B S R & Associates LLP
Chartered Accountants

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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.

Dodla Dairy Limited
Independent Auditor's Report on the Standalone Financial Statements (continued)

Management's Responsibility for the Standalone Financial Statements (continued)

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 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.

Dodla Dairy Limited
Independent Auditor's Report on the Standalone Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (continued)

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;

Dodla Dairy Limited
Independent Auditor's Report on the Standalone Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

Vikash Somani
Partner
Membership No: 061272
UDIN: 19061272AAAAAV2902

Place: Hyderabad
Date: 09 August 2019

Dodla Dairy Limited
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.

Dodla Dairy Limited
Annexure- A to the Independent Auditors' Report on the Standalone Financial Statements (continued)

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 ₹ (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 ₹*	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.

Dodla Dairy Limited
Annexure- A to the Independent Auditors' Report on the Standalone Financial Statements (continued)

(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.

(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.

Dodla Dairy Limited
Annexure- A to the Independent Auditors' Report on the Standalone Financial Statements (continued)

(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 Registration Number: 116231W/ W100024

Vikash Somani

Vikash Somani
Partner
Membership No. 061272
UDIN: 19061272AAAAAV2902

Place: Hyderabad
Date: 09 August 2019

Dodla Dairy Limited
Annexure B to the Independent Auditor's 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.

Dodla Dairy Limited
Annexure B to the Independent Auditors' Report on the Standalone Financial Statements (continued)

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.

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

Vikash Somani
Partner
Membership No: 061272
UDIN: 19061272AAAAAV2902

Place: Hyderabad
Date : 09 August 2019

Dodla Dairy Limited
Standalone Balance Sheet
(₹ in millions except for share data or otherwise stated)

As at	Note	31 March 2019	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

Place: Hyderabad
Date: 09 August 2019

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

Ruchita Malpani
Company Secretary
M. No. A32883

Dodla Dairy Limited
Standalone Statement of Profit and Loss
(₹ in millions except for share data or otherwise stated)

For the year ended	Note	31 March 2019	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 ₹ 10 each, fully paid-up)	40		
Basic [in ₹]		9.41	9.08
Diluted [in ₹]		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
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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

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Chief Financial Officer
M. No. 216189 (FCA)

Ruchita Malpani
Company Secretary
M. No. A32883

Place: Hyderabad
Date: 09 August 2019

Dodla Dairy Limited
Standalone Statement of Changes in Equity
(₹ 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 ₹ 10 each, fully paid-up as bonus shares on 17 July 2018 in the ratio of 16:1 (sixteen equity shares of ₹ 10 each for every one equity share of ₹ 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
Dodla Dairy Limited
CIN: U15209TG1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

Place: Hyderabad
Date: 09 August 2019

D. Sunil Reddy
Managing Director
DIN: 00794889

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

B.V.K. Reddy
Chief Executive Officer

Ruchita Malpani
Company Secretary
M. No. A32883

Dodla Dairy Limited
Standalone Statement of cash flows
(₹ in millions except for share data or otherwise stated)

For the year ended	31 March 2019	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)**

Dodla Dairy Limited
Standalone Statement of cash flows (continued)
(₹ in millions except for share data or otherwise stated)

For the year ended	31 March 2019	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:

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 borrowings^	375.00	(292.74)	67.74	150.00

** Includes Interest accrued but not due on borrowings.
^ 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	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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Chairman
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D. Sunil Reddy
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

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.

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 (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions, 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.

DODLA DAIRY LIMITED * HYDERABAD * HK.

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 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.

3.Significant accounting policies (continued)

(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.

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.

3.Significant accounting policies (continued)

(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.

(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.

3.Significant accounting policies (continued)

(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.

S.R. & Associates LLP CHARTERED ACCOUNTANTS

DODLA DAIRY LIMITED HYDERABAD

3. Significant accounting policies (continued)

(p) Employee benefits (continued)

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 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.

3. Significant accounting policies (continued)

(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.

(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.

BSR & Associates LLP CHARTERED ACCOUNTANTS

DODLA DAIRY LIMITED HYDERABAD

Note 4: Property, plant and equipment and capital work-in-progress

Reconciliation of carrying amount

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**
Add: Capital work-in-progress										109.84
										4,230.29

Description	Gross carrying amount					Accumulated depreciation				Carrying amounts (net)
	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**
Add: Capital work-in-progress										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: ₹ 4,120.45 (31 March 2018: ₹ 2,937.77)

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

Reconciliation of carrying amount:

As at	31 March 2019		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	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 ₹ 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.

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DODLA DAIRY LIMITED HYDERABAD

As at	31 March 2019	31 March 2018
Note 8: Non-current loans receivables		
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		
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*		
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 ₹ 39.90 (31 March 2018: ₹ Nil)

The write down of inventories to net realisable value during the year amounted to ₹ 1.66 (31 March 2018: ₹ 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		
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.

B S R & Associates LLP CHARTERED ACCOUNTANTS

DODLA DAIRY LIMITED HYDERABAD

As at	31 March 2019	31 March 2018
Note 12: Trade receivables		
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		
Unsecured		
Amounts receivable from vendors	156.93	67.00
	156.93	**67.00**
Note 14: Cash and bank balances		
(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		
Unsecured, considered good		
Interest accrued	2.26	1.63
	2.26	**1.63**
Note 16: Other current assets		
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 ₹ 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	31 March 2018
Authorised		
75,000,000 (31 March 2018: 75,000,000) equity shares of ₹ 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 ₹ 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		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**

(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 ₹ 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		31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹10/- 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. Ltd.	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 ₹ 10 each, fully paid-up as bonus shares on 17 July 2018 in the ratio of 16:1 (sixteen equity shares of ₹ 10 each for every one equity share of ₹ 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 ₹ 3,627.38 per share to the Chief Executive Officer of the Company. Each option represents one equity share of ₹ 10 each, fully paid-up.

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	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	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**

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)).

BSR & Associates LLP Chartered Accountants

DODLA DAIRY LIMITED HYDERABAD

As at	31 March 2019	31 March 2018
Note 19: Non-current borrowings		
Secured		
Debentures		
550,000 (31 March 2018: Nil) Redeemable non-convertible debentures of ₹ 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 ₹ 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 ₹ 542.24 (31 March 2018: ₹ Nil).

Terms of repayment for secured term loans from banks:

a) Term loan of ₹ 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 ₹ 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 ₹ 250.00 (31 March 2018: ₹ Nil).

b) Term loan of ₹ 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 ₹ 13.86 and final installment of ₹ 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 ₹ 249.50 (31 March 2018: ₹ Nil).

c) Term loan of ₹ 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 ₹ 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 ₹ 44.69 (31 March 2018: ₹ 60.93).

d) Term loan of ₹ 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 ₹ 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 ₹ 68.75 (31 March 2018: ₹ 93.75).

e) Term loan of ₹ 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 ₹ 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 ₹ 15.63 (31 March 2018: ₹ 28.13).

f) Term loan of ₹ 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 ₹ 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 ₹ 17.18 (31 March 2018: ₹ 23.44).

g) Term loan of ₹ 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 ₹ 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 ₹ 41.25 (31 March 2018: ₹ 56.25).

h) Term loan of ₹ 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 ₹ 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 ₹ 35.00 (31 March 2018: ₹ 52.50).

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

As at	31 March 2019	31 March 2018
Note 20: Deferred tax liabilities		
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)

	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**

	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**

Note 21: Government grants

As at	31 March 2019	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	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**

As at	31 March 2019	31 March 2018
Note 22: Non-current provisions		
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 percentage 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 ₹ 2.00 million).

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			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	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		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.

d) The major categories of plan assets are as follows

As at	31 March 2019	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	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 ₹ 24.31 m contributions to its defined benefit plans in 2019-20.

As at	31 March 2019	31 March 2018
Note 23: Current borrowings		
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 Company outstanding as at 31 March 2019 is ₹ 313.65 millions (31 March 2018: ₹ 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		
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**

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

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.

Note 25: Other financial liabilities		
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.

DODLA DAIRY LIMITED * HYDERABAD * 1716

As at	31 March 2019	31 March 2018
Note 26: Current provisions		
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		
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		
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**

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DODLA DAIRY LIMITED HYDERABAD

For the Year ended	31 March 2019	31 March 2018
Note 29: Revenue from operations		
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:

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

Note 30: Other income		
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.

Note 31: Cost of materials consumed		
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		
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		
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		
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		
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**

For the Year ended	31 March 2019	31 March 2018
Note 36: Other expenses		
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 ₹ 58.09 (31 March 2018: ₹ 50.65) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

(ii) Auditors remuneration (included in legal and professional, including tax)*

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 ₹ 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 ₹ 14.33 (31 March 2018: ₹ 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**

For the Year ended	31 March 2019	31 March 2018
Note 37: Income tax expense		
(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

For the Year ended	31 March 2019		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**

Note 38: Contingent liabilities

As at	31 March 2019	31 March 2018
i) Claims against the Company not acknowledged as debts :		
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	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')

For the year ended	31 March 2019	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 ₹10 (A/B)	9.41	9.08
Diluted earnings per share of face value of ₹10 (A/C)	9.40	9.08

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. Ltd. (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:

Transactions	For the year ended 31 March 2019	For the 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
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 ₹ are:
Sale of finished goods to Mr. Sunil Reddy - ₹ 1,866
Sale of finished goods to Mrs. Surekha Reddy - ₹ 1,140.

B S R & Associates LLP * CHARTERED ACCOUNTANTS *

DODLA DAIRY LIMITED * HYDERABAD *

Note 41: Related party transactions (continued)

(iii) Balances with related parties:

As at	31 March 2019	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 ₹ 18.34 (31 March 2018 - ₹ 0.60) is also not included in the remuneration disclosed above.

B S R & Associates LLP CHARTERED ACCOUNTANTS

DODLA DAIRY LIMITED HYDERABAD

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	-

B S R & Associates LLP CHARTERED ACCOUNTANTS

DODLA DAIRY LIMITED * HYDERABAD * HIC.

Note 45: Financial instruments - fair values and risk management

Accounting classification and fair values

As at	31 March 2019		31 March 2018		Fair value level
Financial instruments by category	**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.
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.

Note 45: Financial instruments - fair values and risk management (continued)

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 percentage 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.

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.

Note 45: Financial instruments - fair values and risk management (continued)
Financial Risk Management (continued)

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	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.

Impact on profit after tax	31 March 2019	31 March 2018
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 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)	₹ in million	Foreign currency (Absolute figures)	₹ in million
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.

Impact on profit after tax	31 March 2019	31 March 2018
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 ₹ terms are as follows:

Impact on profit after tax	31 March 2018
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	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.

B S R & Associates LLP CHARTERED ACCOUNTANTS

DODLA DAIRY LIMITED HYDERABAD

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 ₹ 104.68 and a loss of ₹ 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 ₹ 1,729 and ₹ 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 ₹ 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.

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

Place: Hyderabad
Date: 09 August 2019

D. Sunil Reddy
Managing Director
DIN: 00794889

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

B.V.K. Reddy
Chief Executive Officer

Ruchita Malpani
Company Secretary
M. No. A32883