57	81.56

The Company expectes to pay INR 24.31 in contributions to its defined benefit plans in 2019-20.

NOTE - 23 CURRENT BORROWINGS

	As at 31 March 2019	As at 31 March 2018
Loans repayable on demand from banks		
Secured		
Cash credit and overdraft	163.65	568.13
Other loans from banks		
Secured		
Working capital demand loans	150.00	375.00
	313.65	**943.13**

Terms of repayment of short-term borrowings from banks:

Secured

i) ICICI Bank:

a) The Company had taken cash credit and working capital demand loan facilities from ICICI Bank, secured by way of pari-passu first charge on the entire stock of inventory and such other movables including book debts, receivables, both present and future (except investment in mutual funds) and a pari-passu second charge on the fixed assets of The Company which are both movable and immovable in nature and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Cash credit carries an interest rate of 9.00% to 9.55% per annum and working capital demand loan carries an interest rate of 8.00% to 9.00% per annum.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

b) The Company had taken bank overdraft facility from ICICI Bank, secured by way of pari-passu first charge on the selected investments of The Company in the Mutual Funds and carries an interest rate ranging from 8.00% to 9.00% per annum. This facility has been closed during the year.

ii) Standard Chartered Bank (SCB): The Company had taken short-term loan and pre-shipment finance facility from SCB. All these facilities are secured by pari-passu hypothecation charge on entire current asset of The Company, second charge on all the fixed assets of The Company, both present and future and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Interest rate on these facilities ranges from 7.85% to 8.65% per annum.

iii) Kotak Mahindra Bank : The Company had taken working capital demand loan facility from Kotak Mahindra Bank, secured by pari-passu first charge on all the current assets of The Company and second pari-passu charge on all the movable fixed assets of The Company including equitable mortgage on the specified property of The Company, both present and future (other than assets exclusively charged to term lenders) and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Interest rate on these facilities ranges from 8.00% to 8.35% per annum.

iv) HDFC Bank:

The Company had taken cash credit and working capital demand loan facility from HDFC Bank. All these facilities are secured by pari-passu first charge on all the current assets of The Company both present and future and second pari-passu charge on all the fixed assets of The Company and personal guarantees furnished by the director of The Company, Mr Sunil Reddy. Cash credit carries an interest rate of 9.50% to 10.00% per annum and working capital demand loan carries an interest rate of 8.00% to 9.00% per annum.

v) Hongkong and Shanghai Banking Corporation (HSBC Bank):

a) The Company had taken overdraft and working capital demand loan facility from HSBC Bank. All these facilities are secured by first pari-passu hypothecation charge on entire current asset of The Company both present and future, second pari-passu charge on the fixed assets (both movable and immovable) of The Company both present and future and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Interest rate on these facilities ranges from 7.60% to 8.50% per annum.

b) Further The Company had taken additional bank overdraft facility and working capital demand loan facility from HSBC Bank, secured by way of pari-passu first charge on the selected investments of The Company in the Mutual Funds and carries an interest rate ranging from 7.60% to 8.50% per annum. This facility has been closed during the year.

Aggregate amount of loans guaranteed by the directors of The Company outstanding as at 31 March 2019 is INR 313.65 (31 March 2018: INR 587.80)

Information about The Company's exposure to interest rate, foreign currency and liquidity risks is included in note 45.

NOTE - 24 TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note below)	2.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises **	695.89	592.52
	698.63	**592.52**

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the reporting date has been made in the financial statements based on information received and available with The Company. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

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

	As at 31 March 2019	As at 31 March 2018
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	2.74	-
- Interest	-	-
ii) The amount of interest paid by The Company in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under Section 23 of the MSMED Act.	-	-
	2.74	**-**

** Includes a part of outstanding balances as disclosed under note 41 (iii)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 45.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 25 OTHER FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Current maturities of long term debt from banks (refer note 19)	161.86	92.50
Interest accrued but not due on borrowings	4.38	2.72
Capital creditors	161.24	33.29
Employee payables**	97.07	89.24
Security deposits	141.55	96.97
	566.10	**314.72**

** Includes a part of outstanding balances as disclosed under note 41(iii)

The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 45.

NOTE - 26 CURRENT PROVISIONS

	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Compensated absences	11.63	9.89
Gratuity (refer note 22)	9.19	6.26
	20.82	**16.15**

NOTE - 27 INCOME-TAX ASSETS AND CURRENT TAX LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Current tax liability	177.06	131.41
Income-tax asset	(36.48)	(38.52)
	140.58	**92.89**

Also refer note 37, for tax expense.

NOTE - 28 OTHER CURRENT LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Advance from customers	25.69	15.82
Statutory dues (including provident fund and tax deducted at source)	23.93	28.01
	49.62	**43.83**

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 29 REVENUE FROM OPERATIONS

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of goods:		
- Finished goods	15,940.75	15,359.62
Sale of services		
- Conversion service charges	6.14	6.66
Other operating revenue		
- Sale of scrap	6.40	6.39
	15,953.29	**15,372.67**

Effective 01 April 2018, The Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 01 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the profit or loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact to the financial statements of The Company.

As a result The Company has changed its accounting policy for revenue recognition. Refer note 3(h) for revised accounting policy.

Reconciliation of revenue recognised with the contracted price is as follows:

	Year ended 31 March 2019
Contract price	16,345.13
Adjustments for:	
Discounts and incentives	(391.84)
	15,953.29

NOTE - 30 OTHER INCOME

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income		
- on deposits	0.06	0.03
- on others	4.79	3.28
Amortisation of government grants (refer note (i) below and note 21)	3.08	4.32
Changes in fair value of biological assets (refer note 6)	4.16	9.82
Fair value gain on financial assets measured at fair value through profit and loss	7.21	32.51
Dividend income from investments in mutual funds	-	3.90
Profit on sale of investments in mutual funds, net	29.95	0.82
Gain on account of foreign exchange fluctuations, net	-	0.34
Other non-operating income	28.62	8.48
	77.87	**63.50**

Note (i): Government grants relate to capital investments in property, plant and equipment for creation of cold chain projects. The investment subsidies received from Government towards acquisition of assets are treated as "Government grants" and the amount in proportion to the depreciation is transferred to the statement of profit and loss.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 31 COST OF MATERIALS CONSUMED

	Year ended 31 March 2019	Year ended 31 March 2018
Inventory of materials at the beginning of the year	211.42	173.87
Add: Purchases	11,858.73	12,444.66
Less: Inventory of materials at the end of the year	226.80	211.42
	11,843.35	**12,407.11**

NOTE - 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	Year ended 31 March 2019	Year ended 31 March 2018
a) Finished goods		
Opening stock	593.43	389.87
Acquisition from business combination	6.17	-
Closing stock	(701.78)	(593.43)
	(102.18)	**(203.56)**
b) Work-in-progress		
Opening stock	455.92	242.34
Acquisition from business combination	4.12	-
Closing stock	(209.65)	(455.92)
	250.39	**(213.58)**
	148.21	**(417.14)**

NOTE - 33 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	626.32	546.80
Employee share based payment expenses (refer notes 17(e) and 18)	18.34	0.60
Contribution to provident and other funds	49.21	39.69
Expenses related to post-employment defined benefit plans (refer note 22)	13.36	19.80
Staff welfare expense	7.22	6.24
	714.45	**613.13**

NOTE - 34 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment (refer note 4)	313.15	250.49
Amortisation of intangible assets (refer note 5)	22.76	2.30
	335.91	**252.79**

NOTE - 35 FINANCE COSTS

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on loan from banks	106.51	98.45
Other interest costs	0.67	4.27
Other borrowing costs	0.50	0.02
	107.68	**102.74**

(INR in Millions except for share data or otherwise stated)

NOTE - 36 OTHER EXPENSES

	Year ended 31 March 2019	Year ended 31 March 2018
Power and fuel	284.04	265.77
Consumption of stores and spare parts	188.22	122.72
Milk procurement expenses	14.49	10.94
Freight inward and handling	495.02	390.91
Repairs and maintenance:		
- building	18.55	22.87
- machinery	9.37	20.16
- other assets	3.75	2.41
Rent (refer note (i) below)	58.09	50.65
Rates and taxes	17.80	23.34
Communication	10.83	9.86
Printing and stationery	10.27	7.23
Travelling and conveyance	55.53	47.39
Vehicle hire charges	8.09	8.03
Bank charges	3.57	4.11
Legal and professional charges (refer note (ii) below)	55.32	45.87
Security expenses	33.19	28.28
Bad debts written off	0.70	0.06
Loss on account of foreign exchange fluctuations, net	0.14	-
Advances written off	-	2.33
Provision for impairment of receivables	0.19	-
Provision for doubtful advances	(6.17)	0.20
Insurance	13.85	12.24
Loss on sale/ retirement of property, plant and equipment, net	2.65	4.62
Loss on sale/ discard of biological assets, net	1.78	3.67
Corporate social responsibility (refer note (iii) below and note 41(ii))	0.80	6.19
Carriage outwards	692.88	555.95
Advertisement	89.72	49.25
Miscellaneous	32.32	29.98
	2,094.99	**1,725.03**

Note:

(i) Operating leases:

The Company has certain cancellable operating leases for plants, chilling centres and milk parlours. Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expense of INR 58.09 (31 March 2018: INR 50.65) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

(ii) Auditors remuneration (included in legal and professional, including tax)*

	Year ended 31 March 2019	Year ended 31 March 2018
Audit fees		
Statutory audit	4.00	5.31
Other services	-	-
Out-of-pocket expenses	0.32	0.28
	4.32	**5.59**

*During the year ended 31 March 2019, The Company has incurred INR 19.32 towards service received from the auditors of The Company in relation to the proposed Initial Public Offering (IPO). However, the same has not been charged off to the statement of profit and loss and is disclosed in "other current assets" (refer note 16) to be recovered from shareholders or adjusted from securities premium in proportion of shares being offered or fresh shares issued respectively.

(iii) Corporate social responsibility

Gross amount required to be spent by The Company during the year amounts to INR 14.33 (31 March 2018: INR 10.43)

Amount spent during the year ended 31 March 2019 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	**-**
Purposes other than construction or acquisition of assets	0.80	-	**0.80**

Amount spent during the year 31 March 2018 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	**-**
Purposes other than construction or acquisition of assets	6.19	-	**6.19**

NOTE - 37 INCOME TAX EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
(a) Amounts recognised in profit or loss		
Current tax	233.23	177.19
Deferred tax	29.58	69.67
	262.81	**246.86**
(b) Amounts recognised in other comprehensive income		
Current tax	-	-
Deferred tax	(0.63)	8.10
	(0.63)	**8.10**

(c) Reconciliation of effective tax rate

	Year ended 31 March 2019		Year ended 31 March 2018	
Profit before tax		**786.57**		**752.51**
Tax using The Company's domestic tax rate	34.94%	274.86	34.61%	260.43
Tax effect of:				
Tax exempt income	-2.95%	(23.22)	-1.13%	(8.50)
Adjustment for items taxed at a lower rate	-0.07%	(0.53)	-	-
Others	1.49%	11.70	-0.67%	(5.07)
	33.41%	**262.81**	**32.81%**	**246.86**

(INR in Millions except for share data or otherwise stated)

NOTE - 38 CONTINGENT LIABILITIES

i) Claims against The Company not acknowledged as debts :

	As at 31 March 2019	As at 31 March 2018
Income tax matters	0.99	0.99
Indirect tax matters	2.35	6.44

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before tax authorities and including matters mentioned above. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or The Company, as the case may be, and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defence of the proceedings and accordingly, no further provision is required.

ii) On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, The Company has re-computed its liability towards PF for the month of March 2019 and has made a provision for it in the books of account. In respect of the earlier periods/years, The Company has been legally advised that there are numerous interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same. Necessary adjustments, if any, will be made to the books as more clarity emerges on this subject.

NOTE - 39 COMMITMENTS

Capital Commitments:

	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account (net of advances)	**80.58**	**9.80**

NOTE - 40 EARNINGS PER SHARE ('EPS')

	Year ended 31 March 2019	Year ended 31 March 2018
Earnings		
Profit attributable to equity shareholders (A)	523.76	505.65
Shares		
Calculation of weighted average number of equity shares - Basic		
Number of equity shares at the beginning of the year	3,274,823	3,274,823
Add: Effect of bonus issue (refer note 17(d))	52,397,168	52,397,168
Revised number of equity shares at the beginning of the year	55,671,991	55,671,991
Weighted average number of equity shares outstanding during the year (B)	**55,671,991**	**55,671,991**
Calculation of weighted average number of equity shares - Diluted		
Number of potential equity shares at the beginning of the year	3,274,823	3,274,823
Add: Effect of bonus issue (refer note 17(d))	52,397,168	52,397,168
Add: Dilutive effect of employee stock options	61,690	-
Revised number of potential equity shares at the end of the year	55,733,681	55,671,991
Weighted average number of potential equity shares outstanding during the year (C)	**55,733,681**	**55,671,991**
Basic earnings per share of face value of INR10 (A/B)	9.41	9.08
Diluted earnings per share of face value of INR10 (A/C)	9.40	9.08

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 41 RELATED PARTY TRANSACTIONS

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) Names of related parties and description of relationship:

Nature of relationship	Name of the party
Entity exercising significant influence over The Company	TPG Dodla Dairy Holdings Pte. Limited (from 20 July 2017)
	Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd (till 20 July 2017)
Subsidiaries (including step down subsidiary)	Dodla Holdings Pte Limited, Singapore
	Lakeside Dairy Limited, Uganda
	Dodla Dairy Kenya Limited (from 24 May 2017)
Associate	Global VetMed Concepts India Private Limited ('GVC')
Key management personnel ('KMP')	Mr Sunil Reddy, Managing Director
	Mr B.V.K. Reddy, Chief Executive Officer (CEO)
	Mr Hemanth Kundavaram, Chief Financial Officer (CFO) (w.e.f. 13 July 2018)
	Mr A. Madhusudhana Reddy, Whole-time Director (w.e.f. 03 May 2018)
Relatives of KMP	Mr Sesha Reddy, Father of Mr Sunil Reddy
	Mrs Surekha Reddy, Sister of Mr Sunil Reddy
	Ms Shilpa Reddy, Daughter of Mr Sunil Reddy
Enterprise over which KMP have significant influence	Dodla Dairy, Vinjimuru
	Oremus Corporate Services Private Limited
	D Soft India Private Limited
	Surekha Milk Chilling Centre
	Tropical Bovine Genetics Private Limited (from 20 November 2017)
	Dodla Nutri Feeds LLP (from 29 June 2017)
	Dodla Foundation (from 20 February 2018)

(ii) Details of transactions with the above related parties

	Year ended 31 March 2019	Year ended 31 March 2018
Lease rent paid		
-Dodla Dairy, Vinjimuru	1.20	1.20
-Surekha Milk Chilling Centre	0.90	0.90
-Dodla Nutri Feeds LLP	0.54	0.25
Software maintenance expenses		
- D Soft India Private Limited	0.60	0.60
Remuneration paid to Key Managerial Personnel (refer note b)		
- Short-term employee benefits	50.43	74.02
- Post employment benefits	2.53	2.14
Purchase of raw material		
-GVC	9.74	9.03
-Dodla Nutri Feeds LLP	-	0.22
Sale of finished goods, (net of discounts)		
-Mr Sunil Reddy	-	-*
-Mrs Surekha Reddy	-	-*
Expenditure incurred on behalf of		
-GVC	2.05	6.77
-Lakeside Dairy Limited, Uganda	1.25	1.28
-Dodla Dairy Kenya Limited	1.03	0.73

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Consultancy expense		
-Oremus Corporate Services Private Limited	0.99	0.90
-Mr Sesha Reddy	3.60	3.60
-Ms Shilpa Reddy	0.60	0.60
Interest income		
- Mr Sunil Reddy	-	0.92
Unsecured loans repaid		
- Mr Sunil Reddy	-	12.50
Purchase of goods		
-Tropical Bovine Genetics Private Limited	1.02	0.54
Corporate social responsibility incurred		
-Dodla Foundation	0.80	-

* Below rounding off norm adopted by The Company. The actual amounts in INR are:

Sale of finished goods to Mr Sunil Reddy - INR 1,866

Sale of finished goods to Mrs Surekha Reddy - INR 1,140

(iii) Balances with related parties:

	As at 31 March 2019	As at 31 March 2018
Other current and non-current assets		
- GVC - Other advances	47.47	55.17
- GVC – Provision for doubtful advances	(47.47)	(53.64)
- Mr B.V.K. Reddy – Advance given against salary, net	2.15	-
- Lakeside Dairy Limited – Other advances	-	0.59
Other financial liabilities and trade payables		
- Oremus Corporate Services Private Limited – Consultancy fees payable	0.09	0.08
- Dodla Nutri Feeds LLP – Trade payable	0.20	-
- Tropical Bovine Genetics Private Limited	0.37	0.08
- Dodla Dairy, Vinjimuru	0.10	0.10
- Surekha Milk Chilling Centre	0.07	0.07
- D Soft India Private Limited	0.05	0.05
- Ms Shilpa Reddy – Consultancy fees payable	0.05	-
- Ms Sesha Reddy – Consultancy fees payable	0.27	-
- Mr Sunil Reddy - Remuneration payable, net	1.27	0.52
- Mr B.V.K Reddy - Remuneration payable, net	-	9.28
- Mr A. Madhusudhana Reddy - Remuneration payable, net	0.07	-
- Mr Hemanth Kundavaram - Remuneration payable, net	0.21	-

Notes:

a. The borrowings of The Company are secured by personal guarantees given by the director of The Company, Mr Sunil Reddy as detailed in note 19 and 23.

b. As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for The Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above. Share-based compensation expense allocable to key management personnel INR 18.34 (31 March 2018 - INR 0.60) is also not included in the remuneration disclosed above.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 42 SEGMENT REPORTING

The Company is in the business of processing and selling milk and milk products. The Company's Chief Operating Decision Maker (CODM) reviews the performance of The Company on the basis of economic performance for Liquid Milk, Products and Curd. For the purpose of reporting the operating segments, all the three segments have been aggregated as a single reporting segment under the provisions of Ind AS 108 'Operating Segments' as the nature of products, the production and distribution process, class of customers and the regulatory environment is similar for all the segment. Thus, the segment revenue, segment profit, total segment assets and liabilities are all as reflected in the standalone financial statements as at and for the years ended 31 March 2019 and 31 March 2018.

NOTE - 43 TRANSFER PRICING

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The Management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

NOTE - 44 DETAILS OF THE LOAN GIVEN UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Pursuant to a scheme approved by the members by a special resolution in their meeting dated 6 July 2015, The Company, during the financial year 2015-16, has given an unsecured personal loan to the Managing Director, Mr Sunil Reddy, carrying an interest rate of 9% p.a. The said loan was repaid during the year ended 31 March 2018.

Movement in the balance is as below:

Particulars	Amount
As at 01 April 2017	**12.50**
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	(12.50)
As at 31 March 2018	-
Given during the financial year 2018-19	-
Repaid during the financial year 2018-19	-
As at 31 March 2019	**-**

Persuant to approval of slump purchase by way of business acquisition of K C Dairy Products Private Limited, the Board has approved an Inter-corporate deposit to K C Dairy Products Private Limited, carrying an interest rate of 12% p.a. The said loan was repaid during the year ended 31 March 2019.

Movement in the balance is as below:

Particulars	Amount
As at 01 April 2017	**-**
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	-
As at 31 March 2018	**-**
Given during the financial year 2018-19	100.00
Repaid during the financial year 2018-19	(100.00)
As at 31 March 2019	**-**

(INR in Millions except for share data or otherwise stated)

NOTE - 45 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Accounting classification and fair values

Financial instruments by category	As at 31 March 2019		As at 31 March 2018		Fair value level
	Amortised Cost	FVTPL	Amortised Cost	FVTPL	
Financial Assets					
Investments in mutual funds (refer note (a) below)	-	259.98	-	669.59	Level 1
Investment in subsidiary and associate	407.84	-	407.84	-	-
Trade receivables	37.17	-	19.35	-	-
Cash and cash equivalents	100.22	-	110.98	-	-
Bank balances other than above	0.82	-	0.70	-	-
Non-current loans receivable	83.36	-	147.07	-	-
Current loans receivable	156.93	-	67.00	-	-
Other current financial assets	2.26	-	1.63	-	-
Total Financial Assets	**788.60**	**259.98**	**754.57**	**669.59**	
Financial Liabilities					
Borrowings (current and non-current)	1,577.89	-	1,258.13	-	-
Trade payables	698.63	-	592.52	-	-
Interest accrued but not due on borrowings	4.38	-	2.72	-	-
Capital creditors	161.24	-	33.29	-	-
Security deposits	141.55	-	96.97	-	-
Employee payables	97.07	-	89.24	-	-
Total Financial Liabilities	**2,680.76**	**-**	**2,072.87**	**-**	

Measurement of fair values

The carrying amount of the current financial assets and current financial liabilities are considered to be same as their fair values, due to their short term nature.

(a) The fair valuation of investments in mutual funds is classified as level 1 in the fair value hierarchy as they are determined based on their quoted prices.

Fair value method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

A. Financial assets

1. The Company has not disclosed the fair values for Investment in subsidiary and associate, trade receivables, cash and cash equivalents including other bank balances, loans receivable and other financial assets because their carrying amounts are a reasonable approximation of their fair value.

2. Investments in mutual funds: Fair value of quoted mutual funds units is based on quoted market price at the reporting date.

B. Financial liabilities

1. Non-convertible debentures: The fair values of The Company's interest-bearing debentures are determined by using Discounted cash flow ("DCF") method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The Company has not disclosed the fair values because its carrying amount is a reasonable approximation of its fair value.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

2. Borrowings: It includes term loans from banks, cash credit and overdraft facilities and working capital loans. These borrowings are classified and subsequently measured in the standalone financial statements at amortised cost. Considering that the interest rate on the loan is reset on a monthly/ quarterly/ half-yearly/ yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.
3. Trade payables and other financial liabilities: Fair values of trade payables and other financial liabilities are measured at carrying value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the carrying values.

Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. A summary of the risks have been given below.

Credit Risk

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

Trade and other receivable

Credit risk is managed by Head (Sales) of The Company. Usually, the business is carried on cash and carry basis. However, for institutional customers credit is provided after a detailed background check and credit analysis.

The accounts receivable team along with sales team will evaluate all new customers to determine payment terms and methods to be required, and what level of credit will be established. The accounts aeceivable team and sales team will also periodically review and re-evaluate payment terms and credit lines of existing customers and to support new customer requirements, and do manage risk as financial and business conditions change.

Majority of milk customers are un- registered and multi brand sellers. Billing transaction takes all the 365 days in a year. The credit allowed is monitored as per the approved limits.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The default in collection as a %age to total receivable is low. Refer below for the expected credit loss for trade receivables.

Reconciliation of expected credit loss- Trade receivables

	Amount
Expected credit loss on 01 April 2017	(0.45)
Changes in loss allowance	-
Expected credit loss on 31 March 2018	**(0.45)**
Changes in loss allowance	(0.19)
Expected credit loss on 31 March 2019	**(0.64)**

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as The Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

Liquidity Risk

Liquidity risk is the risk that The Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to The Company's reputation.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, process and policies related to such risks are overseen by the senior management.

(INR in Millions except for share data or otherwise stated)

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Particulars	As at 31 March 2019				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	698.63	698.63	698.63	-	-
Borrowings	1,577.89	1,977.05	587.42	330.19	1,059.44
Other financial liabilities	404.24	404.24	404.24	-	-
	2,680.76	**3,079.92**	**1,690.29**	**330.19**	**1,059.44**

Particulars	As at 31 March 2018				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	592.52	592.52	592.52	-	-
Borrowings	1,258.13	1,310.69	1,062.04	109.31	139.34
Other financial liabilities	222.22	222.22	222.22	-	-
	2,072.87	**2,125.43**	**1,876.78**	**109.31**	**139.34**

As disclosed in note 19, The Company has loans that contains loan covenants. A future breach of covenant may require The Company to repay the loan earlier than indicated in the above table. Covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreements.

Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect The Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Risk

The Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, which exposes The Company to cash flow interest rate risk. The Company also has variable interest deposit receivable which mitigate the interest rate risk on payables.

The exposure of The Company to interest rate changes at the end of the reporting period are as follows:

	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings	1,577.89	1,258.13
Total	**1,577.89**	**1,258.13**

Sensitivity

The profit or loss is sensitive to higher/ lower interest expense and interest income as a result of changes in interest rates.

	31 March 2019	31 March 2018
Impact on profit after tax		
Interest rate - Increases by 50 basis points	(7.89)	(6.29)
Interest rate - Decreases by 50 basis points	7.89	6.29

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Currency risk

The Company has no material foreign exchange exposure as at 31 March 2019 and 31 March 2018.

The particulars of un-hedged foreign currency exposure as at balance sheet date is as under

Particulars	Currency	As at 31 March 2019		As at 31 March 2018	
		Foreign currency (Absolute figures)	INR in Mn	Foreign currency (Absolute figures)	INR in Mn
Capital creditors	Euro	30,900	2.41	-	-
Cash on hand	USD	402	0.03	508	0.03
Cash on hand	Ringgit	687	0.01	-	-

Sensitivity

The profit or loss is sensitive to foreign exchange gain/ loss as a result of changes in foreign exchange rates.

	31 March 2019	31 March 2018
Impact on profit after tax		
Foreign exchange rate - Increases by 5%	(0.12)	-*
Foreign exchange rate - Decreases by 5%	0.12	-*

'* Below rounding off norm adopted by The Company. The actual amount in INR terms are as follows:

	31 March 2019
Impact on profit after tax	
Foreign exchange rate - Increases by 5%	1,654
Foreign exchange rate - Decreases by 5%	(1,654)

NOTE - 46 CAPITAL MANAGEMENT

(a) Risk Management

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure, The Company monitors the return on capital, as well as the level of dividends to equity shareholders. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of The Company's capital management, capital includes issued capital and all other equity reserves and debt.

The Company monitors capital on the basis of the following:

	As at 31 March 2019	As at 31 March 2018
Net debt	1,577.89	1,258.13
Total equity	3,969.34	3,428.40
Net debt to equity ratio	**39.75%**	**36.70%**

(b) Dividends

No interim or final dividends have been declared by The Company during the financial year ended 31 March 2019 and 31 March 2018.

(INR in Millions except for share data or otherwise stated)

NOTE - 47 BUSINESS COMBINATION

The Company has acquired assets under a business transfer agreement from K C Dairy Products Private Limited. Refer below for the summary of acquisition.

a. Summary of acquisition

Name and description of the Acquiree	K C Dairy Products Private Limited, located in Dindugal District, Tamilnadu
Nature of business	Processor of milk and milk products
Date of control	06 March 2019
Type of Acquisition	Slump sale of assets
Primary reason for business combination	The acquisition was made to increase The Company's base in certain areas through inorganic growth.

For the year ended 31 March 2019, K C Dairy contributed the revenue of INR 104.68 and a loss of INR 24.84 to The Company's results. Management estimates that if the acquisition had occurred on 1 April 2018, total revenue and total profit for the year would have been INR 1,729 and INR 44.3 respectively. Management has determined these amount on the basis of the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 01 April 2018.

b. Details of purchase consideration, net assets acquired and goodwill

(i) Purchase consideration

Particulars	Amount
Purchase consideration	1,084.16

Acquisition-related cost

The Company has incurred acquisition related cost of INR 4.45 that are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows. (Refer Note 36)

(ii) Identifiable assets and liabilities acquired

The following table summaries the recognised amounts of assets assets and liabilities acquired at the date of acquisition

Particulars	Amount
Property, plant and Equipment	622.27
Brands (Other intangible assets)	58.80
Non-compete arrangements (Other intangible assets)	22.20
Trade receivables	4.07
Inventory	49.50
Other non-current assets	15.53
Trade payables	(13.40)
Other current liabilities	(27.30)
Provision for employee benefits	(6.88)
	724.79

(iii) Goodwill

Particulars	Amount
Consideration transferred	1,084.16
Less: Net identifiable assets acquired	724.79
Goodwill/(Capital Reserve)	359.37

The goodwill on acquisition can be attributable to the available processing infrastructure, running operations, profitability and opportunities to expand the market in the present area of operations & contigous areas.

Notes to Standalone Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

c. Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Sales comparision approach and cost approach:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Multi period excess earnings method and Differential cash flow method :* Multi-period excess earnings method considers the present value of net cash flows expected to be generated by excluding any cash flows related to contributory assets. Differential cash flow method assumes that the value of intangible asset is equal to the difference between the present value of the prospective cash flows with the intangibel asset in place and the present value of the prospective cash flows without the intangible asset.

NOTE - 48 During the year ended 31 March 2019 no material foreseeable loss (year ended 31 March 2018: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAV2902

Place: Hyderabad
Date: 09 August 2019

for and on behalf of the Board of Directors of
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Independent Auditors' Report

To the Members of Dodla Dairy Limited

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Dodla Dairy Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associate, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, and associate as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of each company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

Independent Auditors' Report (contd.)

could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) as well as associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

OTHER MATTERS

We did not audit the financial statements/ financial information of three subsidiaries incorporated outside India, whose financial statements/ financial information reflect total assets of INR 1,042.25 million as at 31 March 2019, total revenues of INR 1,626.10 million and net cash flows amounting to INR 84.28 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of INR Nil for the year ended 31 March 2019, in respect of one associate whose financial statements/ financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on the audit reports of the other auditors.

The subsidiaries referred above are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of these subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of such associate as it was audited by other auditor, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with relevant Rules issued thereunder;

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019, taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditor of its associate incorporated in India, none of the directors of the Holding Company and its associate incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of its associate, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its associate. Refer Note 38 to the consolidated financial statements;

   ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019;

Independent Auditors' Report (contd.)

iii. There are no amounts, which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its associate incorporated in India during the year ended 31 March 2019; and

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. As mentioned in the report of the statutory auditor of the associate company incorporated in India which was not audited by us, the associate company, has not paid any remuneration to any directors during the financial year ended 31 March 2019. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number:
116231W/ W-100024

Vikash Somani
Partner
Membership No: 061272
UDIN: 19061272AAAAAW7238

Place : Hyderabad
Date: 09 August 2019

Annexure - A to the Independent Auditors' Report on the Consolidated Financial Statements

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to financial statements of Dodla Dairy Limited (the 'Holding Company'), which is incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that:

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure - A to the Independent Auditors' Report on the Consolidated Financial Statements (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

OPINION

In our opinion, the Holding Company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number:
116231W/ W-100024

Vikash Somani
Partner
Membership No: 061272
UDIN: 19061272AAAAAW7238

Place : Hyderabad
Date: 09 August 2019

Consolidated Balance Sheet

as at 31 March 2019

(INR in Millions except for share data or otherwise stated)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,401.91	3,173.62
Capital work-in-progress	4	112.20	160.42
Goodwill	5	359.37	-
Other intangible assets	5	133.69	6.61
Biological assets other than bearer plants			
Matured biological assets	6	20.60	20.34
Immatured biological assets	6	6.40	7.65
Financial assets			
Investments	7	78.63	71.10
Loans receivables	8	84.95	148.24
Income-tax assets	27	36.48	46.19
Deferred tax assets	20	3.20	18.80
Other non-current assets	9	137.04	110.40
Total non-current assets		**5,374.47**	**3,763.37**
Current assets			
Inventories	10	1,248.53	1,340.83
Financial assets			
Investments	11	181.35	598.49
Trade receivables	12	73.23	36.05
Loans receivables	13	156.93	67.00
Cash and cash equivalents	14 (a)	214.48	139.17
Bank balances other than above	14 (b)	0.82	0.70
Other financial assets	15	2.26	1.63
Other current assets	16	183.41	79.23
Total current assets		**2,061.01**	**2,263.10**
Total assets		**7,435.48**	**6,026.47**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	556.72	32.75
Other equity	18	3,511.67	3,364.84
Equity attributable to owners of The Company		4,068.39	3,397.59
Non-controlling interest		-	-
Total equity		**4,068.39**	**3,397.59**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	1,102.38	222.50
Deferred tax liabilities	20	260.75	208.52
Government grants	21	31.34	34.52
Provisions	22	65.00	68.88
Total non-current liabilities		**1,459.47**	**534.42**
Current liabilities			
Financial liabilities			
Borrowings	23	313.65	943.13
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	24	2.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	24	760.86	631.51
Other financial liabilities	25	568.56	317.82
Government grants	21	2.96	2.86
Provisions	26	20.82	16.15
Current tax liabilities	27	178.49	132.74
Other current liabilities	28	59.54	50.25
Total current liabilities		**1,907.62**	**2,094.46**
Total liabilities		**3,367.09**	**2,628.88**
Total equity and liabilities		**7,435.48**	**6,026.47**
Significant accounting policies	3		

See accompanying notes to consolidated financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

for and on behalf of the Board of Directors of
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAW7238

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Place: Hyderabad
Date: 09 August 2019

Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(INR in Millions except for share data or otherwise stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	29	16,887.66	15,904.75
Other income	30	80.17	65.38
Total income		**16,967.83**	**15,970.13**
Expenses			
Cost of materials consumed	31	12,398.39	12,744.26
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	140.74	(427.22)
Employee benefits expense	33	766.61	649.79
Depreciation and amortisation expense	34	356.02	268.56
Finance costs	35	107.68	102.74
Other expenses	36	2,261.77	1,824.28
Total expenses		**16,031.21**	**15,162.41**
Profit before tax		**936.62**	**807.72**
Income-tax expense			
-Current tax	37	238.15	186.04
-Deferred tax	37	68.46	50.87
Total tax expense		**306.61**	**236.91**
Profit for the year (A)		**630.01**	**570.81**
Other comprehensive income			
Items that will be reclassified subsequently to the statement of profit or loss			
Foreign currency translation reserve		23.61	(2.78)
Items that will not be reclassified subsequently to the statement of profit or loss			
Remeasurement of the net defined benefit obligation		(1.79)	23.40
Income tax relating to these items	37	0.63	(8.10)
Other comprehensive income for the year (B)		**22.45**	**12.52**
Total comprehensive income for the year (A+B)		**652.46**	**583.33**
Profit attributable to:			
Owners of The Company		630.01	571.13
Non-controlling interest		-	(0.32)
Profit for the year		**630.01**	**570.81**
Other comprehensive income attributable to:			
Owners of The Company		22.45	12.52
Non-controlling interest		-	-
Other comprehensive income for the year		**22.45**	**12.52**
Total comprehensive income attributable to:			
Owners of The Company		652.46	583.65
Non-controlling interest		-	(0.32)
Total comprehensive income for the year		**652.46**	**583.33**
Earnings per share (nominal value of INR 10 each, fully paid-up)	40		
Basic [in INR]		11.32	10.26
Diluted [in INR]		11.30	10.26
Weighted average number of equity shares used in computing earnings per share:			
-Basic		55,671,991	55,671,991
-Diluted		55,733,681	55,671,991
Significant accounting policies	3		

See accompanying notes to consolidated financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAW7238

Place: Hyderabad
Date: 09 August 2019

for and on behalf of the Board of Directors of
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

(INR in Millions except for share data or otherwise stated)

		Other equity								
		Reserves and surplus								
Particulars	**Equity share capital**	**Capital redemption reserve**	**Debenture redemption reserve**	**Securities premium**	**Foreign currency translation reserve**	**Retained earnings**	**Share options outstanding account**	**Total equity attributable to owners of The Company**	**Attributable to Non-controlling interest**	**Total**
Balance as at 01 April 2017	**32.75**	**12.00**	**-**	**1,092.25**	**(71.45)**	**1,747.79**	**-**	**2,813.34**	**-**	**2,813.34**
Capital infused by non-controlling interest in the subsidiary	-	-	-	-	-	-	-	-	0.32	0.32
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	571.13	-	571.13	(0.32)	570.81
Employee share based payment expense	-	-	-	-	-	-	0.60	0.60	-	0.60
Foreign currency translation reserve	-	-	-	-	(2.78)	-	-	(2.78)	-	(2.78)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	15.30	-	15.30	-	15.30
Balance as at 31 March 2018	**32.75**	**12.00**	**-**	**1,092.25**	**(74.23)**	**2,334.22**	**0.60**	**3,397.59**	**-**	**3,397.59**

		Other equity								
		Reserves and surplus								
Particulars	**Equity share capital**	**Capital redemption reserve**	**Debenture redemption reserve**	**Securities premium**	**Foreign currency translation reserve**	**Retained earnings**	**Share options outstanding account**	**Total equity attributable to owners of The Company**	**Attributable to Non-controlling interest**	**Total**
Balance as at 01 April 2018	**32.75**	**12.00**	**-**	**1,092.25**	**(74.23)**	**2,334.22**	**0.60**	**3,397.59**	**-**	**3,397.59**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	630.01	-	630.01	-	630.01
Employee share based payment expense	-	-	-	-	-	-	18.34	18.34	-	18.34
Foreign currency translation reserve	-	-	-	-	23.61	-	-	23.61	-	23.61
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	(1.16)	-	(1.16)	-	(1.16)
Issue of bonus shares (refer note 1 below)	523.97	-	-	(523.97)	-	-	-	-	-	-
Transfer to Debenture redemption reserve	-	-	3.30	-	-	(3.30)	-	-	-	-
Balance as at 31 March 2019	**556.72**	**12.00**	**3.30**	**568.28**	**(50.62)**	**2,959.77**	**18.94**	**4,068.39**	**-**	**4,068.39**

Note 1: The Company has allotted 52,397,168 equity shares of INR 10 each, fully paid-up as bonus shares on 17 July 2018 in the ratio of 16:1 (sixteen equity shares of INR 10 each for every one equity share of INR 10 each held in The Company as on the record date i.e. 05 July 2018) by capitalisation of securities premium account.

See accompanying notes to consolidated financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAW7238

Place: Hyderabad
Date: 09 August 2019

for and on behalf of the Board of Directors of
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Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Consolidated Statement of cash flows

for the year ended 31 March 2019

(INR in Millions except for share data or otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	936.62	807.72
Adjustments for:		
Depreciation and amortisation expenses	356.02	268.56
Gain on fair valuation of biological assets	(4.16)	(9.82)
Net loss on sale/ retirement of property, plant and equipment	5.70	6.19
Net loss on sale/ retirement of biological assets	1.78	3.67
Interest income	(4.85)	(3.31)
Finance costs	107.68	102.74
Dividend income from investment in mutual funds	-	(3.90)
Employee share based payment expenses	18.34	0.60
Net profit on sale of current investments	(29.95)	(0.82)
Fair value gain on financial assets measured at fair value through profit and loss, net	(7.21)	(32.51)
Government grants income	(3.08)	(4.32)
Unrealised foreign exchange gain, net	-	(0.34)
	1,376.89	**1,134.46**
CHANGE IN OPERATING ASSETS AND LIABILITIES		
Increase in trade receivables	(32.07)	(21.75)
Decrease / (increase) in inventories	144.58	(488.92)
Increase in loans and other financial assets	(6.09)	(0.47)
(Increase) / decrease in other current and non-current assets	(102.69)	224.35
Increase in trade payables and other financial liabilities	140.25	169.48
(Decrease) / increase in employee benefit obligations	(7.88)	11.38
Increase in other current and non-current liabilities	9.29	2.17
Cash generated from operations	**1,522.28**	**1,030.70**
Income taxes paid, net	(185.40)	(169.74)
Net cash generated from operating activities	**1,336.88**	**860.96**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment and intangible assets	(974.49)	(717.33)
Proceeds from sale of property, plant and equipment and intangible assets	4.29	4.14
Proceeds from sale of biological assets	3.37	1.71
Inter-corporate deposit given	(100.00)	-
Inter-corporate deposit matured	100.00	-
Consideration paid on business combination	(961.32)	-
Capital infused by non-controlling interest in the subsidiary	-	0.32
Purchase of mutual funds	(1,431.29)	(445.57)
Proceeds from sale of mutual funds	1,878.06	492.85
Interest/ dividend received	4.22	6.97
Deposits placed (having original maturity of more than three months), net	(0.12)	(0.20)
Net cash used in investing activities	**(1,477.28)**	**(657.11)**

Consolidated Statement of cash flows

for the year ended 31 March 2019 (Contd.)

(INR in Millions except for share data or otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of long term borrowings from banks	499.50	-
Receipt of long term borrowings from issue of debentures	550.00	-
Repayment of long term borrowings to banks	(100.26)	(72.82)
Receipt of government grant	-	25.78
Repayment of short term borrowings, net	(225.00)	(250.00)
Finance costs paid	(105.35)	(103.81)
Net cash generated / (used in) from financing activities	**618.89**	**(400.85)**
Net increase/ (decrease) in cash and cash equivalents	**478.49**	**(197.00)**
Cash and cash equivalents at the beginning of the year	(428.96)	(231.75)
Effect of exchange rate fluctuations on cash held	1.30	(0.21)
Cash and cash equivalents at end of the year	**50.83**	**(428.96)**

*Changes in liabilities arising from financing activities:

Particulars	As at 01 April 2018	Cash flow changes	Non- cash changes	As at 31 March 2019
Debentures**	-	539.08	5.33	544.41
Long-term borrowings other than debentures**	317.72	372.55	33.94	724.21
Short-term borrowingsˆ	375.00	(292.74)	67.74	150.00

** Includes Interest accrued but not due on borrowings.

ˆ As Cash credit and overdraft balances are considered as part of cash and cash equivalents, the same has not been included in short term borrowings.

Note:

a) The above consolidated statement of cash flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

b) Cash and cash equivalents as per above comprise of the following:

	As at 31 March 2019	As at 31 March 2018
Cash on hand	46.94	15.03
Balances with banks		
-in current accounts	167.54	74.14
-in deposit accounts (with original maturity of less than three months)	-	50.00
Cash credit and overdraft balances	(163.65)	(568.13)
Balances as per statement of cash flows	**50.83**	**(428.96)**

See accompanying notes to consolidated financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAW7238

Place: Hyderabad
Date: 09 August 2019

for and on behalf of the Board of Directors of
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

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DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

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Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Notes to Consolidated Financial Statements

(INR in Millions except for share data or otherwise stated)

NOTE 1 REPORTING ENTITY

Dodla Dairy Limited ('The Company') was incorporated on 15 May 1995. The Registered office of The Company is situated at 8-2-293/82/A/270-Q, Road No. 10-C, Jubilee hills, Hyderabad. The Company is in the business of processing/ production of milk and production of milk products.

NOTE 2 BASIS OF PREPARATION

A. Statement of compliance

The consolidated financial statements of the Group and its associate have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by The Company's Board of Directors on 09 August 2019.

Details of the Group's accounting policies are included in note 3.

B. Functional and presentation currency

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

C. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Biological assets	Fair value less cost to sell
Shared based payment	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligation

D. Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 36(i) - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next year financial statements is included in the following notes:

- Note 6 - determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 22 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 38 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(a) - useful life of property, plant and equipment
- Note 3(b) - impairment of intangible assets
- Note 45 - impairment of financial assets

E. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 6 - Biological assets other than bearer plants
- Note 45 - Financial instruments
- Note 17(e) - Share based payment arrangement
- Note 47(c) - Business combination

F. Current versus non-current classification

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

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

- It is expected to be realised or intended to be sold or consumed in Group's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Apart from the above, current assets also include the current portion of non-current financial assets. All other assets are classified as non-current.

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

- It is expected to be settled in Group's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date.

Apart from the above, current liabilities also include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle - The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

G. Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Non - controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

(iii) ***Associates***

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the special purpose consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

(iv) ***Equity method***

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(v) ***Transactions eliminated on consolidation***

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) ***Subsidiaries and associate companies considered in the special purpose consolidated financial statements:***

Name of The Company	Country of incorporation	Ownership interest (in %) As at 31 March 2019	Ownership interest (in %) As at 31 March 2018
Subsidiary companies:			
Dodla Holdings Pte Limited	Singapore	100.00	100.00
Lakeside Dairy Limited	Uganda	100.00	100.00
Dodla Dairy Kenya Limited	Kenya	99.90	80.00
Associates:			
Global VetMed Concepts Private Limited	India	47.94	47.94

(vii) ***Principles of consolidation***

These consolidated financial statements have been prepared by consolidation of the financial statements of The Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-company transactions.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

i. *Recognition and measurement*

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

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

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

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

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

ii. *Subsequent expenditure*

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

iii. *Depreciation*

Depreciation on tangible assets (other than for those class of assets specifically mentioned below) is calculated on a straight-line basis as per the useful lives prescribed and in the manner laid down under Schedule II to the Companies Act, 2013 and additions and deletions are restricted to the period of use. If the Management's estimate of the useful life of a fixed asset is different than that envisaged in the aforesaid Schedule, depreciation is provided based on the Management's estimate of the useful life. Pursuant to this policy, depreciation on the following class of fixed assets has been provided at the rates based on the following useful lives of fixed assets as estimated by Management which is different from the useful life prescribed under Schedule II of the Companies Act, 2013:

Asset*	Useful life	Useful life prescribed under Schedule II
Laboratory equipment	3 years	10 years
Temporary structures	1 year	3 years

*for these class of assets, the Management believes, based on technical evaluation carried out by them internally, that the useful life as given above best represent the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as in Schedule II of the Act. Freehold land is not depreciated.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

iv. *Capital work-in-progress*

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

(b) Intangible assets

Intangible assets including those acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3 years
Brands	5 years
Non-compete arrangements	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

(c) Biological assets

Biological assets i.e. living animals, are measured at fair value less cost to sell. Costs to sell include the minimal transportation charges for transporting the cattle to the market but excludes finance costs and income taxes. Changes in fair value of livestock are recognised in the statement of profit and loss. Costs such as vaccination, fodder and other expenses are expensed as incurred. The animals reared from conception (calf) and heifers are classified as 'immatured biological assets' until the animals become productive. All the productive animals are classified as "matured biological assets".

(d) Impairment

i. Financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

ii. Non -financial assets

Intangible assets and property, plant and equipment

(a) Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured as the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

(e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(f) Inventories

Inventories comprise of raw materials and packing materials, work-in-progress, finished goods, stock-in-trade and stores and spares and are carried at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. The comparison of cost and net realisable value is made on an item-by-item basis.

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

Goods-in-transit are valued at cost which represents the costs incurred upto the stage at which the goods are in-transit.

(g) Financial instruments

i. Recognition and initial measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

ii. Classification and subsequent measurement

Financial Assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiaries and associates

Investment in subsidiary and associates is carried at cost in the consolidated financial statements.

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. ***Offsetting***

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

(h) Revenue recognition

The Group is engaged in sale of milk and milk products. Revenue from the sale of goods is recognised when control of the goods has transferred to the buyer which coincides with the time when the goods are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of goods. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade discounts, cash discount, allowances and volume rebates, taxes collected and amounts collected on behalf of third parties. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

(i) Dividend income and interest income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend. For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

(j) Earnings per share (EPS)

Basic Earnings Per Share is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

(k) Business combination

In accordance with Ind AS 103, the Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination of the amount to be included in consideration transferred is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Group is transferred to the capital reserve or to the accumulated balance of profit and loss.

(l) Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rates, are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(m) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(n) Income taxes:

Income-tax expense for the year comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

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

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

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

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

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

(p) Provisions and contingent liabilities

i. *General*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. *Contingent liabilities*

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. *Onerous contracts*

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(q) Employee benefits

i. *Short-term employee benefits*

Short-term employee benefits obligation are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. *Share based payment transactions*

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

iii. *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in profit or loss in the periods during which the related services are rendered by employees.

iv. ***Defined benefit plans***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. ***Compensated absences***

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increases this entitlement. The obligation is measured on the basis of independent actuarial obligation using the projected unit credit method.

vi. ***Other long-term employee benefits***

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

(r) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Where bank overdrafts/ cash credits which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. For the purposes of cash flow, bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(s) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

(t) Recent accounting pronouncements

Standards issued but not yet effective

On 30 March 2019, the Ministry of Corporate Affairs ("MCA") vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for periods beginning on or after 1 April 2019:

(1) Ind AS 116 - Leases

The Group is required to adopt Ind AS 116, Leases from 01 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value iteMs Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases. Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group plans to apply Ind AS 116 initially on 01 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 01 April 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 01 April 2019 and identified as leases in accordance with Ind AS 17. The Group has initiated detailed study to ascertain the impact, if any, on its consolidated financial statements due to adoption of Ind AS 116 and the same is not reasonably estimable at present.

(2) Ind AS 12 Income-taxes (amendments relating to income tax consequences of dividend and uncertainty over income-tax treatments)

The amendment relating to income-tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in the statement of profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any significant impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its consolidated financial statements.

(3) Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any significant impact on its financial statements.

(4) Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

(5) Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect this amendment to have any significant impact on its financial statements.

(6) Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not expect this amendment to have any significant impact on its financial statements.

(7) Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group does not currently have any interests in joint ventures.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 4 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2018	Acquisitions through business combination (Note 47)	Additions	Disposals	Forex adjustment	As at 31 March 2019	As at 01 April 2018	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2019	As at 31 March 2019
Freehold land	483.08	103.30	53.18	-	-	639.56	-	-	-	-	-	639.56
Buildings	852.06	212.65	195.53	0.11	(4.01)	1,264.14	46.57	34.48	0.03	(0.35)	81.37	1,182.77
Plant and equipment	1,716.05	244.49	480.98	11.27	(11.75)	2,442.00	203.17	144.17	3.34	(1.59)	345.59	2,096.41
Electrical installation	91.98	0.86	18.57	0.25	-	111.16	16.91	11.09	0.24	-	27.76	83.40
Electronic data processors	32.74	1.35	7.92	0.38	(0.03)	41.66	9.50	11.17	0.36	-	20.31	21.35
Office equipment	25.10	0.66	3.62	0.30	(0.03)	29.11	6.61	5.22	0.22	-	11.61	17.50
Furniture and fixtures	59.00	25.46	15.45	0.86	(0.04)	99.09	7.60	7.03	0.48	(0.01)	14.16	84.93
Laboratory equipment	328.38	14.85	145.74	7.91	(0.15)	481.21	151.13	113.79	7.41	(0.03)	257.54	223.67
Vehicles	33.12	18.65	13.26	3.26	(0.15)	61.92	6.40	5.38	2.28	(0.10)	9.60	52.32
Total	**3,621.51**	**622.27**	**934.25**	**24.34**	**(16.16)**	**5,169.85**	**447.89**	**332.33**	**14.36**	**(2.08)**	**767.94**	**4,401.91**
Add: Capital work-in-progress												112.20
												4,514.11

(INR in Millions except for share data or otherwise stated)

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2017	Acquisitions through business combination	Additions	Disposals	Forex adjustment	As at 31 March 2018	As at 01 April 2017	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2018	As at 31 March 2018
Freehold land	344.83	-	138.25	-	-	483.08	-	-	-	-	-	483.08
Buildings	676.90	-	175.77	0.23	0.38	852.06	16.65	29.96	0.01	0.03	46.57	805.49
Plant and equipment	1,332.61	-	389.91	5.46	1.01	1,716.05	84.96	119.59	1.26	0.12	203.17	1,512.88
Electrical installation	80.45	-	13.49	1.96	-	91.98	8.00	10.60	1.69	-	16.91	75.07
Electronic data processors	12.93	-	20.00	0.19	-	32.74	4.06	5.57	0.13	-	9.50	23.24
Office equipment	15.02	-	10.16	0.08	-	25.10	2.34	4.33	0.06	-	6.61	18.49
Furniture and fixtures	39.90	-	19.33	0.23	-	59.00	2.41	5.30	0.11	-	7.60	51.40
Laboratory equipment	192.06	-	138.04	1.70	0.02	328.38	65.32	87.15	1.34	-	151.13	177.25
Vehicles	22.87	-	16.34	6.07	0.02	33.12	3.83	3.58	1.00	0.01	6.40	26.72
Total	**2,717.57**	**-**	**921.29**	**15.92**	**1.43**	**3,621.51**	**187.57**	**266.08**	**5.60**	**0.16**	**447.89**	**3,173.62**
Add: Capital work-in-progress												160.42
												3,334.04

(i) Capital work-in-progress

Capital work-in-progress mainly comprises new plant and machinery, buildings, chilling centres and other assets under erection for the plant.

(ii) Contractual obligations

Refer note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Carrying amount of property, plant and equipment (included in above) pledged as securities for borrowings - 31 March 2019: INR 4,120.45 (31 March 2018: INR 2,937.77)

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 5 GOODWILL AND OTHER INTANGIBLE ASSETS

Reconciliation of carrying amount

		Other intangible assets			
Description	**Goodwill**	**Computer software**	**Brands**	**Non-compete arrangements**	**Total**
Gross carrying amount					
As at 01 April 2018	-	10.34	-	-	10.34
Acquisitions through business combination (Note 47)	359.37	-	58.80	22.20	81.00
Additions	-	69.75	-	-	69.75
Disposals	-	(0.39)	-	-	(0.39)
Forex adjustment	-	0.07	-	-	0.07
As at 31 March 2019	**359.37**	**79.77**	**58.80**	**22.20**	**160.77**
Accumulated amortisation					
As at 01 April 2018	-	3.73	-	-	3.73
Amortisation expense	-	22.53	0.84	0.32	23.69
Disposals	-	(0.38)	-	-	(0.38)
Forex adjustment	-	0.04	-	-	0.04
As at 31 March 2019	**-**	**25.92**	**0.84**	**0.32**	**27.08**
Carrying amounts (net) as at 31 March 2019	**359.37**	**53.85**	**57.96**	**21.88**	**133.69**
Gross carrying amount					
As at 01 April 2017	-	4.59	-	-	4.59
Additions	-	5.78	-	-	5.78
Disposals	-	(0.02)	-	-	(0.02)
Forex adjustment	-	(0.01)	-	-	(0.01)
As at 31 March 2018	**-**	**10.34**	**-**	**-**	**10.34**
Accumulated amortisation					
As at 01 April 2017	-	1.26	-	-	1.26
Amortisation expense	-	2.48	-	-	2.48
Disposals	-	(0.01)	-	-	(0.01)
Forex adjustment	-	-	-	-	-
As at 31 March 2018	**-**	**3.73**	**-**	**-**	**3.73**
Carrying amounts (net) as at 31 March 2018	**-**	**6.61**	**-**	**-**	**6.61**

NOTE - 6 BIOLOGICAL ASSETS OTHER THAN BEARER PLANTS

	As at 31 March 2019	**As at 31 March 2018**
Matured biological assets	20.60	20.34
Immatured biological assets	6.40	7.65
	27.00	**27.99**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Reconciliation of carrying amount:

	As at 31 March 2019		As at 31 March 2018	
	Matured biological assets	Immatured biological assets	Matured biological assets	Immatured biological assets
Balance at the beginning of the year	20.34	7.65	17.68	5.87
Change in fair value (refer note 30)	(0.85)	5.01	4.26	5.56
Cattles matured during the year	4.35	(4.35)	3.36	(3.36)
Cattles sold/ discarded during the year	(3.24)	(1.91)	(4.96)	(0.42)
Balance at the end of the year	**20.60**	**6.40**	**20.34**	**7.65**

As at 31 March 2019, there were 170 cattle (31 March 2018: 212 cattle) as immatured biological assets and 285 cattle (31 March 2018: 245 cattle) as matured biological assets. During the current year, the Group has sold/ discarded 98 cattle (year ended 31 March 2018: 76 cattle).

The fair valuation of biological assets is classified as level 2 in the fair value hierarchy as they are determined based on the basis of the best available quote from the nearest market to the farm and on the basis of age of the calves, cows and heifers.

NOTE - 7 NON-CURRENT INVESTMENTS

	As at 31 March 2019	As at 31 March 2018
Investment in equity instruments		
Carried at cost less provision for other than temporary impairment		
Unquoted		
Investment in associate		
Global VetMed Concepts India Private Limited	38.67	38.67
3,866,923 (31 March 2018: 3,866,923) equity shares of face value INR 10 each, fully paid-up		
Less: Provision for impairment for investment in Global VetMed Concepts India Private Limited	(38.67)	(38.67)
	-	-
Other investments		
Investment in quoted mutual funds (carried at fair value through profit and loss (FVTPL))	78.63	71.10
	78.63	**71.10**
Aggregate value of non-current investments - unquoted	38.67	38.67
Aggregate book/ market value of non-current investments - quoted	78.63	71.10
Aggregate provision for impairment in value of investment	(38.67)	(38.67)

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 45.

NOTE - 8 NON-CURRENT LOANS RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
Unsecured		
Security deposits	84.95	58.05
Amounts receivable from vendors	5.00	95.19
Less: Provision for impairment	(5.00)	(5.00)
	84.95	**148.24**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 9 OTHER NON-CURRENT ASSETS

	As at 31 March 2019	As at 31 March 2018
Capital advances		
Unsecured, considered good	33.96	7.87
Unsecured, considered doubtful	0.03	0.03
Less : Provision for doubtful advances	(0.03)	(0.03)
Advances other than capital advances (Unsecured, considered good)		
Prepaid operating lease rent	25.40	24.50
Salary advances to key managerial person**	0.61	3.00
Taxes paid under protest	77.07	75.03
	137.04	**110.40**

** Includes outstanding balances as disclosed under note 41(iii)

NOTE - 10 INVENTORIES*

	As at 31 March 2019	As at 31 March 2018
Raw materials and packing materials	266.31	233.60
Work-in-progress	211.14	456.46
Finished goods**	712.88	602.28
Stock-in-trade	13.74	8.30
Stores and spares	44.46	40.19
	1,248.53	**1,340.83**
Carrying amount of inventories (included in above) pledged as securities for borrowings	1,174.46	1,295.79

*refer note 3 (f) for mode of valuation for inventories.

**include goods-in-transit amounting to INR 39.90 (31 March 2018: INR Nil).

The write down of inventories to net realisable value during the year amounted to INR 1.66 (31 March 2018: INR 0.82). The write down are included in cost of materials consumed or changes in inventories of finished goods, stock-in-trade and work-in-progress.

NOTE - 11 CURRENT INVESTMENTS

	As at 31 March 2019	As at 31 March 2018
Investment in quoted mutual funds (carried at FVTPL)	181.35	598.49
	181.35	**598.49**
Carrying amount of investments (included in above) pledged as securities for borrowings (refer note 23)	-	531.42
Aggregate book/ market value of current investments - quoted	181.35	598.49
Aggregate amount of impairment in value of investment	-	-

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 45.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 12 TRADE RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
Unsecured		
Trade receivables	73.87	36.50
Less: Provision for impairment	(0.64)	(0.45)
	73.23	**36.05**
Carrying amount of receivables (included in above) pledged as securities for borrowings	37.17	19.35

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 45.

NOTE - 13 CURRENT LOANS RECEIVABLES

	As at 31 March 2019	As at 31 March 2018
Unsecured		
Amounts receivable from vendors	156.93	67.00
	156.93	**67.00**

NOTE - 14 CASH AND BANK BALANCES

	As at 31 March 2019	As at 31 March 2018
(a) Cash and cash equivalents:		
Cash on hand	46.94	15.03
Balances with banks		
-in current accounts	167.54	74.14
-in deposit accounts (with original maturity of less than three months)	-	50.00
	214.48	**139.17**
(b) Other bank balances*	0.82	0.70
	0.82	**0.70**

* Represents margin money deposits against bank guarantee.

NOTE - 15 OTHER CURRENT FINANCIAL ASSETS

	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good		
Interest accrued	2.26	1.63
	2.26	**1.63**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 16 OTHER CURRENT ASSETS

	As at 31 March 2019	As at 31 March 2018
Advances other than capital advances:		
Unsecured considered good:		
Salary advances to employees	4.59	3.93
Salary advances to key managerial person**	2.40	2.40
Prepaid expenses	35.96	21.38
Advance to suppliers	8.99	6.93
Share issue expenses (refer note (i) below)	69.15	-
Other advances**	9.21	9.09
Prepaid operating lease rent	0.54	0.54
Balance with government authorities	52.57	34.96
Unsecured, considered doubtful:		
Other advances**	47.47	53.64
Less : Provision for doubtful advances	(47.47)	(53.64)
	183.41	**79.23**

Note (i): During the year ended 31 March 2019, the Group was in the process of filing Red Herring Prospectus with SEBI in connection with the proposed Initial Public Offer of equity shares of The Company by way of fresh issue and an offer for sale by the existing shareholders. Accordingly, expenses incurred by the Group aggregating to INR 69.15 in connection with filing of Red Herring Prospectus have been shown under "other current assets". The same will be partly adjusted towards the securities premium account and will be partially recovered from the existing shareholders (to the extent of shares offered for sale by existing shareholders, the expenses incurred by the Group for the proposed issue are recoverable from them) as per the provisions of the Companies Act, 2013. However, the actual number/ proportion of shares to be offered for sale being not known to The Company as at 31 March 2019, the same has not been bifurcated and is included in "other current assets".

** Includes a part of outstanding balances as disclosed under note 41 (iii)

NOTE - 17 EQUITY SHARE CAPITAL

	As at 31 March 2019	As at 31 March 2018
Authorised		
75,000,000 (31 March 2018: 75,000,000) equity shares of INR 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and paid up share capital		
55,671,991 (31 March 2018: 3,274,823) equity shares of INR 10 each fully paid-up	556.72	32.75
	556.72	**32.75**

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	3,274,823	32.75	3,274,823	32.75
Issued during the period (refer note (d) below)	52,397,168	523.97	-	-
Outstanding at the end of the year	**55,671,991**	**556.72**	**3,274,823**	**32.75**

(INR in Millions except for share data or otherwise stated)

(b) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares as at 31 March 2019 having a par value of INR 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of The Company, TPG Dodla Dairy Holdings Pte. Limited ("the Investor") shall be paid from the distributable proceeds, an amount (hereafter referred to as the "investor liquidation amount") which is the higher of:

(i) an amount equal to the investment amount, plus any accrued or declared but unpaid dividends on its investor shares; and

(ii) such amount as is equivalent to it's proportionate share of the distributable proceeds, based on the Investor's then existing shareholding %age, provided that, in the event that the distributable proceeds are less than the investor liquidation amount, the investor will have the right to receive (and the Promoters and The Company shall procure that the Investor receives) the entire distributable proceeds.

After the payment in full is made to the Investor, as set forth in above clause, the balance of the distributable proceeds, if any, shall be distributed to all shareholders, excluding the Investor pro rata in proportion to their inter se shareholding held in The Company.

However, with effect from the date of the listing of the equity shares of The Company on a recognised stock exchange in India pursuant to an initial public offering of the equity shares of The Company, all the equity shareholders shall be entitled to identical rights with respect to the liquidation i.e. the equity shareholders will be eligible to receive the remaining assets of The Company, after distribution of all preferential amounts, in proportion to their shareholding."

(c) Details of shareholders holding more than 5% shares in The Company

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Equity shares of INR10/- each fully paid-up				
Mr D. Sunil Reddy	14,857,479	26.69%	832,124	25.41%
Mrs. D. Deepa Reddy	7,845,517	14.09%	363,256	11.09%
Mr D. Sesha Reddy	556,716	1.00%	1,195,238	36.50%
Dodla Family Trust	16,144,877	29.00%	-	-
TPG Dodla Dairy Holdings Pte. Limited	15,031,434	27.00%	884,202	27.00%

(d) During the five years immediately preceding the balance sheet date, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued other than the issuance of 52,397,168 equity shares of INR 10 each fully paid-up as bonus shares on 17 July 2018 in the ratio of 16:1 (sixteen equity shares of INR 10 each for every one equity share of INR 10 each held in The Company as on the record date i.e. 05 July 2018) by capitalisation of securities premium account. In accordance with Ind AS 33, "Earnings per share", the Earnings per share data (including comparatives) has been adjusted to give effect to the bonus issue.

(e) Share based payment arrangement

During the financial year 2017-18, The Company introduced Dodla Dairy Limited Employee Stock Option Plan 2018 ('the Plan'). As per the Plan, the Nomination and Remuneration Committee grants options to the eligible employees and directors of The Company. The vesting period of the option shall be provided in the relevant grant letter and shall be subject to the applicable law. Options granted under the Plan can be exercised within the period determined by the Nomination and Remuneration Committee. Exercise of an option is subject to continued employment.

Under the Plan, The Company granted 49,122 options (to be adjusted in the ratio of bonus shares issued) on 23 March 2018 at an exercise price of INR 3,627.38 per share to the Chief Executive Officer of The Company. Each option represents one equity share of INR 10 each, fully paid-up.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Movement in the options under the Plan (to be adjusted in the ratio of bonus shares issued)

	No. of options	
	As at 31 March 2019	As at 31 March 2018
Options outstanding at the beginning of the year	49,122	-
Options granted during the year	-	49,122
Options exercised during the year	-	-
Options exercisable at the end of the year	**49,122**	**49,122**

Fair value measurement

The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The key inputs used in Black-Scholes model for calculating fair value of options under the plan as on the date of grant are as follows:

No. of options granted	49,122
Date of grant	23-Mar-18
Vesting period (years)	1 to 4
Expected volatility	45.00%
Risk free rate	7.60%

NOTE - 18 OTHER EQUITY

Particulars	Attributable to the owners of The Company						
	Capital redemption reserve	Debenture redemption reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account	Total
Balance as at 01 April 2017	**12.00**	**-**	**1,092.25**	**(71.45)**	**1,747.79**	**-**	**2,780.59**
Additions:	-						
Foreign currency translation difference	-	-	-	(2.78)	-	-	(2.78)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	15.30	-	15.30
Employee share based payment expense	-	-	-	-	-	0.60	0.60
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	571.13	-	571.13
Balance as at 31 March 2018	**12.00**	**-**	**1,092.25**	**(74.23)**	**2,334.22**	**0.60**	**3,364.84**

(INR in Millions except for share data or otherwise stated)

Particulars	Capital redemption reserve	Debenture redemption reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account	Total
Balance as at 01 April 2018	**12.00**	**-**	**1,092.25**	**(74.23)**	**2,334.22**	**0.60**	**3,364.84**
Additions:							
Foreign currency translation difference	-	-	-	23.61	-	-	23.61
Issue of bonus shares	-	-	(523.97)	-	-	-	(523.97)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	(1.16)	-	(1.16)
Employee share based payment expense	-	-	-	-	-	18.34	18.34
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	630.01	-	630.01
Transfer to debenture redemption reserve	-	3.30	-	-	(3.30)	-	-
Balance as at 31 March 2019	**12.00**	**3.30**	**568.28**	**(50.62)**	**2,959.77**	**18.94**	**3,511.67**

Nature and purpose of the reserve

Capital redemption reserve

The Company had redeemed the preference shares and as per the provisions of the applicable laws, a sum equal to the nominal value of the shares so redeemed is required to be transferred to the capital redemption reserve.

Debenture redemption reserve

The Company has issued non-convertible debentures in India and as per the provisions of the Compananies Act, 2013 is required to create debenture redemption reserve out of the profits of The Company avilable for payment of dividend.

Securities Premium

Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued under Dodla Dairy Limited Employee Stock Option Plan 2018 (refer note 17(e)).

NOTE - 19 NON-CURRENT BORROWINGS

	As at 31 March 2019	As at 31 March 2018
Secured		
Debentures		
550,000 (31 March 2018: Nil) Redeemable non-convertible debentures of INR 1,000 each, fully paid-up	542.24	-
Term loans		
- from banks (refer below)	560.14	222.50
	1,102.38	**222.50**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Terms of repayment of Debentures taken by the Holding Company:

During the financial year 2018-2019, The Company has issued 550,000 Redeemable non-convertible debentures of INR 1,000 each, fully paid-up to International Finance Corporation(IFC) which carries interest rate of IFC's cost of funding plus 2.25%, currently 9.00% p.a. and is secured by the first charge on movable plant, machinery, equipment and all other movable assets (both present and future) pertaining to specified plants and second pari passu charge on current assets (both present and future) and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. The debentures are getting matured by 2026-2027. Outstanding amount (including current maturities) as at 31 March 2019 is INR 542.24 (31 March 2018: INR Nil).

Terms of repayment for secured term loans from banks taken by the Holding Company:

a) Term loan of INR 250.00 was taken from HSBC Bank during the financial year 2018-2019 which carries interest rate equal to minimum MCLR, currently 9.30% per annum. It is repayable in 18 equal quarterly installments of INR 13.89 commencing from November 2019. The term loan is secured by first pari-passu charge on all the identified properties movable and immovable fixed assets (both present and future), pari-passu second charge on the current assets both present and future and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 250.00 (31 March 2018: INR Nil).

b) Term loan of INR 249.50 was taken from ICICI Bank during the financial year 2018-2019 which carries interest rate equal to MCLR plus 0.60% per annum. It is repayable in 9 equal quarterly installments of INR 13.86 and final installment of INR 124.75 commencing from September 2019. The term loan is secured by first pari-passu charge on all the identified properties movable and immovable fixed assets (both present and future), pari-passu second charge on the current assets both present and future except for the investments in the mutual funds and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 249.50 (31 March 2018: INR Nil).

c) Term loan of INR 65 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 4.06 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 44.69 (31 March 2018: INR 60.93).

d) Term loan of INR 100 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate at the rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 6.25 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 68.75 (31 March 2018: INR 93.75).

e) Term loan of INR 50 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 3.13 commencing from September 2016. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount as at 31 March 2019 is INR 15.63 (31 March 2019: INR 28.13).

f) Term loan of INR 25 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 1.56 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 17.18 (31 March 2018: INR 23.44).

g) Term loan of INR 60 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 3.75 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy Outstanding amount (including current maturities) as at 31 March 2019 is INR 41.25 (31 March 2018: INR 56.25).

(INR in Millions except for share data or otherwise stated)

h) Term loan of INR 70 was taken from HDFC Bank during the financial year 2016-2017 which carries interest rate equal to MCLR plus 1.10% per annum. It is repayable in 16 equal quarterly installments of INR 4.38 each commencing from April 2017. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2019 is INR 35.00 (31 March 2018: INR 52.50).

Aggregate amount of loans (including current maturities) guaranteed by the directors of the Holding Company outstanding as at 31 March 2019 is INR 1,264.24 (31 March 2018: INR 315.00).

The Holding Company has not complied with the requirement of maintenance of current ratio (calculated as current assets to current liabilities) associated with redeemable non-convertible debentures issued to IFC for the year ended 31 March 2019. Subsequent to the year end i.e, on 07 August 2019, IFC has waived the non-compliance with the current ratio for the financial year ended 31 March 2019.

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 45.

NOTE - 20 DEFERRED TAX LIABILITIES

	As at 31 March 2019	As at 31 March 2018
The balance comprises temporary differences attributable to:		
Deferred tax liabilities		
On account of property, plant and equipment (PPE), Goodwill and Other intangible assets	329.15	268.58
Fair value changes in mutual funds	3.09	16.99
Deferred tax assets		
Provision for employee benefits	(40.32)	(39.40)
Provision for impairment of receivables, advances and other assets, net	(18.35)	(20.34)
Unabsorbed tax losses	-	(22.88)
Others	(16.02)	(13.23)
Net deferred tax liabilities	**257.55**	**189.72**
Deferred tax assets	(3.20)	(18.80)
Deferred tax liabilities	260.75	208.52
Net deferred tax liability	**257.55**	**189.72**

Also refer note 37, for tax expense.

Movement in deferred tax liabilities/ (assets)

Particulars	Carried forward losses	On account of PPE, goodwill and other intangible assets	Fair value changes in mutual funds	Provision for employee benefits	Provision for impairment of receivables, advances and other assets, net	Others	Total
Balance as at 01 April 2017	**(4.84)**	**180.80**	**14.71**	**(42.34)**	**(20.39)**	**2.81**	**130.75**
Charged/ (credited):							
- to profit or loss	(18.04)	87.78	2.28	(5.16)	0.05	(16.04)	50.87
- to other comprehensive income	-	-	-	8.10	-	-	8.10
Balance as at 31 March 2018	**(22.88)**	**268.58**	**16.99**	**(39.40)**	**(20.34)**	**(13.23)**	**189.72**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Particulars	Carried forward losses	On account of PPE, goodwill and other intangible assets	Fair value changes in mutual funds	Provision for employee benefits	Provision for impairment of receivables, advances and other assets, net	Others	Total
Balance as at 01 April 2018	**(22.88)**	**268.58**	**16.99**	**(39.40)**	**(20.34)**	**(13.23)**	**189.72**
Charged/ (credited):							
- to profit or loss	22.88	60.57	(13.90)	(0.29)	1.99	(2.79)	68.46
- to other comprehensive income	-	-	-	(0.63)	-	-	(0.63)
Balance as at 31 March 2019	**-**	**329.15**	**3.09**	**(40.32)**	**(18.35)**	**(16.02)**	**257.55**

NOTE - 21 GOVERNMENT GRANTS

	As at 31 March 2019	As at 31 March 2018
Non-current	31.34	34.52
Current	2.96	2.86
	34.30	**37.38**

Movement of government grants:

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	37.38	15.92
Add: Received during the year	-	25.78
Less: Released to statement of profit and loss (refer note 30)	(3.08)	(4.32)
Balance at the end of the year	**34.30**	**37.38**

NOTE - 22 NON-CURRENT PROVISIONS

	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Compensated absences	64.40	53.32
Gratuity (refer note (ii) below)	0.60	15.56
	65.00	**68.88**

(i) Post retirement benefit - Defined contribution plans

The Group makes contributions, determined as a specified %age of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue (refer note 33).

(ii) Post retirement benefit - Defined benefit plans

The Group provides its employees with the benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/ exit, restricted to a sum of INR 2.00).

(INR in Millions except for share data or otherwise stated)

a) The amounts recognised in the financial statements and the movements in the defined benefit obligation and plan assets over the period are as follows:

	As at 31 March 2019			As at 31 March 2018		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
Opening balance (A)	**57.63**	**(35.81)**	**21.82**	**60.21**	**(22.24)**	**37.97**
Current service cost	11.67	-	11.67	14.48	-	14.48
Past service cost	-	-	-	2.78	-	2.78
Interest cost	4.41	-	4.41	4.03	-	4.03
Expected returns	-	(2.72)	(2.72)	-	(1.49)	(1.49)
Total amount recognised in profit or loss (B)	**16.08**	**(2.72)**	**13.36**	**21.29**	**(1.49)**	**19.80**
Remeasurements						
(Gain)/ loss from change in demographic assumptions	-	-	-	(3.58)	-	(3.58)
(Gain)/ loss from change in financial assumptions	1.08	-	1.08	(20.37)	-	(20.37)
Experience losses/ (gains)	1.36	(0.65)	0.71	1.43	(0.88)	0.55
Total amount recognised in other comprehensive income (C)	**2.44**	**(0.65)**	**1.79**	**(22.52)**	**(0.88)**	**(23.40)**
Contributions (D)	-	(34.06)	(34.06)	-	(12.55)	(12.55)
Benefit paid (E)	(4.03)	4.03	-	(1.35)	1.35	-
Acquisition Adjustment (F) (refer note 47)	6.88		6.88			
Closing balance (A+B+C+D+E+F)	**79.00**	**(69.21)**	**9.79**	**57.63**	**(35.81)**	**21.82**

b) **Significant estimates: actuarial assumptions**

The significant actuarial assumptions for defined benefit obligation are as follows:

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.40%	7.60%
Salary escalation rate	10.00%	10.00%
Employee attrition rate	12.00%	12.00%
Retirement age	58 years	58 years

i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.

ii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

c) **Sensitivity analysis**

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

	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	73.59	85.20	53.76	62.07
Salary escalation rate (1% movement)	84.88	73.76	61.81	53.90
Employee attrition rate (1% movement)	74.05	88.26	56.96	58.40

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

d) The major categories of plan assets are as follows

	As at 31 March 2019	As at 31 March 2018
Funds managed by Life Insurance Corporation of India	69.21	35.81
Total	**69.21**	**35.81**

The Group makes annual contribution to the Life Insurance Corporation of India ('LIC') of an amount advised by LIC. The Group was not informed by LIC of the investments made by them or the breakup of the plan assets into various type of investments.

e) Risk exposure

Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. The Group's plan assets are insurer managed funds and are subject to less material risk.

Changes in bond yields: A decrease in bond yields will increase plan liabilities and the Group ensures that it has enough reserves to fund the liability.

f) Maturity profile of defined benefit obligation:

	As at 31 March 2019	As at 31 March 2018
1st following year	9.19	6.26
2nd following year	10.05	7.11
3rd following year	8.72	7.73
4th following year	8.10	6.64
5th following year	7.79	5.79
Thereafter	112.57	81.56

The Group expectes to pay INR 24.31 in contributions to its defined benefit plans in 2019-20.

NOTE - 23 CURRENT BORROWINGS

	As at 31 March 2019	As at 31 March 2018
Loans repayable on demand from banks		
Secured		
Cash credit and overdraft	163.65	568.13
Other loans from banks		
Secured		
Working capital demand loans	150.00	375.00
	313.65	**943.13**

Terms of repayment of short-term borrowings from banks:

Secured

i) ICICI Bank:

a) The Company had taken cash credit and working capital demand loan facilities from ICICI Bank, secured by way of pari-passu first charge on the entire stock of inventory and such other movables including book debts, receivables, both present and future (except investment in mutual funds) and a pari-passu second charge on the fixed assets of The Company which are both movable and immovable in nature and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Cash credit carries an interest rate of 9.00% to 9.55% per annum and working capital demand loan carries an interest rate of 8.00% to 9.00% per annum.

b) The Company had taken bank overdraft facility from ICICI Bank, secured by way of pari-passu first charge on the selected investments of The Company in the Mutual Funds and carries an interest rate ranging from 8.00% to 9.00% per annum. This facility has been closed during the year.

ii) Standard Chartered Bank (SCB): The Company had taken short-term loan and pre-shipment finance facility from SCB. All these facilities are secured by pari-passu hypothecation charge on entire current asset of The Company, second charge on all the fixed assets of The Company, both present and future and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Interest rate on these facilities ranges from 7.85% to 8.65% per annum.

iii) Kotak Mahindra Bank : The Company had taken working capital demand loan facility from Kotak Mahindra Bank, secured by pari-passu first charge on all the current assets of The Company and second pari-passu charge on all the movable fixed assets of The Company including equitable mortgage on the specified property of The Company, both present and future (other than assets exclusively charged to term lenders) and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Interest rate on these facilities ranges from 8.00% to 8.35% per annum.

iv) HDFC Bank:

The Company had taken cash credit and working capital demand loan facility from HDFC Bank. All these facilities are secured by pari-passu first charge on all the current assets of The Company both present and future and second pari-passu charge on all the fixed assets of The Company and personal guarantees furnished by the director of The Company, Mr Sunil Reddy. Cash credit carries an interest rate of 9.50% to 10.00% per annum and working capital demand loan carries an interest rate of 8.00% to 9.00% per annum.

v) Hongkong and Shanghai Banking Corporation (HSBC Bank):

a) The Company had taken overdraft and working capital demand loan facility from HSBC Bank. All these facilities are secured by first pari-passu hypothecation charge on entire current asset of The Company both present and future, second pari-passu charge on the fixed assets (both movable and immovable) of The Company both present and future and personal guarantee furnished by the director of The Company, Mr Sunil Reddy. Interest rate on these facilities ranges from 7.60% to 8.50% per annum.

b) Further The Company had taken additional bank overdraft facility and working capital demand loan facility from HSBC Bank, secured by way of pari-passu first charge on the selected investments of The Company in the Mutual Funds and carries an interest rate ranging from 7.60% to 8.50% per annum. This facility has been closed during the year.

Aggregate amount of loans guaranteed by the directors of the Holding Company outstanding as at 31 March 2019 is INR 313.65 (31 March 2018: INR 587.80)

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 45.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 24 TRADE PAYABLES

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note below)	2.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises **	760.86	631.51
	763.60	**631.51**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the reporting date has been made in the financial statements based on information received and available with The Company. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

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

	As at 31 March 2019	As at 31 March 2018
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	2.74	-
- Interest	-	-
ii) The amount of interest paid by the Group in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under Section 23 of the MSMED Act.	-	-
	2.74	**-**

** Includes a part of outstanding balances as disclosed under note 41 (iii)

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 45.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 25 OTHER FINANCIAL LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Current maturities of long term debt from banks (refer note 19)	161.86	92.50
Interest accrued but not due on borrowings	4.38	2.72
Capital creditors	161.57	33.71
Employee payables**	99.08	91.63
Security deposits	141.67	97.26
	568.56	**317.82**

** Includes a part of outstanding balances as disclosed under note 41(iii)

The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 45.

NOTE - 26 CURRENT PROVISIONS

	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Compensated absences	11.63	9.89
Gratuity (refer note 22)	9.19	6.26
	20.82	**16.15**

NOTE - 27 INCOME-TAX ASSETS AND CURRENT TAX LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Current tax liability	178.49	132.74
Income-tax asset	(36.48)	(46.19)
	142.01	**86.55**

Also refer note 37, for tax expense.

NOTE - 28 OTHER CURRENT LIABILITIES

	As at 31 March 2019	As at 31 March 2018
Advances from customers	31.08	18.31
Statutory dues (including provident fund and tax deducted at source)	28.46	31.94
	59.54	**50.25**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 29 REVENUE FROM OPERATIONS

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of goods:		
- Finished goods	16,137.48	15,746.54
- Traded goods	737.33	145.06
Sale of services		
- Conversion service charges	6.14	6.66
Other operating revenue		
- Sale of scrap	6.71	6.49
	16,887.66	**15,904.75**

Effective 01 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 01 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the profit or loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact to the financial statements of the Group.

As a result the Group has changed its accounting policy for revenue recognition. Refer note 3(h) for revised accounting policy.

Reconciliation of revenue recognised with the contracted price is as follows:

	Year ended 31 March 2019
Contract price	17,309.27
Adjustments for:	
Discounts and incentives	(421.61)
	16,887.66

NOTE - 30 OTHER INCOME

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income		
- on deposits	0.06	0.03
- on others	4.79	3.28
Amortisation of government grants (refer note (i) below and note 21)	3.08	4.32
Changes in fair value of biological assets (refer note 6)	4.16	9.82
Fair value gain on financial assets measured at fair value through profit and loss	7.21	32.51
Dividend income from investments in mutual funds	-	3.90
Profit on sale of investments in mutual funds, net	29.95	0.82
Gain on account of foreign exchange fluctuations, net	-	1.43
Other non-operating income	30.92	9.27
	80.17	**65.38**

Note (i): Government grants relate to capital investments in property, plant and equipment for creation of cold chain projects. The investment subsidies received from Government towards acquisition of assets are treated as "Government grants" and the amount in proportion to the depreciation is transferred to the statement of profit and loss.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 31 COST OF MATERIALS CONSUMED

	Year ended 31 March 2019	Year ended 31 March 2018
Inventory of materials at the beginning of the year	233.60	188.25
Add: Purchases	12,429.78	12,789.71
Less: Inventory of materials at the end of the year	266.31	233.60
Foreign currency translation adjustment	1.32	(0.10)
	12,398.39	**12,744.26**

NOTE - 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	Year ended 31 March 2019	Year ended 31 March 2018
a) Finished goods		
Opening stock	602.28	394.56
Acquisition from business combination	6.17	-
Closing stock	(712.88)	(602.28)
	(104.43)	**(207.72)**
b) Work-in-progress		
Opening stock	456.46	244.57
Acquisition from business combination	4.12	-
Closing stock	(211.14)	(456.46)
	249.44	**(211.89)**
c) Stock-in-trade		
Opening stock	8.30	-
Closing stock	(13.74)	(8.30)
	(5.44)	**(8.30)**
d) Foreign currency translation adjustment	**1.17**	**0.69**
	140.74	**(427.22)**

NOTE - 33 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	671.73	578.50
Employee share based payment expenses (refer notes 17(e) and 18)	18.34	0.60
Contribution to provident and other funds	51.70	41.66
Expenses related to post-employment defined benefit plans (refer note 22)	13.36	19.80
Staff welfare expense	11.48	9.23
	766.61	**649.79**

NOTE - 34 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment (refer note 4)	332.33	266.08
Amortisation of intangible assets (refer note 5)	23.69	2.48
	356.02	**268.56**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 35 FINANCE COSTS

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on loan from banks	106.51	98.45
Other interest costs	0.67	4.27
Other borrowing costs	0.50	0.02
	107.68	**102.74**

NOTE - 36 OTHER EXPENSES

	Year ended 31 March 2019	Year ended 31 March 2018
Power and fuel	304.86	279.08
Consumption of stores and spare parts	202.27	134.76
Milk procurement expenses	14.49	10.96
Freight inward and handling	504.23	397.89
Repairs and maintenance:		
- building	19.44	23.02
- machinery	12.25	21.16
- other assets	4.13	3.11
Rent (refer note (i) below)	62.88	53.41
Rates and taxes	19.49	24.43
Communication	12.07	10.75
Printing and stationery	10.50	7.63
Travelling and conveyance	64.83	53.77
Vehicle hire charges	8.55	8.66
Bank charges	5.85	5.26
Legal and professional charges (refer note (ii) below)	61.51	49.21
Security expenses	34.61	29.41
Bad debts written off	0.70	3.06
Loss on account of foreign exchange fluctuations, net	3.29	-
Advances written off		2.33
Provision for impairment of receivables	0.19	(0.88)
Provision for doubtful advances	(6.17)	0.20
Insurance	14.54	12.81
Loss on sale/ retirement of property, plant and equipment, net	5.70	6.19
Loss on sale/ discard of biological assets, net	1.78	3.67
Corporate social responsibility (refer note (iii) below and note 41(ii))	0.80	6.19
Carriage outwards	766.05	592.85
Advertisement	92.39	51.36
Miscellaneous	40.54	33.99
	2,261.77	**1,824.28**

Note:

(i) Operating leases:

The Group has certain cancellable operating leases for plants, chilling centres and milk parlours. Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expense of INR 62.88 (31 March 2018: INR 53.41) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

(INR in Millions except for share data or otherwise stated)

(ii) Auditors remuneration (included in legal and professional, including tax)*

	Year ended 31 March 2019	Year ended 31 March 2018
Audit fees		
Statutory audit	6.52	6.88
Other services	-	-
Out-of-pocket expenses	0.32	0.28
	6.84	**7.16**

*During the year ended 31 March 2019, the Group has incurred INR 19.32 towards service received from the auditors of the Group in relation to the proposed Initial Public Offering (IPO). However, the same has not been charged off to the statement of profit and loss and is disclosed in "other current assets" (refer note 16) to be recovered from shareholders or adjusted from securities premium in proportion of shares being offered or fresh shares issued respectively.

(iii) Corporate social responsibility

Gross amount required to be spent by the Group during the year amounts to INR 14.33 (31 March 2018: INR 10.43)

Amount spent during the year ended 31 March 2019 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	**-**
Purposes other than construction or acquisition of assets	0.80	-	**0.80**

Amount spent during the year 31 March 2018 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	**-**
Purposes other than construction or acquisition of assets	6.19	-	**6.19**

NOTE - 37 INCOME TAX EXPENSE

	Year ended 31 March 2019	Year ended 31 March 2018
(a) Amounts recognised in profit or loss		
Current tax	238.15	186.04
Deferred tax	68.46	50.87
	306.61	**236.91**
(b) Amounts recognised in other comprehensive income		
Current tax	-	-
Deferred tax	(0.63)	8.10
	(0.63)	**8.10**

(c) Reconciliation of effective tax rate

	Year ended 31 March 2019		Year ended 31 March 2018	
Profit before tax		**936.62**		**807.72**
Tax using The Company's domestic tax rate	34.94%	327.29	34.61%	279.55
Tax effect of:				
Tax exempt income	-2.48%	(23.22)	-1.05%	(8.50)
Lower tax rate in the subsidiary	-0.84%	(7.90)	0.00%	-
Deferred tax asset not recognised in the earlier year in respect of subsidiary	0.00%	-	-3.77%	(30.49)
Adjustment for items taxed at a lower rate	-0.06%	(0.53)	0.00%	-
Others	1.17%	10.97	-0.45%	(3.65)
	32.74%	**306.61**	**29.34%**	**236.91**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 38 CONTINGENT LIABILITIES

i) Claims against The Company not acknowledged as debts :

	As at 31 March 2019	As at 31 March 2018
Income tax matters	0.99	0.99
Indirect tax matters	2.35	6.44

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before tax authorities and including matters mentioned above. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Group, as the case may be, and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defence of the proceedings and accordingly, no further provision is required.

ii) On 28th February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, the Group has re-computed its liability towards PF for the month of March 2019 and has made a provision for it in the books of account. In respect of the earlier years, the Group has been legally advised that there are numerous interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same. Necessary adjustments, if any, will be made to the books as more clarity emerges on this subject.

NOTE - 39 COMMITMENTS

Capital Commitments:

	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account (net of advances)	**80.58**	**9.80**

NOTE - 40 EARNINGS PER SHARE ('EPS')

	Year ended 31 March 2019	Year ended 31 March 2018
Earnings		
Profit attributable to equity shareholders (A)	630.01	571.13
Shares		
Calculation of weighted average number of equity shares - Basic		
Number of equity shares at the beginning of the year	3,274,823	3,274,823
Add: Effect of bonus issue (refer note 17(d))	52,397,168	52,397,168
Revised number of equity shares at the beginning of the year	55,671,991	55,671,991
Weighted average number of equity shares outstanding during the year (B)	**55,671,991**	**55,671,991**
Calculation of weighted average number of equity shares - Diluted		
Number of potential equity shares at the beginning of the year	3,274,823	3,274,823
Add: Effect of bonus issue (refer note 17(d))	52,397,168	52,397,168
Add: Dilutive effect of employee stock options	61,690	-
Revised number of potential equity shares at the end of the year	55,733,681	55,671,991
Weighted average number of potential equity shares outstanding during the year (C)	**55,733,681**	**5,56,71,991**
Basic earnings per share of face value of INR10 (A/B)	11.32	10.26
Diluted earnings per share of face value of INR10 (A/C)	11.30	10.26

(INR in Millions except for share data or otherwise stated)

NOTE - 41 RELATED PARTY TRANSACTIONS

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) Names of related parties and description of relationship:

Nature of relationship	Name of the party
Entity exercising significant influence over The Company	TPG Dodla Dairy Holdings Pte. Limited (from 20 July 2017)
	Black River Capital Partners Food Fund Holdings (Singapore) Pte Limited (till 20 July 2017)
Associate	Global VetMed Concepts India Private Limited ('GVC')
Key management personnel ('KMP')	Mr Sunil Reddy, Managing Director
	Mr B.V.K. Reddy, Chief Executive Officer (CEO)
	Mr Hemanth Kundavaram, Chief Financial Officer (CFO) (w.e.f. 13 July 2018)
	Mr A. Madhusudhana Reddy, Whole-time Director (w.e.f. 03 May 2018)
Relatives of KMP	Mr Sesha Reddy, Father of Mr Sunil Reddy
	Mrs. Surekha Reddy, Sister of Mr Sunil Reddy
	Ms Shilpa Reddy, Daughter of Mr Sunil Reddy
Enterprise over which KMP have significant influence	Dodla Dairy, Vinjimuru
	Oremus Corporate Services Private Limited
	D Soft India Private Limited
	Surekha Milk Chilling Centre
	Tropical Bovine Genetics Private Limited (from 20 November 2017)
	Dodla Nutri Feeds LLP (from 29 June 2017)
	Dodla Foundation (from 20 February 2018)

(ii) Details of transactions with the above related parties:

	Year ended 31 March 2019	Year ended 31 March 2018
Lease rent paid		
-Dodla Dairy, Vinjimuru	1.20	1.20
-Surekha Milk Chilling Centre	0.90	0.90
-Dodla Nutri Feeds LLP	0.54	0.25
Software maintenance expenses		
- D Soft India Private Limited	0.60	0.60
Remuneration paid to Key Managerial Personnel (refer note b)		
- Short-term employee benefits	50.43	74.02
- Post employment benefits	2.53	2.14
Purchase of raw material		
-GVC	9.74	9.03
-Dodla Nutri Feeds LLP	-	0.22
Sale of finished goods, (net of discounts)		
-Mr Sunil Reddy	-	-*
-Mrs. Surekha Reddy	-	-*
Expenditure incurred on behalf of		
-GVC	2.05	6.77
Consultancy expense		
-Oremus Corporate Services Private Limited	0.99	0.90
-Mr Sesha Reddy	3.60	3.60
-Ms Shilpa Reddy	0.60	0.60

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Sitting fees		
-Mr B.V.K. Reddy	1.23	0.77
Interest income		
- Mr Sunil Reddy	-	0.92
Unsecured loans repaid		
- Mr Sunil Reddy	-	12.50
Purchase of goods		
-Tropical Bovine Genetics Private Limited	1.02	0.54
Corporate social responsibility incurred		
-Dodla Foundation	0.80	-

"* Below rounding off norm adopted by the Group. The actual amounts in INR are:

Sale of finished goods to Mr Sunil Reddy - INR 1,866

Sale of finished goods to Mrs. Surekha Reddy - INR 1,140

(iii) Balances with related parties:

	As at 31 March 2019	As at 31 March 2018
Other current and non-current assets		
- GVC - Other advances	47.47	55.17
- GVC – Provision for doubtful advances	(47.47)	(53.64)
- Mr B.V.K. Reddy – Advance given against salary, net	2.15	-
Other financial liabilities and trade payable		
- Oremus Corporate Services Private Limited – Consultancy fees payable	0.09	0.08
- Dodla Nutri Feeds LLP – Trade payable	0.20	-
- Tropical Bovine Genetics Private Limited	0.37	0.08
- Dodla Dairy, Vinjimuru	0.10	0.10
- Surekha Milk Chilling Centre	0.07	0.07
- D Soft India Private Limited	0.05	0.05
- Ms Shilpa Reddy – Consultancy fees payable	0.05	-
- Ms Sesha Reddy – Consultancy fees payable	0.27	-
- Mr Sunil Reddy - Remuneration payable, net	1.27	0.52
- Mr B.V.K Reddy - Remuneration payable, net	-	9.28
- Mr A. Madhusudhana Reddy - Remuneration payable, net	0.07	-
- Mr Hemanth Kundavaram - Remuneration payable, net	0.21	-

Notes:

a. The borrowings of the Group are secured by personal guarantees given by the director of the Holding Company, Mr Sunil Reddy as detailed in note 19 and 23.

b. As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above. Share-based compensation expense allocable to key management personnel INR 18.34 (31 March 2018 - INR 0.60) is also not included in the remuneration disclosed above.

(INR in Millions except for share data or otherwise stated)

NOTE - 42 SEGMENT REPORTING

The Group is in the business of processing and selling milk and milk products. The Group's Chief Operating Decision Maker (CODM) reviews the performance of the Group on the basis of economic performance for Liquid Milk, Products and Curd. For the purpose of reporting the operating segments, all the three segments have been aggregated as a single reporting segment under the provisions of Ind AS 108 'Operating Segments' as the nature of products, the production and distribution process, class of customers and the regulatory environment is similar for all the segment. Thus, the segment revenue, segment profit, total segment assets and liabilities are all as reflected in the Consolidated Financial Statements as at and for the years ended 31 March 2019 and 31 March 2018.

The geographical information analyses the Group's revenues and non-current assets by The Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets which have been based on the geographical location of the assets.

(i) Revenues

	For the year ended	
	31 March 2019	**31 March 2018**
India	15,953.29	15,372.67
Outside India	934.37	532.08
Total	**16,887.66**	**15,904.75**

(ii) Non-current assets *

	As at	
	31 March 2019	**31 March 2018**
India	4,865.46	3,241.49
Outside India	345.43	302.54
Total	**5,210.89**	**3,544.03**

* Non-current assets excludes financial instruments.

NOTE - 43 TRANSFER PRICING

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The Management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

NOTE - 44 DETAILS OF THE LOAN GIVEN UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Pursuant to a scheme approved by the members by a special resolution in their meeting dated 6 July 2015, the Holding Company, during the financial year 2015-16, has given an unsecured personal loan to the Managing Director, Mr Sunil Reddy, carrying an interest rate of 9% p.a. The said loan was repaid during the year ended 31 March 2018.

Movement in the balance is as below:

Particulars	**Amount**
As at 01 April 2017	**12.50**
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	(12.50)
As at 31 March 2018	-
Given during the financial year 2018-19	-
Repaid during the financial year 2018-19	-
As at 31 March 2019	**-**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Pursuant to approval of slump purchase by way of business acquisition of K C Dairy Products Private Limited, the Board has approved an Inter-corporate deposit to K C Dairy Products Private Limited, carrying an interest rate of 12% p.a. The said loan was repaid during the year ended 31 March 2019.

Movement in the balance is as below:

Particulars	Amount
As at 01 April 2017	**-**
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	-
As at 31 March 2018	**-**
Given during the financial year 2018-19	100.00
Repaid during the financial year 2018-19	(100.00)
As at 31 March 2019	**-**

NOTE - 45 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Accounting classification and fair values

Financial instruments by category	As at 31 March 2019		As at 31 March 2018		Fair value level
	Amortised Cost	FVTPL	Amortised Cost	FVTPL	
Financial Assets					
Investments in mutual funds (refer note (a) below)	-	259.98	-	669.59	Level 1
Trade receivables	73.23	-	36.05	-	-
Cash and cash equivalents	214.48	-	139.17	-	-
Bank balances other than above	0.82	-	0.70	-	-
Non-current loans receivable	84.95	-	148.24	-	-
Current loans receivable	156.93	-	67.00	-	-
Other current financial assets	2.26	-	1.63	-	-
Total Financial Assets	**532.67**	**259.98**	**392.79**	**669.59**	
Financial Liabilities					
Borrowings (current and non-current)	1,577.89	-	1,258.13	-	-
Trade payables	763.60	-	631.51	-	-
Interest accrued but not due on borrowings	4.38	-	2.72	-	-
Capital creditors	161.57	-	33.71	-	-
Security deposits	141.67	-	97.26	-	-
Employee payables	99.08	-	91.63	-	-
Total Financial Liabilities	**2,748.19**	**-**	**2,114.96**	**-**	

Measurement of fair values

The carrying amount of the current financial assets and current financial liabilities are considered to be same as their fair values, due to their short term nature.

(a) The fair valuation of investments in mutual funds is classified as level 1 in the fair value hierarchy as they are determined based on their quoted prices.

Fair value method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

A. Financial assets

1. The Group has not disclosed the fair values for trade receivables, cash and cash equivalents including other bank balances, loans receivable and other financial assets because their carrying amounts are a reasonable approximation of their fair value.

2. Investments in mutual funds: Fair value of quoted mutual funds units is based on quoted market price at the reporting date.

B. Financial liabilities

1. Non-convertible debentures: The fair values of The Company's interest-bearing debentures are determined by using Discounted cash flow ("DCF") method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The Company has not disclosed the fair values because its carrying amount is a reasonable approximation of its fair value.

2. Borrowings: It includes term loans from banks, cash credit and overdraft facilities and working capital loans. These borrowings are classified and subsequently measured in the consolidated financial statements at amortised cost. Considering that the interest rate on the loan is reset on a monthly/ quarterly/ half-yearly/ yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

2. Trade payables and other financial liabilities: Fair values of trade payables and other financial liabilities are measured at carrying value, as most of them are settled within a short period and so their fair values are assumed to be almost equal to the carrying values.

Financial Risk Management

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. A summary of the risks have been given below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivable

Credit risk is managed by Head (Sales) of the Group. Usually, the business is carried on cash and carry basis. However, for institutional customers credit is provided after a detailed background check and credit analysis.

The accounts receivable team along with sales team will evaluate all new customers to determine payment terms and methods to be required, and what level of credit will be established. The accounts aeceivable team and sales team will also periodically review and re-evaluate payment terms and credit lines of existing customers and to support new customer requirements, and do manage risk as financial and business conditions change.

Majority of milk customers are un- registered and multi brand sellers. Billing transaction takes all the 365 days in a year. The credit allowed is monitored as per the approved limits.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The default in collection as a %age to total receivable is low. Refer below for the expected credit loss for trade receivables.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Reconciliation of expected credit loss- Trade receivables

	Amount
Expected credit loss on 01 April 2017	(1.33)
Changes in loss allowance	0.88
Foregin currency translation reserve	-
Expected credit loss on 31 March 2018	**(0.45)**
Changes in loss allowance	(0.19)
Foregin currency translation reserve	-
Expected credit loss on 31 March 2019	**(0.64)**

Cash and Cash Equivalents

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, process and policies related to such risks are overseen by the senior management.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

	As at 31 March 2019				
Particulars	**Carrying value**	**Total**	**Less than 1 year**	**1-2 years**	**2 years and above**
Financial liabilities					
Trade payables	763.60	763.60	763.60	-	-
Borrowings	1,577.89	1,977.05	587.42	330.19	1,059.44
Other financial liabilities	406.70	406.70	406.70	-	-
	2,748.19	**3,147.35**	**1,757.72**	**330.19**	**1,059.44**

	As at 31 March 2018				
Particulars	**Carrying value**	**Total**	**Less than 1 year**	**1-2 years**	**2 years and above**
Financial liabilities					
Trade payables	631.51	631.51	631.51	-	-
Borrowings	1,258.13	1,310.69	1,062.04	109.31	139.34
Other financial liabilities	225.32	225.32	225.32	-	-
	2,114.96	**2,167.52**	**1,918.87**	**109.31**	**139.34**

As disclosed in note 19, the Group has loans that contains loan covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreements.

Market Risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Interest Risk

The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The Group also has variable interest deposit receivable which mitigate the interest rate risk on payables.

The exposure of the Group to interest rate changes at the end of the reporting period are as follows:

	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings	1,577.89	1,258.13
Total	**1,577.89**	**1,258.13**

Sensitivity

The profit or loss is sensitive to higher/ lower interest expense and interest income as a result of changes in interest rates.

	31 March 2019	31 March 2018
Impact on profit after tax		
Interest rate - Increases by 50 basis points	(7.89)	(6.29)
Interest rate - Decreases by 50 basis points	7.89	6.29

Currency risk

The Group has no material foreign exchange exposure as at 31 March 2019 and 31 March 2018.

The particulars of un-hedged foreign currency exposure as at balance sheet date is as under

Particulars	Currency	As at 31 March 2019		As at 31 March 2018	
		Foreign currency (Absolute figures)	INR in Mn	Foreign currency (Absolute figures)	INR in Mn
Capital creditors	Euro	30,900	2.41	-	-
Cash on hand	USD	299,031	20.68	157,272	10.02
	Ringgit	687	0.01	-	-
Trade and other receivables	USD	14,260	0.99	567,992	36.19
Trade and other payables	USD	174,583	12.07	81,882	5.21

Sensitivity

The profit or loss is sensitive to foreign exchange gain/ loss as a result of changes in foreign exchange rates.

	31 March 2019	31 March 2018
Impact on profit after tax		
Foreign exchange rate - Increases by 5%	0.36	-*
Foreign exchange rate - Decreases by 5%	(0.36)	-*

* Below rounding off norm adopted by the Group. The actual amount in INR terms are as follows:

	31 March 2019	31 March 2018
Impact on profit after tax		
Foreign exchange rate - Increases by 5%	-	1,654
Foreign exchange rate - Decreases by 5%	-	(1,654)

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 46 CAPITAL MANAGEMENT

(a) Risk Management

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure, the Group monitors the return on capital, as well as the level of dividends to equity shareholders. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves and debt.

The Group monitors capital on the basis of the following:

	As at 31 March 2019	As at 31 March 2018
Net debt	1,577.89	1,258.13
Total equity	4,068.39	3,397.59
Net debt to equity ratio	**38.78%**	**37.03%**

(b) Dividends

No interim or final dividends have been declared by the Group during the financial year ended 31 March 2019 and 31 March 2018.

NOTE - 47 BUSINESS COMBINATION

The Group has acquired assets under a business transfer agreement from K C Dairy Products Private Limited. Refer below for the summary of acquisition.

a. Summary of acquisition

Name and description of the Acquiree	K C Dairy Products Private Limited, located in Dindugal District, Tamilnadu
Nature of business	Processor of milk and milk products
Date of control	06 March 2019
Type of Acquisition	Slump sale of assets
Primary reason for business combination	The acquisition was made to increase the Group's base in certain areas through inorganic growth.

For the year ended 31 March 2019, K C Dairy contributed the revenue of INR 104.68 and a loss of INR 24.84 to the Group's results. Management estimates that if the acquisition had occurred on 1 April 2018, total revenue and total profit for the year would have been INR 1,729 and INR 44.3 respectively. Management has determined these amount on the basis of the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 01 April 2018.

b. Details of purchase consideration, net assets acquired and goodwill

(i) Purchase consideration

Particulars	Amount
Purchase consideration	1,084.16

Acquisition-related cost

The Group has incurred acquisition related cost of INR 4.45 that are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows. (Refer Note 36)

(INR in Millions except for share data or otherwise stated)

(ii) Identifiable assets and liabilities acquired

The following table summaries the recognised amounts of assets assets and liabilities acquired at the date of acquisition

Particulars	Amount
Property, plant and Equipment	622.27
Brands (Other intangible assets)	58.80
Non-compete arrangements (Other intangible assets)	22.20
Trade receivables	4.07
Inventory	49.50
Other non-current assets	15.53
Trade payables	(13.40)
Other current liabilities	(27.30)
Provision for employee benefits	(6.88)
	724.79

(iii) Goodwill

Particulars	Amount
Consideration transferred	1,084.16
Less: Net identifiable assets acquired	724.79
Goodwill/(Capital Reserve)	359.37

The goodwill on acquisition can be attributable to the available processing infrastructure, running operations, profitability and opportunities to expand the market in the present area of operations & contigous areas.

c. Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Sales comparision approach and cost approach:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Multi period excess earnings method and Differential cash flow method :* Multi-period excess earnings method considers the present value of net cash flows expected to be generated by excluding any cash flows related to contributory assets. Differential cash flow method assumes that the value of intangible asset is equal to the difference between the present value of the prospective cash flows with the intangibel asset in place and the present value of the prospective cash flows without the intangible asset.

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

NOTE - 48 ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

	As at and for the year ended 31 March 2019							
	Net assets (i.e. total assets minus total liabilities)		Share in profit		Share in other comprehensive income		Total	
Name of the Entity	As % of consol-idated net assets	Amount	As % of consol-idated profit or loss	Amount	As % of consol-idated other com-prehensive income	Amount	As % of consoli-dated total compre-hensive income	Amount
Parent								
Dodla Dairy Limited	97.57%	3,969.34	83.14%	523.76	-5.17%	(1.16)	80.10%	522.60
Subsidiaries								
Dodla Holdings Pte Limited	11.13%	452.73	2.20%	13.88	-	-	2.13%	13.88
Lakeside Dairy Limited	2.06%	83.75	14.61%	92.04	-	-	14.11%	92.04
Dodla Dairy Kenya Limited	-0.21%	(8.39)	-0.29%	(1.81)	-	-	-0.28%	(1.81)
Non-controlling interest	-	-	-	-	-	-	-	-
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-10.55%	(429.04)	0.34%	2.14	105.17%	23.61	3.95%	25.75
Total	**100.00%**	**4,068.39**	**100.00%**	**630.01**	**100.00%**	**22.45**	**100.00%**	**652.46**

Notes to Consolidated Financial Statements (Contd.)

(INR in Millions except for share data or otherwise stated)

Name of the Entity	As at and for the year ended 31 March 2018							
	Net assets (i.e. total assets minus total liabilities)		Share in profit		Share in other comprehensive income		Total	
	As % of consol-idated net assets	Amount	As % of consol-idated profit or loss	Amount	As % of consol-idated other com-prehensive income	Amount	As % of consoli-dated total compre-hensive income	Amount
Parent								
Dodla Dairy Limited	100.91%	3,428.40	15.78%	536.15	0.45%	15.30	16.23%	551.45
Subsidiaries								
Dodla Holdings Pte Limited	12.21%	414.75	0.24%	8.25	0.00%	-	0.24%	8.25
Lakeside Dairy Limited	-0.25%	(8.66)	0.97%	32.79	0.00%	-	0.97%	32.79
Dodla Dairy Kenya Limited	-0.20%	(6.69)	-0.24%	(8.19)	0.00%	-	-0.24%	(8.19)
Non-controlling interest	-	-	(0.00)	(0.32)	-	-	(0.00)	(0.32)
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-12.66%	(430.21)	0.06%	2.13	-0.08%	(2.78)	-0.02%	(0.65)
Total	**100.00%**	**3,397.59**	**16.80%**	**570.81**	**0.37%**	**12.52**	**17.17%**	**583.33**

*The group has not recognised any share of losses of the associate as it exceeds the carrying amount of the investment.

NOTE - 49 During the year ended 31 March 2019, no material foreseeable loss (year ended 31 March 2018: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

for and on behalf of the Board of Directors of
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

Vikash Somani
Partner
Membership number: 061272
UDIN: 19061272AAAAAW7238

Place: Hyderabad
Date: 09 August 2019

D. Sesha Reddy
Chairman
DIN: 00520448

Place: Hyderabad
Date: 09 August 2019

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Hemanth Kundavaram
Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

FOR HEALTHIER LIFE®

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