



Sustaining Growth Expanding Value

Annual Report 2017-18

Table of contents

Management Narratives

- 02** Chairman's Message
- 03** Vision and Mission
- 04** Highlights FY 18
- 05** Where we operate
- 06** Dodla Value Chain
- 08** Our Core Purpose
- 09** Cow is Our Core
- 10** Dairy Farmers
- 12** Our Processing Facilities
- 14** Review by Managing Director
- 15** Our Strategy
- 16** Review by CEO
- 17** Operational and Financial Highlights
- 18** Quality
- 19** Consolidated Revenue Mix
- 20** Our Products India
- 22** Overseas Operations
- 23** Board of Directors

Secretarial Section

- 25** Corporate Information
- 26** Notice
- 41** Directors' Report

Standalone Financial Statements

- 72** Balance Sheet
- 73** Statement of profit & Loss
- 75** Cashflow Statement
- 77** Notes to Standalone Financial Statements

Consolidated Financial Statements

- 125** Consolidated Balance Sheet
- 126** Consolidated Profit and Loss
- 128** Consolidated Cash Flow Statement
- 130** Notes to Consolidated Financial Statements

Chairman's Message

Welcome to our annual report FY18.

During the year we performed well supported by a favourable internal and external environment.

In India, organised dairy sector is growing. While the private sector and cooperative sector are contending each other for a larger market share, the consequence of a healthy competition is a strong dairy value chain emerging in India from which all stakeholders will reap benefits. Dodla as a leading dairy company is a key participant in strengthening India's dairy value chain.

Our key procurement markets continue to show a healthy trend in terms of milk production. Andhra Pradesh, Telangana, Tamil Nadu and Karnataka are having a combined milk production share of 18% in the country. AP one of the key area of operations for our company is the largest producer of milk in south and fifth largest in India.

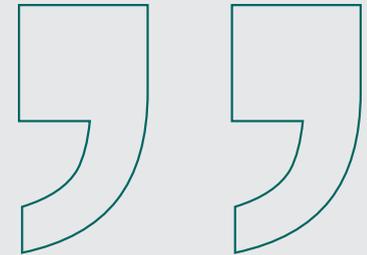
Cow and farmers

together form core our business. We will remain transparent and honest with farmers who supply milk to us. Increasing the direct procurement from dairy farmers by using state of the art procurement and payment is one of our recent socially responsible business initiative.

Going forward I feel confident that our company will continue to sustain its performance. As Chairman I have witnessed our company growing from its budding stage to a successful dairy brand today. Sunil Reddy – Managing Director and BVK Reddy CEO of the company since our beginning has methodically developed the company by way of nurturing a leadership team and expanding our operating locations in India as well as abroad.

We have a strong brand portfolio spread across multiple geographies in India as well as abroad. While going forward I am confident that we will further strengthen our position in the dairy segment.

I take the opportunity to thank all our stakeholders and employees for their continued support.



Our key procurement markets continue to show a healthy trend in terms of milk production.



Dodla Sessa Reddy
Chairman / Director

About Us

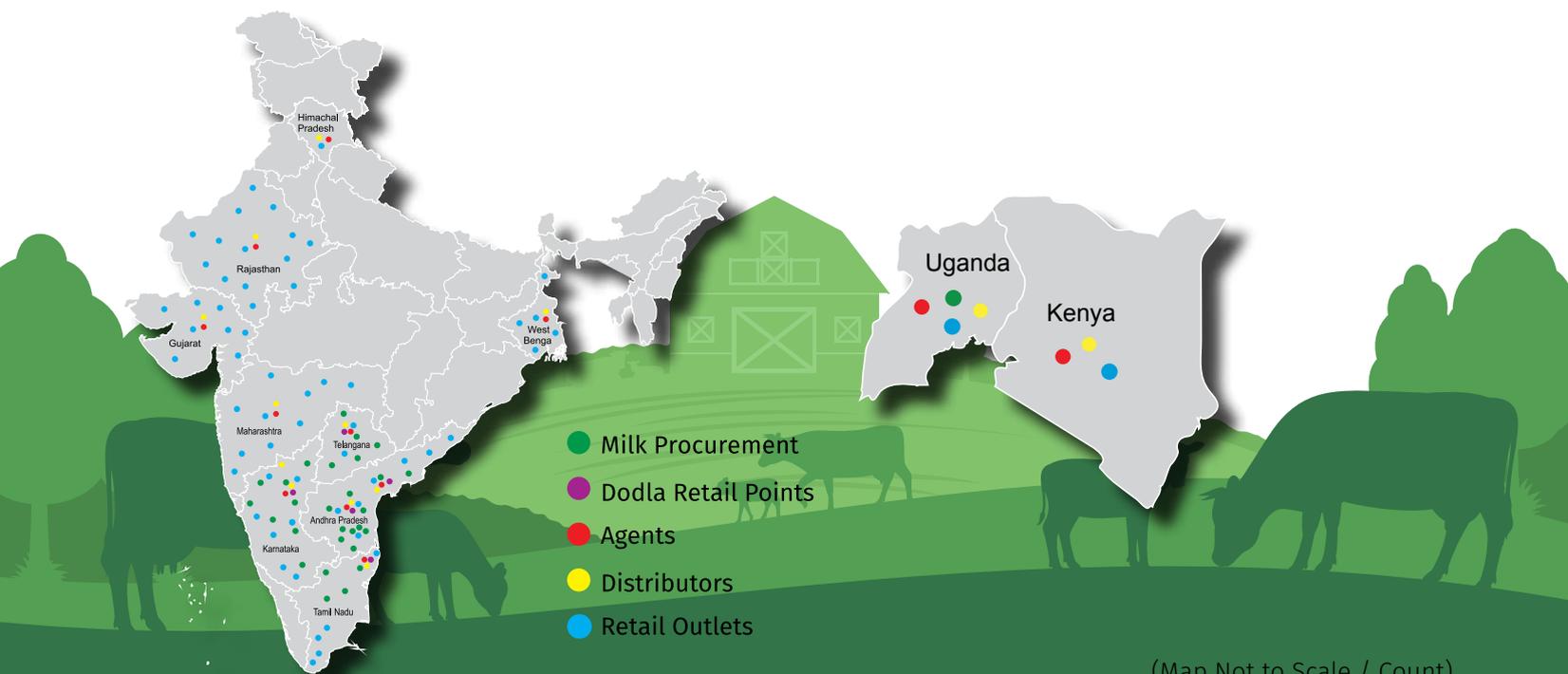
Established in 1998, Dodla Dairy Limited is a leading company having its Head Quarters at Hyderabad City of Telangana State in India. The company procures, process and sells milk and milk products across 9 states in India from its 11 state of the art processing plants. The company offers wide range of Milk products comprising of fresh milk, curd, ice cream, butter, ghee, paneer, flavoured milk, doodh peda and skimmed milk powder.

As part of expanding its presence in emerging overseas markets, in Fiscal 2015 the company incorporated Lakeside Dairy Ltd in Uganda and its plant is located at Mbarara in Uganda. The plant currently manufactures liquid milk yogurt with different flavors, Ghee, Paneer, Cheese & ESL milk under the brand name Dairy Top. Dairy Top products are marked across Uganda & Kenya.

Where we operate

India

Africa



(Map Not to Scale / Count)

Vision

To be a world class dairy company by providing high quality Products and Services.

Mission

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



Review By Managing Director

We remain on track to meet our long-term goals. We continue to distinguish Dodla as a leading dairy company through customer collaboration that matches changing consumer tastes and trends.

Our performance in FY18 was respectable with revenue growth from Milk and Curd Segments. During the year we progressed in terms of increasing our operational networks, product diversifications as well as process improvements. We remain on track to meet our long-term goals. We continue to distinguish Dodla as a leading dairy company through customer collaboration that matches changing consumer tastes and trends. We remain committed to our strategic blueprint as we move toward our vision to be a world class dairy company.

Performance

Value creation is our goal, and I am pleased to report that FY 2018 marked another outstanding year in delivering stakeholder value. Overall own milk procurement volumes increased by 11%. As part of increasing our product penetration we increased our distribution and retail outlets by 17%.

Our Strategic Environment

While the global dairy segment has been stagnating, in India all touch points of the dairy value chain which includes dairy farming, processing, product development logistics and retailing have been witnessing modernization and exponential growth. With the increase in disposable income and urbanization, milk and milk products consumption are increasing which in turn assist the organised dairy segment to gain strength. The value-added dairy food segment is steadily grabbing the consumer's basket. With the demand for dairy products growing, government's positive outlook and stable performance of the industry immense growth opportunities are existing for organized and established players like our company.



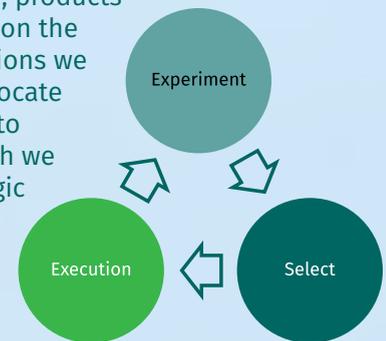
Dodla Sunil Reddy
Managing Director

Our Strategy

Our strategies are aimed at strengthening the milk value chain which encompasses dairy farmers i.e milk producers, employees, processing facilities and consumers.

Dodla's Adaptive Approach to Strategy

Dodla operates in a business environment which is highly competitive and less malleable. In milk and value added dairy products market prediction is difficult and business advantage can be shortlived. To stay successful in this volatile market environment, we make ourselves adaptive to changes by remaining agile. The leadership at Dodla quickly identify innovative options with respect to operations, technology, products & markets. Depending upon the success of these new options we quickly allocate and reallocate resources. Our approach to strategy is a cycle in which we vary with different strategic options followed by selecting the most promising options and scaling up towards our goal.



Key Strategies and outcomes

Strategy: Direct Procurement from Farmers for better price, quality check and value addition to the farmers.

Outcome: Our total average raw milk procurement through DDCCs increased at a CAGR of 83.03% from an average of 0.045 MLPD in Fiscal 2014 to 0.50 MLPD in Fiscal 2018.

Strategy: Increased automation at our processing plants

Outcome: Increased operational efficiency, better quality control, reduced power and water consumption

Strategy: Enhanced brand visibility through expanding plant locations, merchandise, distribution networks, points of sales and advertising.

Outcome: Revenues from milk grew at a CAGR of 14.40% from ₹6,346.6 million in Fiscal 2014 to ₹10,870.7 million in Fiscal 2018, our revenues from dairy based VAPs increased at a CAGR of 23.97% from ₹2,064.20 million in Fiscal 2014 to ₹4,875.80 million in Fiscal 2018

In the last 3 years established new plants at Dharmapuri & Hyderabad. Construction of the 12th plant at Rajahmundry underway.

Strategy: Expanding overseas markets.

Outcome: In 2015 company commenced operations in Uganda, in FY18 expanded to Kenya.

Highlights FY18

Operational Highlights – India

Launched **Ice Cream** in Hyderabad

Own Milk Procurement volumes increased by **11%**

Milk & Curd sales volumes increased by **10%**

Number of distribution – retail outlets increased by **17%**

Operational Highlights – Africa

Installed capacity at Uganda increased to **100,000** litres per day

Sales volumes increased by **100%**

Product distribution commenced in Kenya

Financial Highlights

Milk Sales Value Increased by **10%**

Value Added Products* Sales Value Increased by **6.25%**

Consolidated Revenue Increase by **10%**

*Value added products including curd



Our Core Purpose

The core purpose of Dodla Dairy is to strengthen the food value chain

Our Core Values

HARD WORK

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

SINCERITY

We believe that, SINCERITY is the road for success.

INTEGRITY

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

COMMITMENTS

Our COMMITMENTS are irrevocable and we stand by them.

TRANSPARENCY

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

HONESTY

Truthfulness is our soul and we never compromise on HONESTY.



Dodla Value Chain

Milk Procurement

Dodla Dairy's procurement operations are spread across the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka and consist of an average procurement of 1.00 million MLPD as of May 31, 2018 from approximately 220,789 farmers through 3,212 procurement agents including third party suppliers across 7,598 villages and through our own Dodla Dairy Collection Centres ("DDCCs") as of May 31, 2018.

Chilling Centres

The raw milk collected from dairy farmers is transported to our chilling centres. Dodla chilling centres are strategically placed in close proximity to our raw milk procurement locations in order to maintain the freshness of the raw milk and logistic advantage. The company has 78 chilling centres across its milk procurement locations. At chilling centres adulteration and neutralizer tests are conducted as part of the quality control process

Logistics

We engage third-party logistics companies to deliver and transport raw milk from our DDCCs to our processing plants. Our logistics department focuses on overseeing and implementing stringent safety and quality standards throughout the transportation process. We ensure that the milk trucks transporting the raw milk are thoroughly cleaned and inspected by our trained personnel after each round of delivery.



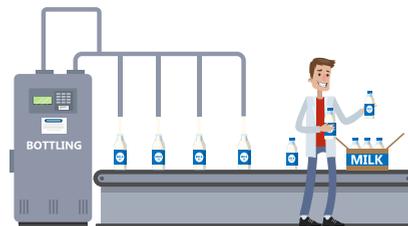
Quality

Before processing, raw milk undergoes stringent tests to ensure maintenance of required quality standards. These tests include organoleptic evaluation heat stability tests, alcohol test, acidity test, clot on boiling tests, microbiological analysis, adulterants test and antibiotics residue test, which ensure that the quality and safety of the raw milk is in compliance with the statutory standards as well as our internal quality standards. We also issue a report detailing the test results and quality indicators before the raw milk is accepted and stored by us.



Processing

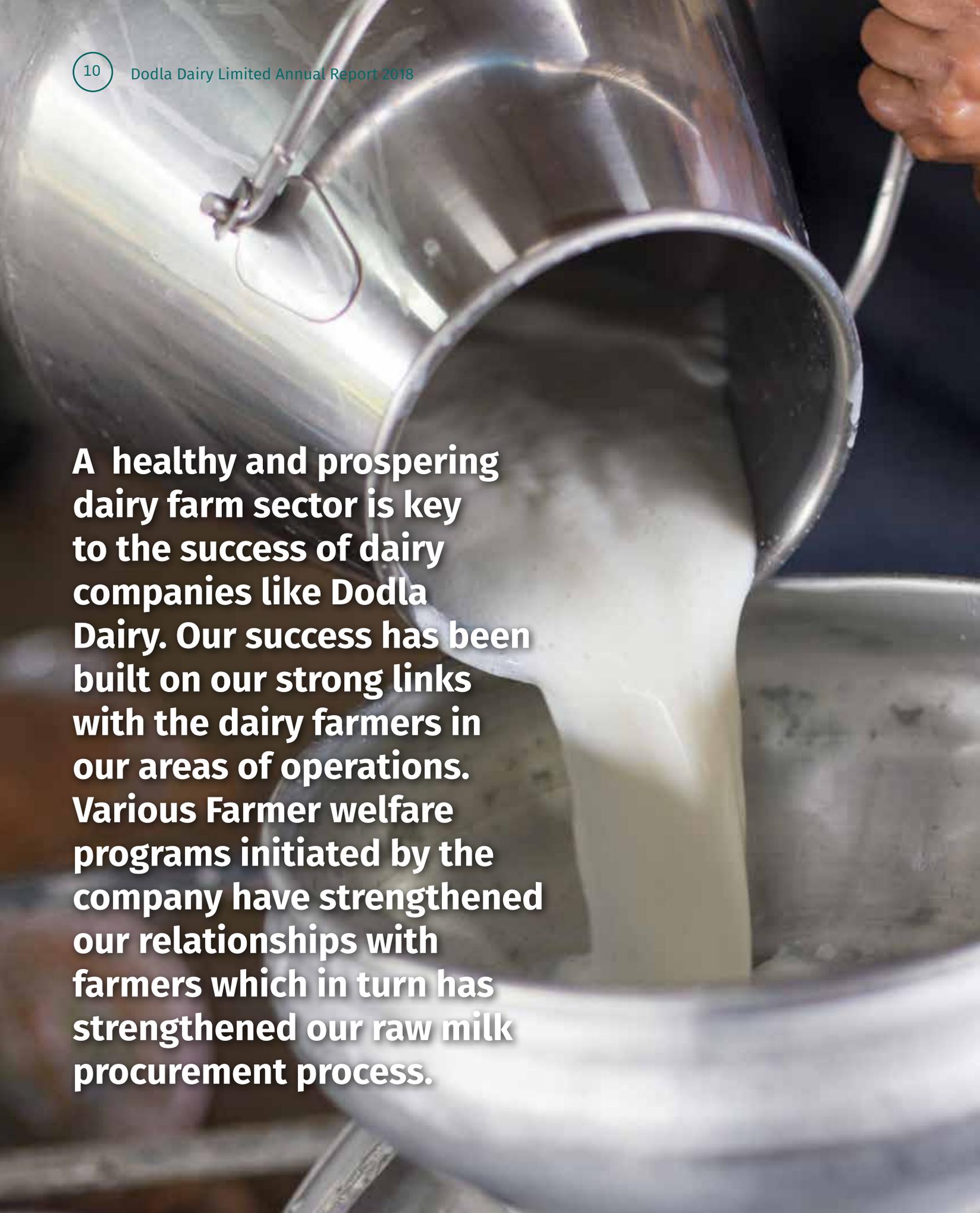
Our processing operations are spread across 11 processing plants (nine of which are owned and two are leased) located in the states of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu with a total installed capacity of 1.29 MLPD. Our SMP plant has an installed capacity of 15,000 kgs per day. We regularly incur capital expenditure to upgrade technology across our processing plants and expand into new geographies by way of introduction of modern automated plants. We have introduced fully automated processing lines. Our processing infrastructure is designed in a manner to ensure efficient operations and high product quality standards



Products

We offer a wide range of products in both liquid milk and allied VAP categories. Our India product portfolio under the “Dodla Dairy” brand includes pasteurized & UHT milk, flavoured milk, curd, butter, ghee, butter milk, lassi, ice creams, skimmed milk power, paneer, and milk based sweets.



A close-up photograph showing a hand holding a stainless steel pitcher, pouring a stream of white milk into a larger stainless steel container. The background is dark and out of focus.

A healthy and prospering dairy farm sector is key to the success of dairy companies like Dodla Dairy. Our success has been built on our strong links with the dairy farmers in our areas of operations. Various Farmer welfare programs initiated by the company have strengthened our relationships with farmers which in turn has strengthened our raw milk procurement process.

Cow is our core

Healthy and happy cows are the cornerstones of the success of dairy farmers. Managing dairy farm is essentially managing cows.

Dodla dairy is among the few dairy processors in the country having own dairy farm. Situated in Pulivendula in AP with over 500 animals, this is a state of the art dairy farm where all modern farming methods are practiced. Having own farm gives the company a first hand experience in all aspects of dairy farming.

Research and Development in dairy farming

We are committed towards implementation of scientific techniques in dairy farming and allied activities. Our research and development activities are focused towards increased productivity of cattle leading to production of quality and safe milk and milk products. Our dairy farm focuses on breeding, nutrition and farm management, with the aim of sharing best farming practices with our farmers.

Our research activities are divided into the following focus areas:

Genetic Research

Investigation into genetic diversity and relationship between HF breed cows and varied India cattle breed to lead to improvement of dairy herd genetics that affect health, longevity and reproductive traits in cattle used for raw milk production.

Breeding Research

We undertake research to reduce the breeding cycle of cows and on related activities including semen selection for more productive cows.



Dairy Farmers

Farmer Friendly Procurement:

In order to ensure transparency in procurement we test the quality and quantity of the raw milk procured by the farmers with electronic milk analysers.

Dodla Dairy Collection Centres are equipped with GPRS enabled milk analyzers and weigh scales which provide a transparent reading of quantity and fat content.

Payment

Electronically generated receipt of the sale helps farmers understand the cash credits. We pay the farmers once every 10 to 15 days with the money being sent directly to their bank accounts.

Farmer Services

We also work with regional banks and facilitate sanctioning of loans to farmers which they utilise to invest in their cattle. We procure cattle feed on behalf of the farmers and pass on the price benefits of bulk purchase of such cattle feed to the farmers. We have recently tied up with various veterinarians to provide services to farmers for their cattle. We also organise various training camps with veterinarians for farmers to educate them about the best ways to prevent common diseases for their cattle.

Dodla Chilling Centres

The raw milk collected is then transported to our chilling centres and thereafter to our processing plants. Our chilling centres are strategically placed in close proximity to our raw milk procurement locations in order to maintain the freshness of the raw milk. At our chilling centres we conduct adulteration tests and neutralizer tests.

10,23,747

Milk Procurement - Litres Per day

2,20,789

Number of Dodla Value Chain Farmers

3717

Dodla Dairy Collection Centres

86%

Procurement through DDCCs and Agents

7,598

Villages Reached

78

Chilling Centres



Quality

We are committed towards quality and food safety of our products. Our determination towards quality and food safety is demonstrated by well-defined quality and food safety procedures at various stages from procurement to distribution of our products. We maintain a cold storage chain from the procurement stage till the time the milk and dairy based VAPs reach the consumer. All quality checks are documented in a quality manual to ensure that we only procure raw milk which meets our standards for further processing.

Our DDCCs are equipped with GPRS enabled electronic milk analysers which test for the fat and solid not fat (SNF) content of the raw milk. We also conduct tests including check for colour and smell which enables us to segregate poor quality of raw milk at our DDCCs. At our chilling centres we conduct adulteration tests and neutralizer tests. At our processing plants, the raw milk undergoes, adulteration tests and neutralizer tests to detect contaminants in the raw milk. We have received several quality certifications in relation to our products and our processing plants including certifications from the FSSAI for our products; the ISO 22000:2005 certification for our food management system, export inspection certification and BIS certification for SMP production for our Nellore processing plant, AGMARK registration for our ghee production facilities at Nellore and Hyderabad.



Quality Test Chart

Tests conducted at Collection centers	Tests conducted at Chilling Centers	Tests conducted at processing centers
<p>Test for Fat and SNF content</p> <p>GPRS enabled electronic milko analysers are installed at milk procurement points. Also makes transaction with the farmers, circumventing middlemen.</p>	<p>Methylene blue reduction test</p> <p>Quick method to assess the microbiological quality of raw milk. Enhances identification of milk contamination, which is one of the major sources for transmission of diseases from animals to human.</p>	<p>Beta lactum test</p> <p>Detects Anti-biotic residue – within Maximum residue limit (MRL). Enables identification of milk contamination, which is one of the major sources for transmission of diseases from animals to human.</p>
<p>Organoleptic Test</p> <p>Test for appearance, test & smell. Enables rapid segregation of poor quality milk at the receiving platform. The result of test is obtained instantly and at low costs.</p>	<p>Acidity Test</p> <p>Natural acidity of milk is 0.135. Higher acidity signifies action of bacteria on milk sugar.</p>	<p>Adulteraion test</p> <p>Adulteration test using Milko Screen by FOSS.</p> <p>Neutralizer test using Sodium Analyser</p>

Our Processing Facilities

In India the company has 11 milk processing plants across the states of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu with a combined installed milk processing capacity of 1.29 MLPD. The company is also in the process of setting up the 12th processing plant with a capacity 0.2 MLPD near Rajahmundry in Andhra Pradesh. These processing plants are strategically located near our markets.



Badvel, AP

This processing plant commenced its operations in 2007. The processing plant processes milk and manufactures dairy based value added products such as curd and butter milk. This plant caters to markets in Cuddapah and Ananthapur districts.

0.05 MLPD

Installed Capacity

Kurnool, AP

This processing plant was acquired by us in 2013 pursuant to a sale deed dated October 31, 2013. The processing plant processes /check/ milk and manufactures VAPs such as curd and butter milk. This plant caters to the Kurnool and Old Mahbubnagar districts.

0.01 MLPD

Installed Capacity

Nellore, AP



This is our first and parent processing plant which commenced operations in 1997. The processing plant dairy is also equipped with infrastructure for the manufacture of dairy based VAPs such as curd, butter, ghee, SMP, paneer, sterilized flavoured milk, lassi, buttermilk, doogh peda, gulab jamun and milk

cake. The SMP production facility acts as feeder balancing during lean season to convert the excess milk produced into SMP for consumption. The processing plant caters to the liquid milk demand in Chennai, Nellore, Ongole, and Tirupati. The VAPs produced from this processing plant cater to states such as Andhra Pradesh, Tamil Nadu, Maharashtra, Rajasthan, Madhya Pradesh and West Bengal.

0.21 MLPD

Installed Capacity

Palamaner, AP



This processing plant commenced its operations in the year 2004 with an initial installed capacity was 0.1 MLPD. The installed capacity was subsequently increased to 0.38 MLPD in 2018. The processing plant processes milk and manufactures VAPs such as paneer, butter, curd, buttermilk and doogh peda. The processing plant caters to the liquid milk demand and supplies dairy based VAPs to Bengaluru and Mysore and other towns in Tamil Nadu and Andhra Pradesh.

0.38 MLPD

Installed Capacity

Penumur, Andhra Pradesh

Penumur plant commenced its operations in 2001. The processing plant processes milk and manufactures dairy based VAPs such as curd, butter and butter milk. This plant caters to the cities of Bengaluru and Chittoor and towns of Tamil Nadu and Andhra Pradesh.

0.05 MLPD

Installed Capacity

Sattenapalle, Andhra Pradesh



This processing plant commenced its operations in 2007. The processing plant processes milk and manufactures dairy based VAPs such as curd, butter, butter milk, paneer and doodh peda. This plant caters to the cities of Vijayawada and Guntur and rural areas of Krishna and Guntur districts.

0.05 MLPD

Installed Capacity

Tanuku, Andhra Pradesh

This processing plant commenced its operations in 2011. The processing plant processes milk and manufactures dairy based VAPs such as curd. This plant caters to the towns of Tanuku,

Bhimavaram, Tadepalli Gudem, Palakollu, Kakinada, Rajahmundry, Amalapuram, Badrachalam, Kothagudem, East Godavari, West Godavari and Khammam districts.

0.005 MLPD

Installed Capacity

Indragi, Karnataka



This is a automated processing plant which commenced operations in the year 2014. The processing plant processes milk and manufactures dairy based VAPs such as UHT milk, butter, flavoured milk, curd and buttermilk. The plant caters to the cities in central and northern parts of Karnataka.

0.20 MLPD

Installed Capacity

Tumkur, Karnataka

This processing plant commenced its operations in 2011 and is engaged in the processing of milk. This plant caters to the towns of Bengaluru, Tumkur, Sira and Irurur.

0.03 MLPD

Installed Capacity

Dharmapuri, Tamil Nadu

This processing plant was acquired by us in 2016 pursuant to sale deeds dated December 16, 2015 and May 12, 2016. The processing plant processes milk and manufactures dairy based VAPs such as curd. The plant caters to the cities of Bengaluru, Salem, Dharmapuri, Karur and Coimbatore.

0.10 MLPD

Installed Capacity

Hyderabad, Telangana



This is fully automated plant located at Gundrampally, near Hyderabad which commenced operations in 2017. The processing plant processes milk and manufactures dairy based VAPs such as curd, butter, ghee, paneer, ice cream, flavoured milk and doodh peda. The plant caters to the cities of Hyderabad, Nalgonda, Karimnagar, Warangal, Bijapur, Gulbarga and Shedum.

0.21 MLPD

Installed Capacity

Our Products - India

We offer a wide range of products in both liquid milk and allied value added products under the brand name Dodla. These products are distributed through our distribution agents, milk and milk product distributors and Dodla Retail Parlours.

Milk

- Full Cream Milk,
- Toned Milk,
- Standardised Milk,
- Double Toned Milk
- UHT Milk.



Curd

- Sachet Curd
- Bucket Curd
- Cup Curd



Ghee

- Cow ghee
- white ghee (buffalo ghee)
- premium ghee (full boiled white ghee)

Butter

- Yellow salted butter
- Yellow cooking butter
- White cooking butter



Paneer



14

Sales Offices

3329

Distribution Agents

845

Milk & VAP Distributors

Sterilized Flavored Milk

- Badam,
- Strawberry,
- Pista,
- Vanilla,
- Elaichi,
- Chocolate
- Pineapple



Ice Cream

- Cone
- Cup
- Bar
- Box



Butter Milk



Sweets

- Doodhpeda
- Gulab Jamun
- Basundhi
- Junnu



Review By Chief Executive Officer

We have been delivering consistent growth over the past 5 years. Our revenue CAGR of 17% during FY14-18 is the highest among the major dairy players in south india.

During the year we progressed on all our key initiatives aimed at operational and product expansions. We strengthened our product portfolio with the addition of Ice Creams. Ice Cream is presently being processed from our Hyderabad plant. The initial response for the new product from the market is encouraging. We expanded the automated curd processing line in our Palamaner plant. Construction activities of the facility at Rajmundry with a processing capacity of 2 lakh litres is under fast track and we expect it to be operational in FY19.

Our procurement volumes increased from 9,37,416 LPD in FY17 to 10,23,747 LPD in FY18 an increase of 9.2%. As part of increasing milk procurement directly from farmers in FY17 we had introduced milko analysers at Dodla Dairy Collection Centres (DDCCs)

During the year we increased the number of

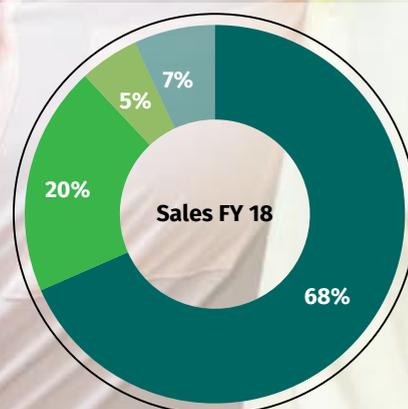
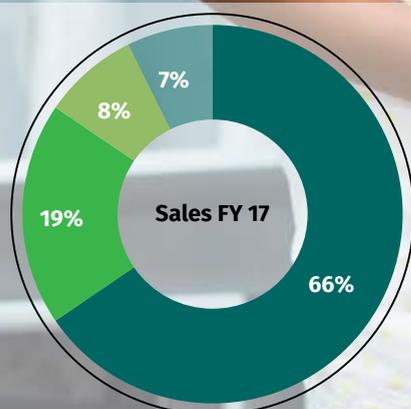
DDCCs to 3,544 from 2,452 in FY17 – an increase of 44.5%.

Improving efficiencies is our key operational goal. During the year we successfully migrated to SAP and the implementation process was completed in a record 100 days which is a testimony to our organisational readiness to adopt change through technological agility.

While going forward we are poised to benefit from our inherent operational and leadership capabilities. We have been delivering consistent growth over the past 5 years. Our revenue CAGR of 17% during FY14-18 is the highest among the major dairy players in south india. In comparison with our peers we also have one of the largest revenue contribution from the value added dairy products. Our core managerial team has an average dairy industry experience of more than 20 years and most of them have been associated with our Company since our formative years



Consolidated Revenue Mix



	FY 17	FY 18
Milk	9,423.91	10,870.70
Curd & Yogurt	2,740.95	3,119.35
Ghee	1,174.46	800.64
Others		
Butter	322.88	256.70
Flavoured Milk	83.87	140.29
UHT & ESL	309.15	519.42
BTM	45.20	46.06
Cheese	0.77	2.23
Doodpeda, Paneer, Skim milk powder P, Milkcake, Gulabjamon, Basundi, Junnu, Sweet lassi and Khov	292.13	136.24

Financial Highlights

At Dodla we have been delivering consistent growth year on year both in terms of financial and operational metrics. Our revenue from operations increased at a CAGR of 17 % between Fiscal 2014 to Fiscal 2018 and amounted to ₹15,904.75 million in Fiscal 2018, while our consolidated EBITDA and profit after tax increased during the same period at a CAGR of 28.70% and 21.00% amounted to ₹1,113.64 million and ₹543.35 million as at Fiscal 2018, respectively. Despite cumulative capital expenditure of ₹2,467.11 million over the past 3 years, including, inter alia, towards commissioning our new plants at Dharmapuri, Hyderabad and Rajahmundry our return on equity and return on capital employed were at 17.42% and 23.07% for the Fiscal 2018, respectively. Further, our Receivable days were 0.58 days as on March 31, 2018 with our receivables amounting to ₹36.05 million as on March 31, 2018.

Consolidated Financial Highlights

₹ in Million

15,970.13 Total income	807.72 Profit before tax	570.81 Profit for the year
1,113.64 EBITDA (Lakhs)	18.44% Return on Equity	23.09% Return on Capital employed

ICRA Rating for short term increased from A1 to **A1+** for FY18
and Long term Rating **A+**

₹ in Million

Particulars	FY 2016-17	FY 2017-18
Total Income	14,473.70	15,970.13
Sales TO	14,400.44	15,904.75
GP	3,046.13	3,587.71
EBITDA	875.66	1,113.64
PAT	453.45	570.81
RoCE	22.36%	23.16%
RoE	17.44%	18.38%

How we performed

TOTAL INCOME (₹ in Million)

FY 16-17	14,473.70
FY 17-18	15,970.13

+ 10%

Year on Year Increase

GROSS PROFIT (₹ in Million)

FY 16-17	3,046.13
FY 17-18	3,587.71

+ 17%

Year on Year Increase

EBITDA (₹ in Million)

FY 16-17	875.66
FY 17-18	1,113.64

+ 25%

Year on Year Increase

PAT (₹ in Million)

FY 16-17	453.45
FY 17-18	570.81

+ 30%

Year on Year Increase

RoCE

FY 16-17	22.36%
FY 17-18	23.16%

+ 0.80 BPS

Year on Year Increase

RoE

FY 16-17	17.44%
FY 17-18	18.38%

+ 0.9%

Year on Year Increase

Overseas Operations

In Fiscal 2015 Dodla Dairy commenced its operations in Africa with the acquisition of Hillside Dairy and Agriculture Ltd through Dodla subsidiary Lakeside Dairy Ltd in Uganda. Lakeside Dairy procures raw milk from cooperative societies in Uganda and follow an integrated value chain similar to India and manufacture UHT milk and milk based products. We continue to explore opportunities in overseas markets

Our processing plant in Uganada having a per day capacity of 100,000 litres has obtained various quality certifications including, inter alia, Uganda National Bureau of Standards (“UNBS”) permits for producing ghee, plain yogurt, strawberry yogurt, UHT milk and vanilla.

At present packaged milk and dairy based VAPs for retail are produced from our processing plant in Uganda and are distributed in Uganda and Kenya. As on May 31, 2018 in Uganda we have 21 distributors and 4 distribution agents in Africa. Distribution of milk and VAPs in Kenya are conducted through our African Subsidiary Dodla Dairy Kenya Limited through 107 distribution agents and 34 distributors.



100,000 litres per day
Installed Capacity

25
Distributors & Distribution Agents Uganda

141
Distributors and Distribution Agents Kenya



Board of Directors



Dodla Sesa Reddy
Chairman/ Director



Dodla Sunil Reddy
Managing Director



A Madhusudhana Reddy
Whole Time Director



Akshay Tanna
Director



Kishore Mirchandani
Independent Director



Ponnayolu Divya
Independent Director



Zubin Jamshed Irani
Director



Rampraveen Swaminathan
Additional Director



Tallam Puranam Raman
Additional Director

CORPORATE INFORMATION

Board of Directors

Dodla Sesha Reddy	:	Chairman
Dodla Sunil Reddy	:	Managing Director
A Madhusudhana Reddy	:	Whole Time Director
Akshay Tanna	:	Non-Executive Nominee Director
Kishore Mirchandani	:	Independent Director
Ponnavolu Divya	:	Independent Director
Zubin Jamshed Irani	:	Director
Rampraveen Swaminathan	:	Additional Director
Tallam Puranam Raman	:	Additional Director

Key Managerial Personnel

B V K Reddy	:	Chief Executive Officer
Hemanth Kundavaram	:	Chief Financial Officer
Ruchita Malpani	:	Company Secretary
Statutory Auditors	:	M/s. B S R & Associates LLP Chartered Accountants
Secretarial Auditors	:	M/s. MNM & Associates Company Secretaries
Internal Auditors	:	E&Y (Ernst & Young) Chartered Accountants
Tax Auditors	:	M/s. A. Ramachandra Rao & Co., Chartered Accountants
Registered & Corporate Office	:	8-2-293/82/A/270-Q, Road No 10-C, Jubilee hills, Hyderabad, Telangana – 500 033 Ph: 040-245467777; Fax: 040-245467788 Website: www.dodladairy.com

NOTICE

NOTICE is hereby given that the **23rd Annual General Meeting** of Members of the Company will be held on Tuesday, 17 July 2018 at 10:30 A.M., at the registered office of the Company at 8-2-293/82/A/270-Q, Road No 10-C, Jubilee hills, Hyderabad – 500 033 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a. The Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the reports of the Board of Directors and the Auditors thereon.
 - b. The Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2018 together with the reports of the Auditors thereon.
2. To appoint a Director in the place of Dodla Sunil Reddy (DIN 00794889), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, seeks re-appointment.
3. To consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Company hereby ratifies the appointment of M/s. B S R & Associates LLP, Chartered Accountants, Hyderabad, (Firm Registration No. 116231W/W100024) as Statutory Auditors of the Company to hold office until the conclusion of 24th Annual General Meeting to be held in the Financial year 2018-19, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, as may be mutually agreed between the board of directors of the company and the auditors.”

SPECIAL BUSINESS

4. **TO APPOINT MADHUSUDHANA REDDY AMBAVARAM AS A WHOLE-TIME DIRECTOR**

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

“RESOLVED THAT pursuant to Sec 196, 197, and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association and the recommendation of the Board of Directors of the Company and applicable Regulatory Authorities, and such permissions, sanctions and approvals as may be required in this regard, consent of the Members be and is hereby accorded to appoint A Madhusudana Reddy,

(DIN: 08126380), as “Whole-time Director” and “Officer who is in default” under various laws applicable to the company for a term of 5 years commencing from 3 May 2018 to 30 April 2023 on the remuneration and on such terms and conditions as set out in the agreement with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof and as may be agreed to by and between the Board of Directors and the appointee director for the aforesaid period.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of the appointment, the Whole Time Director shall be paid salary, perquisites and other allowances as set out in Explanatory Statement, as the minimum remuneration, subject to ceiling as specified in Schedule V of the Companies Act, 2013 from time to time and subject to the approval of the Central Government, if so required, in accordance with the provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all other steps as may be necessary to give effect to the aforesaid resolution and determine all other terms and conditions as the Board may in its absolute discretion deem fit.”

5. **TO APPOINT TALLAM PURANAM RAMAN AS AN INDEPENDENT DIRECTOR**

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

“RESOLVED THAT pursuant to recommendation of the Board and the Nomination and Remuneration Committee and in compliance with the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, each as amended, (the “Companies Act”) and pursuant to the provisions of the Articles of Association of the Company, consent of the Members be and is hereby accorded to appoint Tallam Puranam Raman (DIN:00320782) as an Independent Director of the Company with effect from 17 July 2018 for a period of five consecutive years commencing from 17 July 2018 to 16 July 2023 at a sitting fee / remuneration as may be decided by the Board from time to time.”

6. **TO APPOINT RAMPRAVEEN SWAMINATHAN AS AN INDEPENDENT DIRECTOR**

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

“RESOLVED THAT pursuant to recommendation of the Board and the Nomination and Remuneration Committee and in compliance with the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made

thereunder, each as amended, (the “Companies Act”) and pursuant to the provisions of the Articles of Association of the Company, consent of the Members be and is hereby accorded to appoint Rampraveen Swaminathan (DIN: 01300682) as an Independent Director of the Company with effect from 17 July 2018 for a period of five consecutive years commencing from 17 July 2018 to 16 July 2023 at a sitting fee / remuneration as may be decided by the Board from time to time.”

7. **TO APPROVE ISSUE OF BONUS SHARES**

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

“**RESOLVED THAT** in accordance with Section 63 and other applicable provisions of the Companies Act, 2013, read with Rule 14 of the Companies (Share Capital & Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of the Memorandum and Articles of Association of the Company and the recommendation of the Board of Directors (hereinafter referred to as ‘The Board’, which expression shall be deemed to include a committee of directors duly authorised in this behalf) of the Company and applicable Regulatory Authorities, and such permissions, sanctions and approvals as may be required in this regard, consent of the Members be and is hereby accorded to the Board for capitalization of such sum standing to the credit of securities premium / free reserves of the Company, as may be considered necessary by the Board, for the purpose of issuance of bonus shares of INR 10/- (Rupees Ten only) each, credited as fully paid-up shares to the holders of the existing equity shares of the Company, whose names appear in the Register of Members maintained by the Company’s Registrars and Transfer Agents / List of Beneficial Owners, as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), on such date (‘record date’) as may be fixed in this regard by the Board, in the proportion of 16 (Sixteen) equity shares for every 1 (one) existing equity share held by the Members i.e., (i.e. in the ratio of 16:1 shares).

RESOLVED FURTHER THAT the Board be and is hereby authorized to make appropriate adjustments on issue of bonus shares as aforesaid, to the outstanding options granted to the employees of the Company under Employee Stock Option Plan (ESOP) 2018 of the Company shall be proportionately adjusted and the number of options which are available for grant and those already granted but not exercised as on ‘record date’ (as determined by the Board) shall be appropriately adjusted.

RESOLVED FURTHER THAT the Bonus Shares so allotted shall rank pari-passu in all respects with the fully paid-up equity shares of the Company as existing on the ‘record date’ (as determined by the Board) and shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all other steps as may be necessary to give effect to the aforesaid resolution and determine all other terms and conditions of the issue of bonus shares as the Board may in its absolute discretion deem fit.”

8. **TO APPROVE INITIAL PUBLIC OFFER**

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

“**RESOLVED THAT** pursuant to the provisions of Section 62(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments, modifications or re-enactment thereof, for the time being in force, (“Companies Act, 2013”) and the rules and regulations made thereunder, the relevant provisions of the Companies Act, 1956, to the extent that such provisions have not been superseded by the Companies Act, 2013 or repealed (“Companies Act, 1956”), the Securities Contracts (Regulation) Act, 1956, as amended (“SCRA”) including the Securities Contracts (Regulation) Rules, 1957 (“SCRR”) and the SECC Regulations, Depositories Act 1996, including rules and regulations made thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI ICDR Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”), the Foreign Exchange Management Act, 1999, as amended (“FEMA”) and the rules and regulations made thereunder and other applicable laws, rules, regulations, policies or guidelines, including the rules, regulations, guidelines, notifications and circulars, if any, prescribed by the Government of India, the Reserve Bank of India (“RBI”), the concerned Ministries/Departments in consultation with the Department of Industrial Policy & Promotion (“DIPP”), Securities and Exchange Board of India (“SEBI”) or any other competent authority (collectively, the “Regulatory Authorities”), from time to time, to the extent applicable and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the equity listing agreements to be entered into between the Company and the respective stock exchanges where the equity shares of face value of INR 10 each (the “Equity Shares”) which includes, without limitation, a fresh issue (the “Fresh Issue”) up to INR 300 crore and an offer for sale by certain existing shareholders (the “Selling Shareholders”), (the “Offer for Sale” and together with the Fresh Issue, the “Offer”) are proposed to be listed on BSE Limited and the National Stock Exchange of India Limited (“the Stock Exchanges”), and subject to any approvals from the Government of India (“GoI”), the Registrar of Companies, Andhra Pradesh and Telangana, at Hyderabad (“RoC”), the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), Stock Exchanges, Department of Economic Affairs, Ministry of Finance (“MoF”), and all other appropriate statutory authorities and departments (collectively, the “Regulatory Authorities”), and such other approvals, consents, permissions and sanctions as may be required from the Regulatory Authorities subject to such conditions

and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the Board of the Company, the consent and approval of the shareholders be and is hereby accorded to create, issue, offer and/or allot in the Offer such number of Equity Shares, for cash either at par or premium or discount for any category of investors, as permitted under the applicable law, such that the amount being raised pursuant to the Fresh Issue aggregates up to INR 300 crore (with an option to the Company) to retain an over-subscription to the extent of 10% of the net offer to the public, or such other extent as may be permitted under the Applicable Laws, for the purpose of rounding off to the nearest integer while finalizing the basis of allotment) including the issue and allotment of Equity Shares to the stabilising agent pursuant to a green shoe option, if any, in terms of the SEBI ICDR Regulations at a price to be determined by the book building process in terms of the SEBI ICDR Regulations or otherwise in accordance with Applicable Laws, at such premium or discount per Equity Share as allowed under Applicable Laws and as may be fixed and determined by the Company in consultation with the BRLMs in accordance with the SEBI ICDR Regulations, out of the authorized capital of the Company to any category of person or persons as permitted under Applicable Laws, who may or may not be the shareholder(s) of the Company as the Board in consultation with the BRLMs may, including anchor investors, if any, one or more of the members of the Company, eligible employees (through a reservation or otherwise), Hindu Undivided Families, qualified institutional buyers, foreign portfolio investors, venture capital funds, alternative investment funds, foreign venture capital investors, multilateral and bilateral financial institutions, state industrial development corporations, insurance companies, provident funds, pension funds, National Investment Fund, insurance funds set up by army, navy, or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, development financial institutions, systemically important non-banking financial companies, Indian mutual funds, non-resident Indians, members of group companies, Indian public, bodies corporate, companies (private or public) or other entities (whether incorporated or not), authorities, and to such other persons in one or more combinations thereof, whether through the Offer or otherwise in one or more modes or combinations thereof and/or any other category of investors as may be permitted to invest under Applicable Laws and in one or more tranches in consultation with the Book Running Lead Managers ("BRLMs") and the Selling Shareholders (to the extent applicable) and/or underwriters and/or the stabilizing agent and/or other advisors or such persons appointed for the Offer and on such terms and conditions as may be finalised by the Board in consultation with the BRLMs and that the Board in consultation with the BRLMs may finalise all matters incidental thereto as it may in its absolute discretion think fit.

RESOLVED FURTHER THAT subject to the consent of SEBI, GoI, RBI, RoC, MoF, Stock Exchanges and/or such other approvals, permissions and sanctions of all other concerned

Regulatory Authorities, if and to the extent necessary, and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed to by the Board under applicable provisions of the SEBI ICDR Regulations and other Applicable Laws, the approval of the shareholders be and is hereby accorded for the Offer for Sale by the Selling Shareholders at a price to be determined by the book building process in terms of the SEBI ICDR Regulations, for cash at such premium or discount per Equity Share as allowed under Applicable Laws and as may be fixed and determined by the Company in consultation with the BRLMs and the Selling Shareholders (to the extent applicable), to such category of persons as may be permitted or in accordance with the SEBI ICDR Regulations or other Applicable Laws, if any, as may be prevailing at that time and in such manner as may be determined by the Board in consultation with the BRLMs and the Selling Shareholders (to the extent applicable) and/or underwriters and/or the stabilizing agent and/or other advisors or such persons appointed for the Offer."

RESOLVED FURTHER THAT the Board be and is hereby authorized on behalf of the Company to make available for allocation a portion of the Offer to any category(ies) of persons permitted under Applicable Law, including without limitation, eligible employees, business associates/ suppliers and/or shareholders of listed group companies, if any (the "Reservation") or to provide a discount to the issue price to retail individual bidders or eligible employees (the "Discount"); and to take any and all actions in connection with any Reservation, Discount as the Board may think fit or proper in its absolute discretion, including, without limitation, to negotiate, finalize and execute any document or agreement, and any amendments, supplements, notices or corrigenda thereto; seek any consent or approval required or necessary; give directions or instructions and do all such acts, deeds, matters and things as the Board may, from time to time, in its absolute discretion, think necessary, appropriate, or desirable; and settle any question, difficulty, or doubt that may arise with regard to or in relation to the foregoing.

RESOLVED FURTHER THAT the Equity Shares issued pursuant to the Offer shall be listed at one or more recognized stock exchanges in India.

RESOLVED FURTHER THAT subject to and in accordance with certain rights of the Selling Shareholders as regards the matters related to the Offer, as enshrined in the shareholders agreements, and as contained herein below, consent of the members be and is hereby accorded to the Board to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the Offer, including, without limitation, the following:

- (i) constituting a committee for the purposes of any issue, transfer, offer and allotment of Equity Shares, and other matters in connection with or incidental to the Offer, including determining the anchor

- investor portion and allocating such number of Equity Shares to anchor investors as may be decided by the Company, in consultation with the BRLMs and in accordance with the SEBI ICDR Regulations and to constitute such other committees of the Board, as may be required under Applicable Laws, including the SEBI Listing Regulations and the listing agreement to be entered into by the Company with the Stock Exchanges;
- (ii) authorizing any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue, transfer, offer and allotment of Equity Shares in the Offer;
 - (iii) giving or authorizing any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
 - (iv) appointing the BRLMs and other intermediaries in relation to the Offer in accordance with the provisions of the Applicable Laws;
 - (v) seeking, if required, any approval, consent or waiver from the Company's lenders, and/or the lenders of the subsidiaries of the Company, Industry data providers, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with any issue, transfer, offer and allotment of Equity Shares and to take such actions or give such directions as may be necessary or desirable and to obtain such approvals, permissions, consents, sanctions, as it may deem fit or as the Board may suo moto decide;
 - (vi) settling any question, doubt or difficulty that may arise with regard to or in relation to raising of funds in the Fresh Issue;
 - (vii) taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;
 - (viii) approving of the draft red herring prospectus ("DRHP"), the red herring prospectus ("RHP") and the prospectus ("Prospectus") and the preliminary and final international wrap (including amending, varying, supplementing or modifying the same, or providing any notices or corrigenda thereto, together with any summaries thereof as may be considered desirable or expedient) in relation to the Offer as finalized by the Company, in consultation with the BRLMs, and to be filed with relevant Regulatory Authorities in accordance with Applicable Laws;
 - (ix) deciding in consultation with the BRLMs, the withdrawal of the DRHP or the RHP or any decision not to proceed with the Offer at any stage in accordance with Applicable Laws;
 - (x) seeking the listing of the Equity Shares on the Stock Exchanges, submitting the listing application to such Stock Exchanges and taking all actions that may be necessary in connection with obtaining such listing;
 - (xi) finalizing and arrangement for the submission of the DRHP to be submitted to the SEBI and the Stock Exchanges for receiving comments, the RHP and the Prospectus to be filed with the RoC, and any corrigendum, amendments supplements thereto;
 - (xii) doing any other act and/or deed, negotiating and executing any document(s), application(s), agreement(s), undertaking(s), deed(s), affidavits, declarations and certificates, and/or giving such direction, including any direction to settle all questions, removing any difficulties or doubts that may arise from time to time in relation to the Offer or allotment of the Equity Shares in the Offer and utilizing the Offer proceeds in accordance with the objects mentioned in the Offer Documents proposed to be filed in connection with the Offer with SEBI ("Offer Documents") , in such manner as the Board may deem fit, and giving such directions and/or instructions as it may from time to time decide and accepting and giving effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, and taking such actions or giving such directions as may be necessary or desirable and as it deems fit or as may be necessary or desirable with regard to the Offer.
 - (xiii) deciding in consultation with the BRLMs, the pricing and terms of the Equity Shares, the Offer Price, the price band (including offer price for anchor investors), the size and all other terms and conditions of the Offer including the number of Equity Shares to be offered and transferred in the Offer, the Bid / Offer Opening and Bid/Offer Closing Date (including bid opening and bid closing dates for anchor investors), Discount (if any), Reservation and all other related matters, including the determination of the minimum subscription for the Offer, in accordance with Applicable Laws;
 - (xiv) authorizing of the maintenance of a register of holders of the Equity Shares;
 - (xv) finalizing the basis of allotment of the Equity Shares;
 - (xvi) accepting and appropriating the proceeds of the Fresh Issue in accordance with Applicable Laws; and
 - (xvii) delegating its powers as may be deemed necessary and to the extent allowed under Applicable Laws to the committees of the Board or the officials of the Company;
 - (xviii) appointing, instructing and entering into

arrangements with the BRLMs, co-managers, underwriters, syndicate members, brokers, escrow collection banks, refund banks, registrar, legal counsels, printers, advertising agency(ies), experts, auditors, monitoring agency and any other agencies, intermediaries or persons (including any successors or replacements thereof) whose appointment is required in relation to the Offer and to negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letters with the BRLMs, finalization, execution and delivery of the offer agreement, syndicate agreement, cash escrow agreement, share escrow agreement, underwriting agreement, agreements with the registrar to the Offer and the advertising agency and all other agreements, documents, deeds, memorandum of understanding and other instruments whatsoever, any amendment(s) or addenda thereto, including, with respect to the payment of commissions, brokerages and fees with the power to authorize one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents;

- (xix) to decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any, in accordance with Applicable Laws and on permitting existing shareholders to sell any Equity Shares of the Company held by them;
- (xx) to issue advertisements in such newspapers as it may deem fit and proper in accordance with Regulation 60 of the SEBI ICDR Regulations and the other Applicable Laws;
- (xxi) to open and operate separate escrow accounts and or any other account, with scheduled banks to receive applications along with application monies in relation to the Offer in terms of Section 40(3) of the Companies Act, 2013 and for the handling of refunds for the Offer and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (xxii) to make any applications to, seek clarifications/ exemptions and obtain approvals from, if necessary, FIFP, RBI, SEBI, Corporate Debt Restructuring Cell or to any other statutory and governmental authorities in connection with the Offer, as may be required, (including for the purpose of offer of shares by the Company to non-resident investors, including NRIs and FPIs/FIIs) and wherever necessary, incorporate such modifications, amendments, alterations, corrections as may be required in the DRHP, the RHP and the Prospectus;
- (xxiii) to do all acts and deeds, and negotiate, finalise, settle, execute and deliver or arrange the delivery of all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing

for the purpose of or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by committee shall be conclusive evidence of the authority of the committee in so doing;

- (xxiv) to authorize and approve the incurring of expenditure, including the payment of fees, commissions and remuneration and expenses in connection with the Offer;
- (xxv) to submit undertaking/certificates or provide clarifications to the Securities Exchange Board of India and the Stock Exchanges where the Equity Shares of the Company are proposed to be listed; and
- (xxvi) to issue receipts, allotment letters, confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more Stock Exchanges, with power to authorise one or more officers of the Company to sign all or any of the afore stated documents.

RESOLVED FURTHER THAT the Equity Shares so allotted under the Fresh Issue (including any reservation or green shoe option) shall be subject to the memorandum of association and the articles of association of the Company and shall rank pari-passu in all respects with the existing Equity Shares of the Company including the rights in respect of dividend.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions and any issue and allotment of Equity Shares pursuant to the Offer, consent of the members be and is hereby authorized to the Board and any other committee thereof, in consultation with the BRLMs, to determine the terms of the Offer including the class of investors to whom the Equity Shares are to be allotted, the number of Equity Shares to be allotted in each tranche, issue price, premium amount, discount (as allowed under Applicable Laws), listing on one or more Stock Exchanges in India as the Board in its absolute discretion deems fit and do all such acts, deeds, matters and things and to negotiate, finalize and execute such deeds, documents agreements and any amendment thereto, as it may, in its absolute discretion, deem necessary, proper or desirable including arrangements with BRLMs, underwriters, escrow agents, legal advisors, etc., to approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer and to settle or give instructions or directions for settling any questions, difficulties or doubts that may arise, in regard to the offering, Offer, transfer and allotment of the Equity Shares, and utilization of the Fresh Issue proceeds, if applicable and such other activities as may be necessary in relation to the Offer and to accept and to give effect to such modifications, changes, variations, alterations, deletions

and/or additions as regards the terms and conditions as it may, in its absolute discretion, deem fit and proper in the best interest of the Company and the Offer, without requiring any further approval of the members and that all or any of the powers conferred on the Company and the Board pursuant to these resolutions may be exercised by the Board or such Committee thereof as the Board may constitute in its behalf.

RESOLVED FURTHER THAT subject to compliance with Applicable Laws such Equity Shares as are not subscribed may be disposed of by the Board in consultation with the BRLMs to such persons and in such manner and on such terms as the Board in its absolute discretion thinks most beneficial to the Company including offering or placing them with banks/ financial institutions/ investment institutions/ mutual funds/ bodies corporate/ such other persons or otherwise

RESOLVED FURTHER THAT in connection with any of the foregoing resolutions, the members of the Board, the Key managerial Personnel's of the Company, and such other persons as may be authorized by the Board, on behalf of the Company, be and are hereby jointly and severally authorized to execute and deliver any and all other documents, including but not limited to, papers or instruments, issue and provide certificates and to do or cause to be done any and all acts or things as may be necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions for the Offer; and any such documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Company in so doing and any document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved by the members as the acts and deeds of the Company, as the case may be."

9. **TO ADOPT NEW SET OF ARTICLES OF ASSOCIATION OF THE COMPANY**

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

"RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force, if any,) the set of existing Articles of Association of the Company, be and are hereby substituted with the new set of Articles of Association as placed before the Members and the same is approved and adopted as new Articles of Association of the Company.

RESOLVED FURTHER THAT in the event of any inconsistency between Part I and Part II of the new Articles of Association of the Company, the provisions of Part II shall prevail over Part I until the date of allotment of the equity shares in the proposed initial public offer.

RESOLVED FURTHER THAT Part II will automatically

terminate and will cease to have any force and effect on and from the date of allotment of the equity shares in the proposed initial public offer without any further action by the Company or by the shareholders.

RESOLVED FURTHER THAT Part I will continue to be in effect from the date of listing of shares of the Company on the stock exchanges in India.

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

10. **TO INCREASE THE INVESTMENT LIMITS FOR FOREIGN PORTFOLIO INVESTOR UPTO 49% OF THE PAID-UP EQUITY CAPITAL OF THE COMPANY**

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

"RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Transfer or Issue of Security by a Person resident outside India) Regulations, 2017 ("FEMA 20"), the Consolidated Foreign Direct Investment Policy Circular of 2017 ("FDI Policy"), the Companies Act, 1956 and Companies Act, 2013, as in force and as amended from time to time, and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and applicable circulars and notifications issued by the concerned authorities and subject to all requisite approvals, permissions and sanctions of the concerned authorities including (as applicable) the concerned Ministries/Departments in consultation with the Department of Industrial Policy & Promotion("DIPP"), Reserve Bank of India, Ministry of Finance, Ministry of Corporate Affairs, Government of India and subject to such conditions as may be prescribed by any of the said concerned authorities while granting such approvals, permissions and sanctions which may be agreed to by the board of directors of the Company including any committee which the Board of Directors has constituted or will constitute (the "Board") to exercise its powers including the power conferred by any resolution, the consent, permission, authority and approval of the members be and is hereby accorded to permit Foreign Portfolio Investors ("FPIs") (as defined in the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014) registered with the Securities and Exchange Board of India ("SEBI") to purchase or acquire under the portfolio investment scheme or foreign portfolio investment scheme or any other permissible mode under applicable laws, and hold on their own account, equity shares of the Company, on the recognized stock exchange or in any other manner, including but not limited to, subscription in the Company's initial public offer, up to an aggregate investment limit of 49% (Forty nine percent only) of the paid-up equity share capital of the Company.

RESOLVED FURTHER THAT Dodla Sunil Reddy, Managing Director, Ruchita Malpani, Company Secretary of the Company be and is hereby jointly and severally authorised to file the requisite forms, application(s), intimations and such other documents as may be required with the Reserve Bank of India or any other authorities, and to take all necessary steps, actions, deeds and things, as necessary and execute all such documents, deeds and writings as may be required for the purpose of giving effect to this resolution or for matters connected therewith or incidental thereto.”

11. **TO INCREASE THE INVESTMENT LIMIT BY NON-RESIDENT INDIVIDUALS UPTO 24% OF THE PAID-UP EQUITY CAPITAL OF THE COMPANY**

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

“RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Transfer or Issue of Security by a Person resident outside India) Regulations, 2017 (“FEMA 20”), the Consolidated Foreign Direct Investment Policy Circular of 2017 (“FDI Policy”), the Companies Act, 1956 and Companies Act, 2013, as in force and as amended from time to time, and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and applicable circulars and notifications issued by the concerned authorities and subject to all requisite approvals, permissions and sanctions of the concerned authorities including (as applicable) the concerned Ministries/Departments in consultation with the Department of Industrial Policy & Promotion (“DIPP”) and Promotion, Reserve Bank of India, Ministry of Finance, Ministry of Corporate Affairs, Government of India and subject to such conditions as may be prescribed by any of the said concerned authorities while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company including any committee which the Board of Directors has constituted or will constitute (the “Board”) to exercise its powers including the power conferred by any resolution, the consent, permission, authority and approval of the Members be and is hereby accorded to permit Non-resident Indian (“NRIs”) (as defined in the Foreign Exchange Management (Deposit) Regulations, 2016) to purchase or acquire under the portfolio investment scheme or any other permissible mode under applicable laws, and hold equity shares of the Company, on the recognized stock exchange or in any other manner, up to an aggregate investment limit of 24% (twenty four per cent) of the paid-up share capital of the Company

RESOLVED FURTHER THAT Dodla Sunil Reddy, Managing Director, Ruchita Malpani, Company Secretary of the Company be and is hereby jointly and severally authorised to file the requisite forms, application(s), intimations and such other documents as may be required with the Reserve Bank of India or any other authorities, and to take all necessary steps, actions, deeds and things, as necessary

and execute all such documents, deeds and writings as may be required for the purpose of giving effect to this resolution or for matters connected therewith or incidental thereto.”

12. **TO CREATE CHARGE OR SECURITY ON THE ASSETS OF THE COMPANY U/S 180(1)(A) OF THE COMPANIES ACT, 2013**

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

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in supersession of all the earlier resolutions passed in this regard under the Companies Act (earlier in force), the consent of the Company be and is hereby accorded to the Board to sell, lease, mortgage or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or to create such mortgages/ charges/security by way of hypothecation and/ or other encumbrances, in addition to the existing mortgages, charges, hypothecation and other encumbrances, if any, created by the Company on all or any part of the immovable and/ or movable properties, current and/ or fixed assets, tangible or intangible assets, book debts and/ or claims of the Company wheresoever situated, present and future and such charge to rank either first, pari-passu with or second, subsequent, subservient and subordinate to all mortgages, charges, hypothecations and other encumbrances created/ to be created by the Company in favor of Indian or Foreign Financial Institutions, Banks or other Lending Institution(s), and/ or to such other persons, if any, from whom the Company has proposed or proposes to borrow money by way of Term Loans, Cash Credits, Overdrafts, Discounting of Bills, Inter Corporate Deposits, Commercial Papers or such other financial instruments permitted to be used by the appropriate authorities from time to time together with interest, cost, charges and other incidental expenses in terms of agreement(s) entered/ to be entered into by the Board of Directors of the Company within the overall borrowing limits which shall not exceed 500 crores at any time.

RESOLVED FURTHER THAT in connection with afore-stated Resolution, the Board shall have the power to mortgage or otherwise offer as collateral, substantial property, assets and/ or undertakings of the Company in certain events, to banks/ financial institutions, other lending agencies, and/ or trustees for the holders of debentures/ bonds/ other instruments, to secure any rupee loans, foreign currency loans and/ or the issue of debentures whether partly or fully convertible or non-convertible and/or securities linked to equity shares and/ or rupee/ foreign currency convertible bonds and/ or bonds with share warrants attached thereto.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board or any Committee or

person(s) authorised by the Board, be and is/ are hereby authorized to finalise, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and to do all acts, deeds, matters and things as may in its/ his/ their absolute discretion deem necessary, proper or desirable and to settle any question(s), difficulty(ies) or doubt(s) that may arise in regard to creating security(ies) as aforesaid or other considered to be in the best interest of the Company.”

13. **TO INCREASE BORROWING LIMITS OF THE COMPANY U/S 180(1)(C) OF THE COMPANIES ACT, 2013**

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

“RESOLVED THAT subject to the provisions of section 180(1)(c) of the Companies Act, 2013, and in supersession of all the resolutions passed in this regard, consent of the members be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or sums as they may deem appropriate for the purposes of the Company notwithstanding that the monies already borrowed and the monies to be borrowed (apart from temporary loans obtained from company’s bankers in the ordinary course of business) will exceed the paid-up capital of the company and free reserves not set apart for any specific purpose. Provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed INR 500 crores at any one time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do such acts, deeds, things and execute all such documents, undertaking as may be necessary for giving effect to the above resolution.

RESOLVED FURTHER THAT the above resolution does not authorize directly or indirectly the issuance of any security convertible into or exercisable for any equity security as well as the issuance of any debt security or any borrowing to be deployed outside the regular course of business.”

By Order of the Board of Directors

Place: Hyderabad
Date: 13 July 2018

Ruchita Malpani
Company Secretary
M. No: A32883

Notes:

1. Every member is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company.
2. Duly filled in Proxy form must be deposited at the registered office of the company before 48 hours of the time fixed for holding the meeting.
3. Members having any queries with respect to Accounts may communicate the same to the Company 48 hours well in advance before the meeting.

Members are requested to:

- i. Note that as a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting. A physical copy of annual report may be provided to members on receiving a specific request from them.
- ii. Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue, as entry will be strictly on the basis of the entry slip, available at the counters at the venue to be exchanged with the attendance slip.
- iii. Quote the Folio / Client ID & DP ID Nos. in all their correspondences.
- iv. Note that no gifts/compliments/coupons will be distributed at the Annual General Meeting.
- v. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution or power of attorney authorizing their representatives to attend.
- vi. Members are requested to notify immediately, changes if any, in their addresses, in respect of the physical shares held by them, to the Company, and to their Depository Participants (DP) in respect of shares held in the dematerialized form.

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

SAVE PAPER . . . SAVE TREES . . .

Form No. MGT-11

Proxy form

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

CIN : U15209TG1995PLC020324
Name of the Company : Dodla Dairy Limited
Registered Office : 8-2-293/82/A/270-Q, Road No 10C, Jubilee hills, Hyderabad, Telangana - 500033 IN

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

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

1. Name :
Address :
E-mail Id :
Signature : or failing him/her
2. Name :
Address :
E-mail Id :
Signature :

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

Resolution No.	Transaction Item
	To Adopt the Financial Statement:
1.	a. The Audited Financial Statements of the Company for the Financial Year ended March 31, 2018, the Reports of the Board of Directors and Auditors thereon; and b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2018.
2.	To appoint a Director in the place of Dodla Sunil Reddy (DIN 00794889), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, seeks re-appointment
3.	To appoint the Statutory Auditors of the Company, and to fix their remuneration
4.	To Appoint Madhusudhana Reddy Ambavaram as a Whole Time Director
5.	To Appoint Tallam Puranam Raman as an Independent Director
6.	To Appoint Rampraveen Swaminathan as an Independent Director
7.	To approve issue of Bonus Shares
8.	To approve Initial Public Offer
9.	To Adopt New Set of Articles of Association of the Company
10.	To Increase the Investment Limits for Foreign Portfolio Investor Up to 49% of the Paid-Up Equity Capital of the Company
11.	To Increase the investment limit by Non-Resident Individuals Up to 24% of the Paid-Up Equity Capital of the Company
12.	To create charge or security on the assets of the company u/s 180(1)(a) of the companies act, 2013
13.	To increase borrowing limits of the company u/s 180(1)(c) of the companies act, 2013

Signed this day of/..... 2018

Affix Re.1/-
Revenue
stamp

Signature of Shareholder

Signature of Proxy holder(s)

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

EXPLANATORY STATEMENT

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

ITEM NO. 4:

A Madhusudana Reddy had been appointed by the Board as Whole Time Director and Officer who is in default of the Company on 3 May 2018 for a period of 5 years in terms of the applicable provisions of the Companies Act, 2013.

The payment of remuneration as recommended by the Nomination & Remuneration Committee in its meeting held on 2 May 2018 & subsequently approved by the Board of Directors in its Board Meeting held on 3 May 2018 subject to the approval of members in its general meeting.

A brief profile of the appointee director is given below:

“A Madhusudana Reddy hails from Kadapa town of Andhra Pradesh. Mr. Reddy is a law graduate with PGDM in Industrial relations and Personnel Management from SV university & Pondicherry university. He holds master’s in human resource management from Ambedkar University. He has about 25 years of professional experience in various fields like HR, Statutory Compliance, IR, Public relations & legal affairs. He has practiced as an advocate at Kadapa district court for a period of 3 years. He is Life member of NHRD Hyderabad chapter, member of CII and FAPCCI, Hyderabad. He has been associated with Dodla since Oct-2006. Prior to Dodla he was associated with Gem group of companies, a leading granite exporter in India.”

Therefore, the Board proposes to seek approval of the Shareholders of the Company, approving the appointment and payment of remuneration as detailed here under:

Salary:

For such amount as may be decided by the Board of Directors up to a maximum of INR 80,000 per month.

Perquisites and Allowances:

- Up to a maximum of INR 86,000 per month (which shall include HRA, Special Allowance & conveyance and reimbursement of Medical Expenses per month as per the rules and policy of the Company from time to time.)
- Up to a maximum of INR 20,115 per month towards Contribution to Provident fund, Ex-gratia and payment of gratuity.
- Up to a maximum of INR 6000 per month towards petrol re-imburement
- Encashment of earned leaves as per the Companies HR Policy

Except A Madhusudana Reddy none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise.

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

ITEM NO. 5 & 6:

Tallam Puranam Raman, Rampraveen Swaminathan were appointed as Additional Directors of the Company by the Board in its meeting held on 13 July 2018 pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014

Section 149 of the Act prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Accordingly, the Company has received declarations to this effect that the proposed appointee directors meets the criteria set out under Section 149(6) of the Act that they are independent.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval whose period of office commences from 17 July 2018 to 16 July 2023 if appointed by the members.

A brief profile of the Independent Directors to be appointed is given below:

Profile of Puranam Raman:

“Started his career with the State Bank of India in 1964 as a Covenanted Officer. Spanning a career of 30 years + the key assignments held were:

- Regional Manager---1979-1982.
- Chief Officer HRD—Central Office---1982-1988.
- Deputy General Manager—Coimbatore Zone---1988-1992.
- General Manager Operations—New Delhi H.O—1992-1995.
- General Manager SBI Capital Markets Ltd—1995-1996.

The he moved to the Private sector (Sundaram Finance Ltd)—in 1996 to set up and start an Asset Management business. The Sundaram Asset Management Company was registered in 1996 with Newton Investment Managers of UK as JV partners. He retired from Sundaram Asset Management Company in 2012.”

Profile of Rampraveen Swaminathan:

“Rampraveen has 20 years of experience in business & operations leadership, managing business turnarounds and growth lead transformations across multiple geographies. He has experience in energy, discrete and process manufacturing. He has served as Non-executive/Executive Director on the boards of public and private companies.

Academic Experience

- Harvard Business School Executive Education - 2007
- TA Pai Management Institute PGDM, Finance & Strategy - 1996
- St Joseph’s College of Commerce bachelor’s in commerce - 1994

Others

- Partner – Social Venture Partners (SVP) India - 2018 onwards

- b) Non-Executive Director – EREOI Power Systems Limited - 2013 onwards
- c) Advisory Board Member – WWF - 2013 onwards
- d) Head Manufacturing Committee, AMCHAM India - 2015-2017

Rampraveen is passionate about the community and environment, participating and serving in various organizations in the social sector.”

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

Tallam Puranam Raman, Rampraveen Swaminathan respectively, are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

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

ITEM NO. 7:

The members are aware that the operations and performance of the Company has grown significantly over the past few years, which has generated considerable interest in the Company's equity shares. In order to improve the liquidity of the Company's shares, the Board of Directors of the Company at their meeting held on 13 July 2018, considered it desirable to recommend the issue of Bonus shares in the ratio of 16:1 subject to approval of the shareholders and such other authorities as may be necessary.

The issue of Bonus Shares inter alia, requires appropriate adjustments with respect to all options under Employee Stock Option Plan, such that all the options outstanding on a Record Date to be determined by the Board of Directors of the Company, both vested and unvested including lapsed and forfeited options available for reissue, shall be proportionately adjusted and the number of options which are available for grant and those already granted but not exercised shall also be appropriately adjusted.

The issue of Bonus shares by capitalization of reserves is authorised by the Articles of Association of the Company in conformity with the Companies Act, 2013.

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

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

ITEM NO. 8:

The Company intends to list its equity shares on one or more stock exchanges to enable the shareholders to have a formal market place for dealing with the Company's equity shares. For this purpose, it intends to undertake an initial public offering of the equity shares of the Company (the “Offer”) by way of fresh issue of equity shares and certain existing shareholders of the Company, (together, the “Selling Shareholders”), may also offer certain of their equity shares in the offer for sale portion of the

Offer. The Company intends to undertake the Offer and list its equity shares at an opportune time in consultation with the book running lead managers and other advisors in relation to the Offer and subject to applicable regulatory approvals.

In view of the above and in terms of Section 62(1)(c), and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, each as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“ICDR Regulations”), the approval of the shareholders of the Company is required through a special resolution.

The company intends to undertake an initial public offer of its equity shares of face value of INR 10/- each (the “Equity Shares”) which includes, without limitation, a fresh issue up to INR 300 crore and an offer for sale by certain existing shareholders (the “Selling Shareholders”), (the “Offer for Sale” and together with the Fresh Issue, the “Offer”) and list the Equity Shares on one or more of the stock exchanges on such terms and at such price or prices and at such time as may be considered appropriate by the Board or a duly authorized committee thereof, to the various categories of permitted investors who may or may not be the shareholder(s) of the Company in the initial public offer by way of book building method under the ICDR Regulations.

The Equity Shares, if any, allotted vide the Offer shall rank in all respects pari-passu with the existing equity shares of the Company.

The proceeds from the Offer will be utilised for the purposes set out in the objects of the Offer in the offer documents proposed to be filed with the Securities and Exchange Board of India (“Offer Documents”). The Board has the authority to modify the objects on the basis of the requirements of the Company, subject to applicable law. The price at which the Equity Shares will be allotted through the Offer, as well as the price band within which bidders in the Offer will be able to put in bids for Equity Shares offered in the Offer shall be determined and finalized by the Company and the Selling Shareholders in consultation with the book running lead managers to the offer in accordance with the ICDR Regulations, on the basis of the book building process.

The Equity Shares are proposed to be listed on the BSE Limited, the National Stock Exchange of India Limited and any other stock exchange as determined by the Board at its absolute discretion (together, the “Stock Exchanges”) and the Company will be required to enter into listing agreements with each of the Stock Exchanges as may be required.

The Company will not make an offer of Equity Shares to any of the promoters or the promoter group in the Offer. However, except for the promoters and independent directors of the Company, Directors (other than directors who are also promoters or a part of the promoter group) or the key managerial personnel may apply for the Equity Shares in the various categories under the Offer in accordance with the ICDR Regulations.

None of the Directors or managers or key managerial personnel of the Company or the relatives of the said persons are interested in the said resolution except to the extent of their shareholding or ESOPs in the company.

Change in control of the Company or its management is intended or expected pursuant to the Offer.

All the Directors, key managerial personnel and their relatives are deemed to be concerned or interested in the proposed resolution to the extent of shares, which may be subscribed for and allotted in their names.

The Board recommends the special resolution as mentioned in Notice for approval of the members by way of special resolution. Accordingly, approval of the members of the Company is sought to issue Equity Shares under Section 62(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, each, as amended. Additionally, to the extent the above requires amendments to be made in terms of the Companies Act, the ICDR Regulations, any other law or if recommended by various advisors to the Company in connection with the Offer, the Board will make necessary amendments.

ITEM NO. 9:

In order to undertake the proposed Public Issue, the Company will be required to ensure that the articles of association of the Company conform to the requirements and directions of the stock exchanges prior to filing of the draft red herring prospectus (the "DRHP") with the Securities and Exchange Board of India and the stock exchanges. The Company therefore proposes to adopt a new set of articles of association that shall conform to the requirements and directions provided by the stock exchanges and contain such other articles as required by a public limited company.

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

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

None of the Directors, key managerial personnel, managers of the Company or the relatives of the aforementioned persons are interested in the said Resolution except to the extent of their shareholding in the Company.

The Board of Directors recommends the resolutions in Item no 8 of the Notice for your kind approval.

ITEM NO. 10:

In terms of the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and the Consolidated Foreign Direct Investment Policy Circular of 2017 or Foreign Portfolio Investors, registered with the Securities and Exchange Board of India are permitted to purchase or acquire under the portfolio investment scheme or foreign portfolio investment scheme, and hold on their own account, up to 10% (ten per cent) of the total paid-up equity capital of an Indian company and the total holdings of all FPIs put together may not exceed an aggregate limit of 24% (twenty four per cent) of the paid up equity share capital of an Indian company. It further provides that the said limit of 24% (twenty-four per cent) can be further

increased up to 49%, as applicable, by passing a resolution of the board of directors, followed by passing a special resolution to that effect by its members and making the necessary filings with the Reserve Bank of India.

Accordingly, the Board recommends the special resolution set out notice for the approval of the Members of the Company to increase the limit of FPI shareholding in the Company to 49% of the paid-up equity share capital of the Company, under applicable law.

None of the Directors, key managerial personnel, of the Company or the relatives of the aforementioned persons are concerned or interested in the proposed resolution except to the extent of their shareholding in the Company.

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

ITEM NO.11:

In terms of FEMA and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and the Consolidated Policy Circular of 2017, Non-Resident individuals can acquire and hold up to an aggregate limit of 10% (ten per cent) of the paid-up equity Share capital of an Indian Company. The said FEMA Regulations further provide that the limit of 10% (ten per cent) can be further increased up to 24% (twenty four per cent), by passing a resolution of the Board, a special resolution to that effect by its members and followed by necessary filings with the RBI. Considering the proposal of intending to get the shares of the Company listed, the Board of Directors of the Company has, at its meeting held on 13 July 2018, proposed, subject to the approval of the members by way of a special resolution, to fix the limit of NRI shareholding in the Company, to 24% (twenty four per cent) of the paid-up equity share capital of the Company.

None of the Directors, key managerial personnel, of the Company or the relatives of the aforementioned persons are concerned or interested in the proposed resolution except to the extent of their shareholding in the Company

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

ITEM NO.12 & 13:

The member of the Company at their Extra Ordinary General Meeting held on 25 April 2016 passed a special resolution under Section 180(1)(a) of the Companies Act, 2013 for the Company to create mortgage, hypothecation, pledge and/or charge the movable and/or immovable properties of the Company towards the borrowings availed or to be availed by the Company under said provisions up to INR 100.00 crore. Moreover, validity of the resolution passed by member of the Company on 25 April 2016 is not sufficient to secure the further borrowings. Therefore, the borrowings are required to be secured by way of mortgage, hypothecation, pledge and/ or charge on all or any of the movable and/ or immovable properties of the Company (both present and future) and/or any other assets or properties, either tangible or intangible, of the Company and/ or the whole or part of any of the undertaking of the Company, in favor of lender(s) from time to time within the overall borrowing limits which shall not exceed 500 crores at any time.

Section 180(1)(c) of the Companies Act, 2013 provides that board of directors of a company may borrow any amount exceeding its paid up capital and free reserves if authorised by passing special resolution in general meeting of the company. Accordingly it is proposed to authorise board of directors of your Company or any Committee thereof to borrow from time to time any amount, secured or unsecured, as it may deem requisite for the purpose of the business of the Company, notwithstanding that the amount to be borrowed together with the amount already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) would exceed the aggregate of the paid-up share capital of the Company and its free reserves, provided that the total amount which may be borrowed shall not exceed the sum of INR 500 crore (Rupees Five Hundred Crore only) outstanding at any point of time.

Copy of documents referred in proposed resolution shall remain open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

None of the Directors or Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

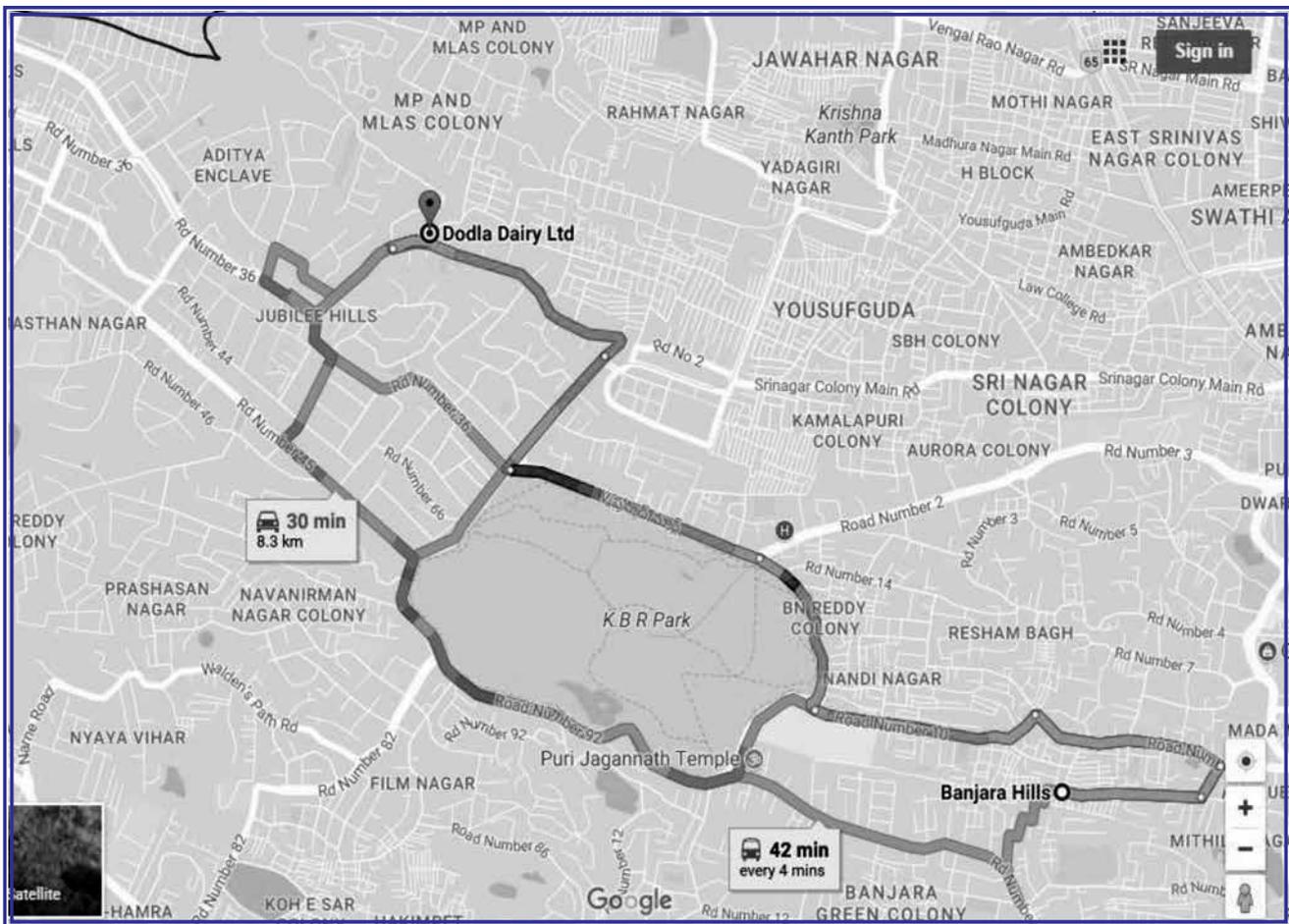
The Board commends the special resolution as mentioned in Notice for approval of the members by way of special resolution.

By Order of the Board of Directors

Place: Hyderabad
Date: 13 July 2018

Ruchita Malpani
Company Secretary
M. No: A32883

ROUTE MAP TO THE COMPANY



DIRECTORS' REPORT

Dear Members,

Your Directors take the pleasure in presenting the 23rd Directors' report on the business and operations of the Company for the financial year ended 31 March 2018.

FINANCIAL HIGHLIGHTS

(Amount (₹) in million)

Particulars	Consolidated		Standalone	
	2017-18	2016-17*	2017-18	2016-17*
Total Income	15,970.13	14,473.70	15,436.17	14,171.29
EBITDA	1,108.04	939.81	1,179.02	948.92
Finance Cost	102.74	80.29	102.74	80.29
Depreciation, Amortisation, Impairment	268.56	190.35	252.79	177.50
Profit Before Tax	807.72	678.28	752.51	682.02
Current Tax	186.04	184.27	177.19	182.63
Deferred Tax charge	50.87	40.56	69.67	40.56
Earnings per Equity Share (in ₹)	174.40	138.46	154.41	140.11
Paid up Equity Share Capital	32.75	32.75	32.75	32.75
Reserves	3,364.84	2,780.59	3,395.65	2,874.10

*The previous year figures have been adjusted, re-grouped or re-classified pursuant to adoption of the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

STATE OF AFFAIRS / COMPANY'S PERFORMANCE

On Consolidated basis, the revenue from operations for FY 2018 at ₹ 15,904.75 Million was higher by 10.45% over the last year (₹ 14,400.44 Million in FY 2017) with a corresponding Profit after tax of ₹ 570.81 Million, 25.88% higher than that of the previous year (₹ 453.45 Million).

On Standalone basis, the revenue from operations for FY 2018 at ₹ 15,372.67 Million was higher by 9% over the last year (₹ 14,099.84 Million in FY 2017) with a corresponding Profit after tax of ₹ 505.65 Million, 10% higher than that of the previous year (₹ 458.83 Million).

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

ISSUE OF BONUS SHARES

The Board of Directors at its meeting held on 13 July 2018, recommended issue of Bonus Shares, subject to approval of Members, in the ratio of sixteen new Equity Share of the Company of ₹ 10 each as fully paid-up for each existing one Equity Share of the Company (16:1 Ratio). The Bonus Shares will be issued, by capitalizing a part of its retained earnings, to those persons who were Members as on the record date.

DIVIDEND

Your Directors have not recommended any dividend for the financial year 2017-18 to facilitate increased earnings.

TRANSFER TO RESERVES

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

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

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

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

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

BOARD OF DIRECTORS

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

- guide, review and approve corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments;
- monitor the effectiveness of the company's governance practices, environmental practices, and social practices, and adhere to applicable laws;
- oversee the management of potential conflicts of interest, such as those which may arise around related party transactions;
- oversee the integrity of the company's accounting and reporting systems, its compliance with internationally accepted standards, the effectiveness of its systems of internal control, and the independence of the external audit process;
- oversee the implementation of effective risk management and proactively review the risk management approach and policies annually or with any significant business change;

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Dodla Sunil Reddy : Managing Director (MD)
 B V Krishna Reddy : Chief Executive Officer (CEO)
 Ruchita Malpani : Company Secretary &
 Compliance officer (CS & CO)

*Hemanth Kundavaram : Chief Financial Officer (CFO)

*Appointed as CFO and KMP with effect from 13 July 2018

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

Appointments

Akshay Tanna (DIN: 02967021) and Vishwarupe Narain (DIN: 03394320) were appointed as directors on the Board with effect from 21 July 2017.

Zubin Jamshed Irani (DIN: 00159781) was appointed as a director on the Board with effect from 3 November 2017.

Madhusudhana Reddy Ambavaram (DIN: 08126380) was appointed as a Whole-time director of the Company on 3 May 2018

Tallam Puranam Raman and Rampraveen Sawaminathan were appointed as additional directors on 13 July 2018

Resignations

Deepak Malik (DIN: 00662141) and James David Sayre (06392836) resigned from the Board with effect from 20 July 2017.

Vishwarupe Narain has resigned from the Board with effect from 13 October 2017

Composition of the Board

Dodla Sesha Reddy : Chairman
 Dodla Sunil Reddy : Managing Director
 Kishore Mirchandani : Independent Director
 Ponnnavolu Divya : Independent Director
 Akshay Tanna : Director
 *Zubin Jamshed Irani : Director
 @A Madhusudhana Reddy : Whole Time Director
 # Rampraveen Swaminathan : Additional Director
 # Tallam Puranam Raman : Additional Director

* Appointed as Additional director wef 3 November 2017 and regularized in the EGM on 23 March 2018

@ appointed as Whole-Time director with effect from 3 May 2018

appointed as additional Director with effect from 13 July 2018

MEETINGS OF THE BOARD

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

During the financial year ended 31 March 2018, the Board met 5 (five) times i.e., on 9 May 2017, 21 July 2017, 16 August 2017, 3 November 2017 and 20 February 2018.

MEETINGS OF THE COMMITTEE

Audit Committee

The Audit Committee comprises of Kishore Mirchandani, Dodla Sunil Reddy and Ponnnavolu Divya. During the year there were no instances where Board has not accepted the recommendation of Audit Committee.

The Committee met Four (4) times i.e., on 8 May 2017, 16 August 2017, 2 November 2017 and 20 February 2018 during the financial year under review.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Zubin J Irani, Dodla Sesha Reddy, Kishore Mirchandani and Ponnnavolu Divya.

The Committee met Two (2) times i.e., on, 9 May 2017 and 20 February 2018 during the financial year under review.

Corporate Social Responsibility (CSR) Committee

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

The Committee met One (1) time i.e., on 16 August 2017, during the financial year under review.

BOARD PROCESSES, PROCEDURES AND PRACTICES

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

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

Frequency of meetings

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

Board agenda

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

Decision making process

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

Availability of information to the board

The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge

its duties. Under the advice and direction of the chairman, the company secretary's responsibility includes ensuring good information flows within the board as well as between senior management and non-executive directors.

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

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

Role of the Chairman

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

Role of Managing Director

The Managing Director (MD) lives and upholds the highest standards of integrity and probity inside and outside the boardroom, through setting clear expectations in terms of culture and values, as well as in terms of the style and tone of board discussions. The MD encourages directors to express their views frankly and challenge constructively in order to improve the standard of discussion in the boardroom. The MD appreciates that constructive challenge from non-executive directors is an

essential aspect of good governance and encourage the non-executive colleagues to probe proposals, especially when issues of judgement are concerned. The role includes:

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

Role of CEO

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

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

Role of Company Secretary in overall governance process

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

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

Decision making at the board

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

- ensuring that directors are afforded adequate time to prepare for meetings;
- allowing time for debate and challenge, especially for complex, contentious or business-critical issues;

- achieving timely closure on decisions taken; and
- providing clarity for executives on the actions required.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY18.

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

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

MEETINGS OF INDEPENDENT DIRECTORS

The independent directors met once in the financial year under review i.e., on 23 March 2018 to review the performance of non-independent directors and the Board as a whole, review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors and to assess the quality, quantity and timeliness of flow of information between the company management and the Board and suggested for various implementations for adopting enhanced transparency and hostile good governance practices in the Company.

AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

Statutory Auditors

At the 19th Annual General Meeting (AGM) of your Company held on 30 September 2014, M/s. B S R & Associates LLP, Chartered Accountants, Hyderabad, (Firm Registration No. 116231W/W100024) were appointed as Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of 19thAGM (subject to ratification of such appointment by the Members at every AGM) till the conclusion of the 24thAGM of your Company.

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

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Board appointed M/s. MNM & Associates, Company Secretaries to conduct the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report is appended to this report as **Annexure II** which is self-explanatory and the further explanation to same is provided in CSR Report appended as **Annexure VI** to this report.

LOANS, GUARANTEE AND INVESTMENTS

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

RELATED PARTY CONTRACTS / ARRANGEMENTS

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

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

EXTRACT OF ANNUAL RETURN

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

EMPLOYEES STOCK OPTION PLAN

Your Company, pursuant to the recommendation and approval of the Board of Directors and shareholders in their Board meeting and Extra Ordinary General Meeting held on 20 February 2018 and 23 March, 2018 respectively adopted an Employees Stock Option Plan named as "DODLA DAIRY LIMITED Employees Stock Option Plan 2018" ("ESOP Plan").

The options to acquire shares by way of ESOP plan shall be granted to the eligible employees who are in the permanent employment of the Company working in India or outside including directors of the Company whether whole time or not (excluding independent directors). The aggregate number of Equity Shares, which may be issued under ESOP Plan, shall not exceed 2.5% of the paid-up capital of the Company i.e., 1,391,800* Equity Shares.

** As per the ESOP plan dated 23 March 2018, the aggregate number of Equity Shares, which may be issued under ESOP Plan were 81,870 Equity Shares. The Company in its Board Meeting dated 13 July 2018 and subject to the approval of the shareholders in their Annual General Meeting recommended the issue of shares to the existing shareholders by way of Bonus issue in the ratio 16: 1 (16 shares for every 1 share held). Pursuant to the ESOP plan and the recommendation of the Board for issue of bonus shares, the additional shares issued by the Board shall be deemed to be increased/ adjusted to the extent of additional options issued. Hence the options as on 13 July 2018 shall be 1,391,800 Equity Shares.*

Details of the employees, who have been granted the options as on 13 July 2018 are as follows:

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

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

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

Annexure V.

PUBLIC DEPOSITS

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/ information, safeguarding of assets, prevention and detection of frauds and errors. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the directors confirm that, for the preparation of financial statements for the financial year ended 31 March 2018, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

INTERNAL AUDIT & CONTROL SYSTEMS

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

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

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

There are no material changes and commitments affecting financial position of the company between 31 March 2018 and the date of Board's Report

PARTICULARS OF EMPLOYEES

No Employee is drawing in excess of remuneration in accordance with the provisions of Section 197(12) of the Companies Act,

2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 except as stated in the Annual Return of the company appended to this report.

SIGNIFICANT OF MATERIAL ORDERS PASSED BY THE REGULATORS

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

RISK MANAGEMENT POLICY

The Company has adopted the development and implementation of risk management policy and analysis. The brief detail about this policy may be accessed on the Company's website at the weblink: <https://www.dodladairy.com/static/downloads/audit-and-risk-mgt-committee-charter.pdf>

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

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

https://www.dodladairy.com/csr_policy

WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a vigil mechanism and adopted vigil mechanism / whistleblower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. The brief detail about this mechanism may be accessed on the Company's website at the weblink:

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

DISCLOSURE ABOUT COST AUDIT

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

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

RBI Guidelines:

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

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

There were no material changes and commitments affecting financial position of the company between 31 March 2018 and the date of Board's Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere gratitude to the Government of India, Government of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Maharashtra and Gujarat, Registrar of Companies - Andhra Pradesh and Telangana,

lenders including bankers whose assistance and support, your Company has been privileged to receive.

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

Place: Hyderabad
Date: 13 July 2018

For and on behalf of the Board
DODLA SESA REDDY
(Chairman)

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

ANNEXURE INDEX

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

ANNEXURE- I

Form AOC-1

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

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

Part "A": Subsidiaries

Sl. No.	Particulars	Details	Details	Details
		US \$	USh in '000	In Kshs.
1.	Name of the subsidiary	Dodla Holdings Pte. Limited (WOS)	Lakeside Dairy Limited (SDS)	Dodla Dairy Kenya Limited (SDS)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	24/05/2017 to 31/03/2018
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD = 65.0746	USh = 0.0176 INR	Ksh = 0.646 INR
4.	Share capital	6,500,000	2,000,000	2,500,000
5.	Reserves & surplus	563,592	(2,482,506)	(12,877,174)
6.	Total Assets	7,090,508	23,937,802	51,809,516
7.	Total Liabilities	26,916	22,695,238	62,186,691
8.	Investments	1,396,657	0	0
9.	Turnover	0	29,673,611	138,766,058
10.	Profit before taxation	263,558	2,698,239	(10,993,687)
11.	Provision for taxation	(136,100)	(840,342)	3,020,992
12.	Profit after taxation	127,458	1,857,897	(7,972,695)
13.	Proposed Dividend	0	0	0
14.	% of shareholding	100%	0%	0%
15.	Type of Subsidiary	Wholly Owned Subsidiary	Step Down Subsidiary	Step Down Subsidiary

1. Names of subsidiaries which are yet to commence operations: Nil

2. Names of subsidiaries which have been liquidated or sold during the year: Nil

Part “B”: Associates and Joint Ventures

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

Name of associates/Joint Ventures	Global Vetmed Concepts India Private Limited (GVC)
1. Latest audited Balance Sheet Date	31 March 2018
2. Shares held by the company on the year end	3,866,923
Amount of Investment in Associates/Joint Venture	38,669,230
Extend of Holding%	48%
3. Description of how there is significant influence	Dodla Sunil Reddy, the Managing Director of the Company is a director on Board of GVC and the Company holds 48% equity stake in the Company
4. Reason why the associate/joint venture is not consolidated	It has been consolidated
5. Profit/Loss for the year	
i. Considered in Consolidation	Yes
ii. Not Considered in Consolidation	NA
1. Names of associates or joint ve-ntures which are yet to commence operations.	NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year:	NIL

ANNEXURE - II

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

To
The Members
DODLA DAIRY LIMITED
8-2-293/82/A/270-Q, Road No 10-C
Jubilee hills, Hyderabad- 500 033
Telangana

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

Based on our verification of the **Dodla Dairy Limited**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. **Dodla Dairy Limited** ("the Company"), an **Unlisted Public Company** for the financial year ended on **31st March 2018** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) Other laws, applicable to the company as provided by the management and compliance there on relied by us, as mentioned below:
 - Employees State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;

- Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Funds Scheme, 1952;
- Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
- Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
- Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
- Factories Act, 1948 and the rules made thereunder;
- A.P. Shops and Establishment Act, 1988 and various respective State laws;
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Environment Protection Act, 1986
- Public Liability Insurance Act, 1991
- Indian Boilers Act, 1923
- Explosives Act, 1884
- Legal Metrology
- Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production Supply and Distribution) Act, 1992
- Livestock Importation Act, 1898
- Agricultural Produce (Grading and Marketing) Act, 1937
- Bureau of Indian Standards (BIS) Act, 1986
- Export of Milk Products (Quality Control, Inspection and Monitoring) Rules 2000
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

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

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

1. During the financial year 2017-18 the actual CSR amount spent was Rs. 61,93,633/- as against an amount of Rs 1,14,70,769/- (2% of Average net profit of preceding three financial year) which is required to be spent in terms of the provisions of Section 135 of the Companies Act, 2013 and rules thereon.
2. The Company has paid Rs. 40,000 as compounding fee to RBI and received final compounding order dated 13th October 2017, for non-compliances with regard to non-filings of Annual Performance Reports (APR), non-submission of share Certificates and 'report on disinvestment' with regard to Disinvestment with reference to its subsidiary namely Dodla Milk Processing Plc, Ethiopia. The company has filed compounding application to RBI vide letter dated 10th May 2017, for regularisation of the stated non-compliance.

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system

exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

For **MNM & Associates**
Company Secretaries
Firm Registration No. P2017TL059600

Sridevi Madati
Partner
M. No. F6476
COP 11694

Date: 13 July 2018
Place: Hyderabad

Annexure A

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

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

For **MNM & Associates**

Company Secretaries

Firm Registration No. P2017TL059600

Sridevi Madati

Partner

M. No. F6476

COP 11694

Date: 13 July 2018

Place: Hyderabad

ANNEXURE - III

FORM NO. AOC 2

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

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

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

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

The following material contracts or arrangements or transactions entered in to during the year ended 31 March 2018, which were at arm's length basis as mentioned below:

Name of the Related Party	Nature of Relationship	Salient Terms	Amount in ₹
Dodla Dairy, Vinjumur	Enterprise over which KMP have significant influence	Lease Rent paid	12,00,000
Surekha Milk Chilling Centre	Enterprise over which KMP have significant influence	Lease Rent paid	9,00,000
Dodla Nutri Feeds LLP	Enterprise over which KMP have significant influence	Lease Rent paid	2,50,000
Global Vetmed Concept Private Limited ('GVC')	Associate Company	Revenue Sharing	90,30,000
Dodla Nutri Feeds LLP	Enterprise over which KMP have significant influence	Purchase of Raw Material	2,20,000
Tropical Bovine Genetics Private Limited	Enterprise over which KMP have significant influence	Purchase of goods	5,40,000
Dodla Sessa Reddy	Director	Consultancy Fees	36,00,000
D Silpa Reddy	Relative of KMP	Consultancy Fees	50,000
Oremus Corporate Services Pvt Ltd (Inclusive Tax)	Enterprise over which KMP have significant influence	Consultancy Fees	9,00,000
D Soft India Private Limited	Enterprise over which KMP have significant influence	Consultancy Fees	600,000
Global Vetmed Concept Private Limited ('GVC')	Associate Company	Expenses incurred	67,70,000

Note:

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

(DODLA SSHA REDDY)

Chairman
DIN: 00520448

(DODLA SUNIL REDDY)

Managing Director
DIN: 00794889

ANNEXURE-IV

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2018

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

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN [(Section 134 (3) (a))]

I. REGISTRATION AND OTHER DETAILS:

S. No	Particulars	Details
i.	CIN	U15209TG1995PLC020324
ii.	Registration date	020324
iii.	Name of the Company	Dodla Dairy Limited
iv.	Category / Sub-Category	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered office and contact details	8-2-293/82/A/270-Q, Road No 10-C, Jubilee hills, Hyderabad - 500033, Telangana, India; Tel No.: 040-45467777
vi.	Whether listed Company	Unlisted
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computer share Pvt. Ltd. Karvy Registry House, 8-2-596, St. No. 1, Banjara Hills, Hyderabad - 500 034, Telangana, India; Tel: +91 40 2331 2454

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
i.	Manufacture of dairy products Wholesale of raw milk & dairy products	1050, 46302 (NIC 2008)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The following are the details

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) INDIAN									
a) Individual* / HUF	24,99,999	Nil	24,99,999	76.33	23,90,620	Nil	23,90,620	72.99	(3.34)
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):	24,99,999	Nil	24,99,999	76.33	23,90,620	Nil	23,90,620	72.99	(3.34)
(2) Foreign									
a) NRIs- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A) (1)+(A)(2)	24,99,999	Nil	24,99,999	76.33	23,90,620	Nil	23,90,620	72.99	(3.34)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

2. Non-Institutions

a) Bodies Corp.

i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	7,74,823	Nil	7,74,823	23.65	8,84,202	Nil	8,84,202	26.99	3.34

b) Individuals

i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	1	Nil	1	0.00	1	Nil	1	Nil	Nil
---	---	-----	---	------	---	-----	---	-----	-----

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	Nil								
--	-----	-----	-----	-----	-----	-----	-----	-----	-----

c) Others (specify)

Sub-total (B)(2):	7,74,824	Nil	7,74,824	23.65	8,84,203	Nil	8,84,203	26.99	3.34
--------------------------	-----------------	------------	-----------------	--------------	-----------------	------------	-----------------	--------------	-------------

Total Public Shareholding (B)=(B)(1)+ (B)(2)

C. Shares held by Custodian for GDRs & ADRs	Nil								
--	-----	-----	-----	-----	-----	-----	-----	-----	-----

Grand Total (A+B+C)	32,74,823	Nil	32,74,823	100	32,74,823	Nil	32,74,823	100	Nil
----------------------------	------------------	------------	------------------	------------	------------------	------------	------------------	------------	------------

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

ii) Shareholding of Promoters#

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	D. Sunil Reddy	8,32,124	25.41	0	832,124	25.41	0	Nil
2	D. Sessa Reddy	1,45,000	4.42	0	1,195,238	36.49%	0	35.07
3	D. Subha Reddy*	3,37,499	10.30	0	01	10.30	0	(10.30)
4	D. Girija Reddy*	8,22,120	25.10	0	01	25.10	0	(25.10)
5	D. Deepa Reddy*	3,63,256	11.09	0	3,63,256	11.09	0	Nil
Total		24,99,999	76.33	0	2390620	72.99	0	(3.34)

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

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

Change in promoter's shareholding:

Name of the Promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1. Dodla Sesha Reddy				
At the beginning of the year	1,45,000	4.42	1,45,000	4.42
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Received 10,50,238 Shares by way of Transfer on 31 March 2018			
At the end of the year		4.42	1195238	36.49%
2. Dodla Sunil Reddy				
At the beginning of the year	8,32,124	25.41	8,32,124	25.41
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Received 1,09,379 Shares by way of Transfer on 22 June 2017 Transferred (4,136) shares on 20 July 2017 Transferred (1,05,216) shares on 19 January 2018			
At the end of the year	8,32,124	25.41	8,32,124	25.41
3. Dodla Subha Reddy*				
At the beginning of the year	3,37,499	10.30%	3,37,499	10.30%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transferred (1,09,379) on 22 June 2017 and Transferred (2,28,119) Shares on 31 March 2018			
At the end of the year	1	00%	1	00%
4. Dodla Girija Reddy*				
At the beginning of the year	822,120	25.10%	822,120	25.10%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transferred (8,22,119) Shares on 31 March 2018			
At the end of the year	1	0.00%	1	0.00%
5. Dodla Deepa Reddy*				
At the beginning of the year	3,63,256	11.09%	3,63,256	11.09%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transferred (1,05,216) shares on 20 July 2017 and Received 1,05,216 shares by way of Transfer on 19 January 2018			
At the end of the year	3,63,256	11.09%	3,63,256	11.09%

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

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd				
At the beginning of the year	7,74,823	23.66%	7,74,823	23.66%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transferred (7,74,823) shares on 20 July 2017			
At the end of the year	Nil			
TPG DODLA DAIRY HOLDINGS PTE. LTD.				
At the beginning of the year	NIL			
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Received 884,202 Shares by way Transfer on 20 July 2017			
At the end of the year	884,202	26.99%	884,202	26.99%
SUREKHA REDDY BOMNIREDDY				
At the beginning of the year	0	0%	0	0%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transferred (01) share on 28 February 2018			
At the end of the year	1	0%	1	0%

iv) **Shareholding of Directors and Key Managerial Personnel**

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Dodla Sesha Reddy				
At the beginning of the year	1,45,000	4.42	1,45,000	4.42
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Got 10,50,238 Shares by way of Transfer on 31 March 2018			
At the end of the year		4.42	1195238	36.49%
Dodla Sunil Reddy				
At the beginning of the year	8,32,124	25.41	8,32,124	25.41
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Got 1,09,379 Shares by way of Transfer on 22 June 2017 Transferred (4,136) shares on 20 July 2017 Transferred (1,05,216) shares on 19 January 2018			
At the end of the year	8,32,124	25.41	8,32,124	25.41

V. INDEBTEDNESS

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

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year				
i) Principal Amount	1,36,14,10,000	0	0	1,36,14,10,000
ii) Interest due but not paid		0	0	
iii) Interest accrued but not due	46,30,000	0	0	46,30,000
Total of (i + ii + iii)	1,36,60,40,000	0	0	1,36,60,40,000
Change in Indebtedness during the financial year				
Addition	10,51,90,000	0	0	10,51,90,000
Reduction				
Net Change	1,26,08,50,000	0	0	1,26,08,50,000
Indebtedness at the end of the financial year				
i) Principal Amount	1,25,81,30,000	0	0	1,25,81,30,000
ii) Interest due but not paid		0	0	
iii) Interest accrued but not due	27,20,000	0	0	27,20,000
Total of (i + ii + iii)	1,26,08,50,000	0	0	1,26,08,50,000

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(Amount in ₹)

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

Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
	Managing Director	Whole-time Director	Manager	
Gross salary				
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,11,21,800			2,11,21,800
b) Value of perquisites u/s 17(2) Income-tax Act, 1961	50,62,983	-	-	50,62,983
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-			-
Stock Option	-	-	-	-
Sweat Equity	-	-	-	-
Commission				
- as % of profit	-	-	-	-
- others, specify				
Others, Performance Incentive / Bonus	-	-	-	-
Total (A)	2,61,84,783	-	-	2,61,84,783
Ceiling as per the Act				3%

B. Remuneration to other directors:

1. Independent Directors

Particulars of Remuneration	Name of Directors		Total Amount
	Kishore M	Divya P	
Fee for attending board / committee meetings	12,00,000	6,00,000	18,00,000
Commission	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil
Total (1)	12,00,000	6,00,000	18,00,000

2. Other Non-Executive Directors

Particulars of Remuneration	Name of Directors			Total Amount
	Dodla Sesha Reddy	Akshay Tanna	Zubin Jamshed Irani	
Fee for attending board / committee meetings	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Others (Consultancy Fee)	36,00,000	Nil	Nil	Nil
Total (2)	36,00,000	Nil	Nil	36,00,000
Total (B)=(1+2)				54,00,000
Total Managerial Remuneration				
Overall Ceiling as per the Act				NA

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

Particulars of Remuneration	Key Managerial Personnel			Total
	CS	CEO	CFO	
Gross salary				
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,23,200	1,41,63,462	No CFO Appointed	1,48,86,662
b) Value of perquisites u/s 17(2) Income-tax Act, 1961		5,86,100		5,86,100
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
Stock Option		49,122		49,122
Sweat Equity				
Commission				
- as % of profit				
- others,				
Others, Performance Incentive		29,500,418		29,500,418
Total Remuneration excluding Stock Option	7,23,200	4,42,49,980		4,49,73,180

PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

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

Date: 13 July 2018
Place: Hyderabad

(Dodla Sunil Reddy)
Managing Director
DIN: 00794889

(Ruchita Malpani)
Company Secretary
M.No: A32883

Annexure – V

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

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

A. CONSERVATION OF ENERGY

i. Steps Taken or Impact on Conservation of Energy:

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

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

Commissioned (On Grid) Distributed Solar Power Plants at its four various locations/plants with total capacity of 1.05 MWp during March 2018 with key objective to optimize energy mix by use of Clean & Green (Renewable) Energy sources to reduce carbon emissions and to secure Energy at Low Cost.

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

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

The Capital investment on energy conservation equipment's is INR 4.45 crore.

B. TECHNOLOGY ABSORPTION

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

- a) Installation of energy efficient evaporative condenser in most of our plants
- b) Commissioned 2tph, 3tph, 4tph & 8tph wood & bio-gas Fired boilers
- c) Provided LED lighting system in most of our packing station
- d) Installed Automatic CIP system in most of our plants
- e) Installation of Heat recovery system

- f) Provide Crate conveyor system
- g) Using of eco-friendly consumption materials
- h) Implementation of Rapid Milk chilling to enhance quality of Milk
- i) Implementation of Automatic milk analyser for accurate quality/quantity management system
- j) Installed High efficiency Homogenizer

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

III. Expenditure on R & D

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

S No	Particulars	2017-18	2016-17
1	Capital	9,33,554	15,68,996
2	Recurring	6,45,17,531	5,65,65,789
	Total	6,54,51,085	5,81,34,785

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	NIL	2,94,70,000

(DODLA SUNIL REDDY)

Managing Director
DIN: 00794889

(DODLA SESA REDDY)

Chairman
DIN: 00520448

ANNEXURE – VI

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. Brief Outline of the CSR Policy

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

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

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

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

2. Composition of the Committee

Dodla Sesha Reddy	Chairman
*Deepak Malik	Member
#Akshay Tanna	Member
Kishore Mirchandani	Member
Ponnavolu Divya	Member

*Ceased as Member with effect from 20 July 2017

#appointed as Member with effect from 21 July 2017

3. The average net profit of the company for last three financial years:

Financial Year	Amount in ₹
2014-15	15,59,01,109
2015-16	76,06,17,249
2016-17	80,40,96,972
Total	1,72,06,15,330
Average	57,35,38,443.47
2% of Net Profit	1,14,70,769

4. **Prescribed CSR Expenditure:** ₹ 11,470,769/-

5. **Details of CSR Spent During The Financial Year**

- a. Total amount to be spent for the financial year: ₹ 61,93,633/-
- b. Amount unspent, if any: ₹ 52,77,136/-
- c. Manner in which the amount spent during the financial year is detailed below.

S. No	PARTICULARS	DETAILS
1	CSR project or activity Identified.	Rural development projects
2	Sector in which the Project is covered	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
3	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Nellore district of the State of Andhra Pradesh
4	Amount outlay (budget) project or programs wise	₹ 35,00,000 To develop Zillaparishad school in Mahmuddapuram, Nellore District
5	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or program (2) Overheads:	61,93,633 Infrastructure facility provided
6	Cumulative expenditure up to the reporting period	Nil
7	Amount spent: Direct or through implementing agency	Direct

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

As per the project approved by the CSR committee to spend funds on building the infrastructure in Mahmuddapuram Village, Nellore District, the Company has spent funds on the development of the infrastructure facility to the school and it was re-constructed and handed-over to the government. Hence there was no further requirement or request received from the school for additional funds. Accordingly, Company did not provide any fund further to the school.

Additionally, Company did not find any further projects for CSR activities. The various activities to be performed on the ground and the team identification for execution of CSR activities are in progress.

In addition to this, the Company has created a trust in a name & Style "DODLA FOUNDATION" to spend the funds on CSR activities.

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

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

(DODLA SUNIL REDDY)

Managing Director
DIN: 00794889

(DODLA SSHA REDDY)

Chairman
DIN: 00520448

Independent Auditor's Report To The Members of Dodla Dairy Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Dodla Dairy Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss, the statement of changes in equity and the statement of cash flow for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/ loss (including 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) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and 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 balance sheet, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS prescribed under Section 133 of the Act;
 - e) on the basis of the written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - g) with respect to the other matters to be included in the Auditor's 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 2018 on its financial position in Note 40 to the standalone Ind AS financial statements;
 - ii. the Company did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018;
 - iii. there were no amounts that which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. the disclosures in the standalone Ind AS 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 since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited Standalone financial statements for the year ended 31 March 2017 have been disclosed.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

Dodla Dairy Limited

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

With reference to the Annexure-A referred to in the Independent Auditors' Report of even date, on the Standalone Ind AS Financial Statements, to the Members of Dodla Dairy Limited ('the Company') for the year ended 31 March 2018, 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 Ind AS 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) The Company has granted an unsecured loan during the year 2015-16 to one party covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act'). The Loan has been repaid to the Company during the current year. The Company has not granted any loans, secured or unsecured, to any companies, firms or limited liability partnerships covered in the Register maintained under the Section 189 of the Act.
- (a) The Company has not granted any loan during the current year, Therefore, the provisions of Clause 3 (iii)(a) of the said Order is not applicable to the Company.

- (b) In respect of the aforesaid loan, the schedule of repayment of principal and payment of interest has been stipulated and the party has repaid the principal amounts, as stipulated, and is also regular in payment of interest as applicable.
- (c) In respect of the aforesaid loan, there is no amount which was overdue for more than ninety days.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of the loans and investments made. Further, 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. 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, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. Professional tax have not generally been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases.

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, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 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 Goods and Service tax, Service tax, Duty of Excise and Sales 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, Duty of Customs and Value added tax 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	Commissioner of Income-tax (Appeals) V
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	30,367,280 (30,322,382)	Assessment year 2012 – 2013	Commissioner of Income-tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	25,364,150 (25,364,150)	Assessment year 2013 – 2014	Commissioner of Income-tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	9,247,720 (9,247,720)	Assessment year 2014 – 2015	Commissioner of Income-tax (Appeals) V
Customs Act, 1962	Custom duty and penalty thereon	3,792,623 (104,450)	Financial year 2015-2016	High Court of Karnataka
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	4,090,740	Financial year 2012-13 and 2013-14	Deputy Commissioner

* Amount in brackets in parenthesis represents amounts paid under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers. The Company does not have any loans or borrowings from any financial institution or government, nor has it issued any debentures 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 43 to the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

for B S R & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 116231W/ W100024

Vikash Somani

Partner
Membership No. 061272

Place: Hyderabad
Date: 13 July 2018

Dodla Dairy Limited

Annexure B To the Independent Auditor's Report on the Standalone Ind AS 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 over financial reporting of Dodla Dairy Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design

and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

Balance sheet

(₹ in millions except for share data or otherwise stated)

	Note	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	2,937.77	2,315.19	1,585.54
Capital work-in-progress	4	150.10	298.82	351.66
Intangible assets	5	6.07	2.83	1.78
Biological assets other than bearer plants				
Matured biological assets	6	20.34	17.68	12.89
Immatured biological assets	6	7.65	5.87	5.35
Financial assets				
Investments	7	478.94	407.84	340.07
Loans	8	147.07	205.93	38.22
Other financial assets	9	-	0.50	-
Income tax assets	29	38.52	38.52	38.52
Other non-current assets	10	81.04	136.68	331.11
Total non-current assets		3,867.50	3,429.86	2,705.14
Current assets				
Inventories	11	1,295.79	828.18	891.49
Financial assets				
Investments	12	598.49	683.54	637.10
Trade receivables	13	19.35	5.26	5.07
Loans	14	67.00	12.50	12.50
Cash and cash equivalents	15 (a)	110.98	69.37	91.85
Bank balances other than above	15 (b)	0.70	-	-
Derivatives	16	-	4.88	11.28
Other financial assets	17	1.63	1.39	1.30
Other current assets	18	46.00	273.26	27.30
Total current assets		2,139.94	1,878.38	1,677.89
Total assets		6,007.44	5,308.24	4,383.03
EQUITY AND LIABILITIES				
Equity				
Equity share capital	19	32.75	32.75	32.75
Other equity	20	3,395.65	2,874.10	2,417.97
Total equity		3,428.40	2,906.85	2,450.72
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	21	222.50	315.00	323.79
Deferred tax liabilities (net)	22	208.52	130.75	91.62
Government grants	23	34.52	14.46	15.91
Provisions	24	68.88	88.67	52.94
Total non-current liabilities		534.42	548.88	484.26
Current liabilities				
Financial liabilities				
Borrowings	25	943.13	968.37	707.27
Trade payables	26	592.52	486.38	423.53
Other financial liabilities	27	314.72	239.26	182.37
Government grants	23	2.86	1.46	1.46
Provisions	28	16.15	8.38	5.59
Current tax liabilities	29	131.41	107.98	93.93
Other current liabilities	30	43.83	40.68	33.90
Total current liabilities		2,044.62	1,852.51	1,448.05
Total liabilities		2,579.04	2,401.39	1,932.31
Total equity and liabilities		6,007.44	5,308.24	4,383.03

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 16 August 2017

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Seshu Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 16 August 2017

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

Statement of Profit and Loss

(₹ in millions except for share data or otherwise stated)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	31	15,372.67	14,099.84
Other income	32	63.50	71.45
Total income		15,436.17	14,171.29
Expenses			
Cost of materials consumed	33	12,407.11	10,976.15
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(417.14)	199.11
Employee benefits expense	35	613.13	522.03
Depreciation and amortisation expense	36	252.79	177.50
Finance costs	37	102.74	80.29
Other expenses	38	1,725.03	1,534.19
Total expenses		14,683.66	13,489.27
Profit before tax		752.51	682.02
Income tax expense			
- Current tax	39	177.19	182.63
- Deferred tax	39	69.67	40.56
Total tax expense		246.86	223.19
Profit for the year (A)		505.65	458.83
Other comprehensive income			
<i>Items that will not be reclassified subsequently to the statement of profit or loss</i>			
Remeasurement of the net defined benefit obligation		23.40	(4.13)
Income tax relating to these items	39	(8.10)	1.43
Other comprehensive income for the year (B)		15.30	(2.70)
Total comprehensive income for the year (A+B)		520.95	456.13
Earnings per share (nominal value of ₹ 10 each)	42		
Basic [in ₹]		154.41	140.11
Diluted [in ₹]		154.41	140.11
Weighted average number of equity shares used in computing earnings per share:			
- Basic		3,274,823	3,274,823
- Diluted		3,274,823	3,274,823

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 16 August 2017

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Sesha Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 16 August 2017

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

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	Securities premium	Retained earnings	Share options outstanding account	
Balance as at 01 April 2016	32.75	12.00	1,092.25	1,313.72	-	2,450.72
Profit for the year	-	-	-	458.83	-	458.83
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	(2.70)	-	(2.70)
Balance as at 31 March 2017	32.75	12.00	1,092.25	1,769.85	-	2,906.85

Particulars	Equity share capital	Other equity				Total equity attributable to owners of the Company
		Reserves and surplus				
		Capital 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
Profit for the year	-	-	-	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

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 16 August 2017

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Sesha Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 16 August 2017

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

Statement of cash flows

(₹ in millions except for share data or otherwise stated)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	752.51	682.02
Depreciation and amortisation expense	252.79	177.50
Gain on fair valuation of biological assets	(9.82)	(8.95)
Net loss on sale/ retirement of property, plant and equipment	4.62	1.83
Net loss on sale/ retirement of biological assets	3.67	2.59
Interest income	(3.28)	(3.23)
Finance costs	102.74	80.29
Dividend income from investment in mutual funds	(3.90)	(19.56)
Employee share based payment expenses	0.60	-
Net profit on sale of current investments	(0.82)	(3.73)
Fair value gain on financial assets measured at fair value through profit and loss, net	(32.51)	(26.83)
Government grants income	(4.32)	(1.88)
Unrealised foreign exchange gain, net	(0.34)	(1.15)
	1,061.94	878.90
Change in operating assets and liabilities		
Increase in trade receivables	(14.09)	(0.19)
(Increase)/ decrease in inventories	(467.61)	63.31
Decrease/ (increase) in loans and other financial assets	1.10	(9.76)
Decrease/ (increase) in other current and non-current assets	229.66	(251.36)
Increase in trade payables and other financial liabilities	160.47	89.49
Increase in employee benefit obligations	11.38	34.39
Increase in other current and non-current liabilities	3.15	6.78
	986.00	811.56
Cash generated from operations		
Income taxes paid, net	(158.13)	(219.06)
	827.87	592.50
Net cash inflow generated from operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(668.52)	(733.80)
Proceeds from sale of property, plant and equipment and intangible assets	2.62	1.40
Proceeds from sale of biological assets	1.71	1.05
Purchase of shares in subsidiary	-	(67.77)
Purchase of mutual funds	(445.57)	(260.88)
Proceeds from sale of mutual funds	492.85	245.00
Interest/ dividend received	6.94	22.70
Deposits placed (having original maturity of more than three months), net	(0.20)	(0.50)
	(610.17)	(792.80)
Net cash inflow used in investing activities		

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from financing activities		
Receipt of long term borrowings from banks	-	70.00
Repayment of long term borrowings to banks	(72.82)	(54.07)
Receipt of government grant	25.78	0.43
(Repayment)/ receipt of short term borrowings, net	(250.00)	275.00
Finance costs paid	(103.81)	(99.64)
Net cash inflow (used in)/ generated from financing activities	(400.85)	191.72
Net decrease in cash and cash equivalents	(183.15)	(8.58)
Cash and cash equivalents at the beginning of the year	(274.00)	(265.42)
Cash and cash equivalents at end of the year	(457.15)	(274.00)

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

	As at March 31, 2018	As at March 31, 2017
Cash on hand	14.46	18.54
Balances with banks		
- in current accounts	46.52	50.83
- in deposit accounts (with original maturity of less than three months)	50.00	-
Cash credit and overdraft balances	(568.13)	(343.37)
Balances as per statement of cash flows	(457.15)	(274.00)

Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 16 August 2017

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Sesha Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 16 August 2017

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

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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 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 financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows is provided in note 50.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 13 July 2018

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
Shared-based payments	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

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 38(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 year ending 31 March 2019 is included in the following notes:

- Note 6 - determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 24 - measurement of defined benefit obligations: key actuarial assumptions;

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

- Note 40 - 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 48 - 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 48(b) - Financial instruments
- Note 19(e) - Share based payment arrangement

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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as on 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer note 50).

iii. 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.

iv. 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	1 years
Temporary Structures	10 years	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.

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.

v. 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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (see note 50).

(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

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment

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

(e) Leases

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

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the date of inception is deemed to be 1 April 2016 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Financial liabilities

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

Investment in subsidiaries and associates

Investment in subsidiaries and associates is carried at cost in the financial statements.

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

(h) Revenue recognition

Revenue from sale of goods is recognised, when the significant risks and rewards of ownership have transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Revenue from the sale of goods and sale of scrap is measured at the fair value of the consideration received or receivable, exclusive of sales tax and net of sales return, trade discounts and volume rebates.

Revenue from service rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date, based on the terms and conditions of the relevant agreement.

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

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. 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

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, 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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

(m) Income tax

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

i. Current tax

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

ii. Deferred tax

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, 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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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

ii. Share-based payment transactions

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

iii. Defined contribution plans

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

iv. Defined benefit plans

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

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

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

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

(q) Cash and cash equivalents

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

(r) Cash flow statement

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

(s) Recent accounting pronouncements

Standards issued but not yet effective

On 28 March 2018, 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 annual periods beginning on or after 1 April 2018:

1. Ind AS 115 - Revenue from Contracts with Customers
2. Ind AS 21 - The effect of changes in Foreign Exchange rates

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 21 – The effect of changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company has completed an initial assessment of the potential impact of the amendment on the financial statements. There is no material impact of adoption of clarification on the financial statements.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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 2017	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 equipments	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

Description	Gross carrying amount			Accumulated depreciation			Carrying amounts (net)		
	As at 01 April 2017	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	305.90	38.93	-	344.83	-	-	-	-	344.83
Buildings	363.26	250.29	0.07	613.48	-	15.15	-	15.15	598.33
Plant and equipment	710.78	469.68	2.40	1,178.06	-	76.57	-	76.57	1,101.49
Electrical installation	49.37	31.15	0.07	80.45	-	8.00	-	8.00	72.45
Electronic data processors	6.23	6.78	0.08	12.93	-	4.06	-	4.06	8.87
Office equipments	5.72	9.23	0.03	14.92	-	2.33	-	2.33	12.59
Furniture and fixtures	14.13	25.56	0.08	39.61	-	2.39	-	2.39	37.22
Laboratory equipment	116.25	73.80	0.50	189.55	-	65.24	-	65.24	124.31
Vehicles	13.90	3.90	-	17.80	-	2.70	-	2.70	15.10
Total	1,585.54	909.32	3.23	2,491.63	-	176.44	-	176.44	2,315.19
Add: Capital work-in-progress									298.82
									2,614.01

(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 41 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 2018: ₹ 2,937.77, 31 March 2017: ₹ 2,315.19, 01 April 2016: ₹ 1,585.54.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

5. Intangible assets

Reconciliation of carrying amount

	As at 31 March 2018	As at 31 March 2017
Gross carrying amount at the beginning of the year	3.89	1.78
Additions	5.55	2.11
Disposals	0.02	-
Gross carrying amount at the end of the year	9.42	3.89
Accumulated amortisation at the beginning of the year	1.06	-
Amortisation expense	2.30	1.06
Disposals	0.01	-
Accumulated amortisation at the end of the year	3.35	1.06
Carrying amount (net) at the end of the year	6.07	2.83

6. Biological assets other than bearer plants

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Matured Biological Assets	20.34	17.68	12.89
Immatured Biological Assets	7.65	5.87	5.35
	27.99	23.55	18.24
		23.55	

Reconciliation of carrying amount:

	As at 31 March 2018		As at 31 March 2017	
	Matured biological assets	Immatured biological assets	Matured biological assets	Immatured biological assets
Balance at the beginning of the year	17.68	5.87	12.89	5.35
Change in fair value (refer note 32)	4.26	5.56	5.33	3.62
Cattles matured during the year	3.36	(3.36)	3.05	(3.05)
Cattles sold/ discarded during the year	(4.96)	(0.42)	(3.59)	(0.05)
Balance at the end of the year	20.34	7.65	17.68	5.87

As at 31 March 2018, there were 212 cattle (31 March 2017: 202 cattle, 01 April 2016: 170 cattle) as immatured biological assets and 245 cattle (31 March 2017: 221 cattle, 01 April 2016: 183 cattle) as matured biological assets. During the current year, the Company has sold/ discarded 76 cattle (year ended 31 March 2017: 52 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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

7. Non-current investments

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Investment in equity instruments			
Carried at cost less provision for other than temporary impairment			
<i>Unquoted</i>			
Investment in subsidiary			
Dodla Holding Pte. Limited, Singapore	407.84	407.84	340.07
6,606,628 (31 March 2017: 6,606,628; 01 April 2016: 5,500,000) 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	38.67
3,866,923 (31 March 2017: 3,866,923; 01 April 2016: 3,866,923) equity shares of face value ₹ 10 each, fully paid up			
Less: Provision for impairment	(38.67)	(38.67)	(38.67)
Investment in quoted mutual funds (carried at fair value through profit and loss (FVTPL))	71.10	-	-
	478.94	407.84	340.07
Aggregate value of non-current investments - unquoted	446.51	446.51	378.74
Aggregate book/ market value of non-current investments - quoted	71.10	-	-
Aggregate provision for impairment in value of investment	(38.67)	(38.67)	(38.67)

8. Non-current loans

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured, considered good			
Security deposits	56.88	45.48	35.72
Amounts receivable from vendors	90.19	160.45	2.50
Unsecured, considered doubtful			
Amounts receivable from vendors	5.00	2.50	2.50
Less: Provision for doubtful advances	(5.00)	(2.50)	(2.50)
	147.07	205.93	38.22

9. Other non-current financial assets

Balance with bank held as margin money*	-	0.50	-
	-	0.50	-

* Represents margin money deposits against bank guarantee.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

10. Other non-current assets

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Capital advances			
Unsecured, considered good	3.01	56.35	300.10
Unsecured, considered doubtful	0.03	0.03	0.03
Less : Provision for doubtful advances	(0.03)	(0.03)	(0.03)
Advances other than capital advances (Unsecured, considered good)			
Salary advances to key managerial person**	3.00	5.40	-
Taxes paid under protest	75.03	74.93	31.01
	81.04	136.68	331.11

** Includes outstanding balances as disclosed under note 43 (iii)

11. Inventories*

Raw materials and packing materials	211.42	173.87	44.43
Work-in-progress	455.92	242.34	297.24
Finished goods**	593.43	389.87	533.72
Stock-in-trade	-	-	0.36
Stores and spares	35.02	22.10	15.74
	1,295.79	828.18	891.49
Carrying amount of inventories (included in above) pledged as securities for borrowings	1,295.79	828.18	891.49

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

** include goods-in-transit amounting to ₹ Nil (31 March 2017: ₹ 16.89; 01 April 2016: ₹ 25.11).

The write down of inventories to net realisable value during the year amounted to ₹ 0.82 (31 March 2017: ₹ 0.10, 01 April 2016: ₹ 30.30). The write down are included in cost of materials consumed or changes in inventories of finished goods, stock-in-trade and work-in-progress.

12 Current investments

Investment in quoted mutual funds (carried at FVTPL)	598.49	683.54	637.10
	598.49	683.54	637.10
Carrying amount of investments (included in above) pledged as securities for borrowings	531.42	632.79	395.52
Aggregate book/ market value of current investments - quoted	598.49	683.54	637.10
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 48.			

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

13. Trade receivables

As at	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured, considered good	19.35	5.26	5.07
Unsecured, considered doubtful	0.45	0.45	3.03
	19.80	5.71	8.10
Less: Allowance for doubtful debts	(0.45)	(0.45)	(3.03)
	19.35	5.26	5.07
Carrying amount of receivables (included in above) pledged as securities for borrowings	19.35	5.26	5.07

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 48.

14. Current loans

<i>Unsecured, considered good</i>			
Loans to director (refer note 47)**	-	12.50	12.50
Amounts receivable from vendors	67.00	-	-
	67.00	12.50	12.50

** Forms a part of outstanding balances as disclosed under note 43 (iii)

15. Cash and bank balances

(a) Cash and cash equivalents:			
Cash on hand	14.46	18.54	12.80
Balances with banks			
- in current accounts#	46.52	50.83	79.05
- in deposit accounts (with original maturity of less than three months)	50.00	-	-
	110.98	69.37	91.85
(b) Other bank balances*	0.70	-	-
	0.70	-	-

Current account balances with banks include funds which are not freely available amounting to ₹ Nil (31 March 2017: ₹ 13.53; 01 April 2016: ₹ 13.53) (refer note 43(c))

* Represents margin money deposits against bank guarantee.

16. Derivatives

Cross currency interest rate swaps	-	4.88	11.28
	-	4.88	11.28

Details about the Company's exposure to credit and market risks and fair value measurement is included in note 48.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

17. Other current financial assets

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<i>Unsecured, considered good</i>			
Interest accrued **	1.63	1.39	1.30
Unsecured, considered doubtful			
Share application money pending allotment - Dodla Milk Processing Plc - Ethiopia (refer note 43(c))	-	2.30	2.30
Less: provision for doubtful advances	-	(2.30)	(2.30)
	1.63	1.39	1.30

** Forms a part of outstanding balances as disclosed under note 43 (iii)

18. Other current assets

Advances other than capital advances:			
<i>Unsecured considered good:</i>			
Salary advances to employees	3.74	3.13	2.32
Salary advances to key managerial person**	2.40	2.40	3.48
Prepaid expenses	19.18	14.04	7.86
Advance to suppliers	6.45	244.44	6.87
Other advances**	8.19	9.25	6.77
Balance with government authorities	6.04	-	-
Unsecured, considered doubtful:			
Other advances**	53.64	53.64	53.64
Less : Provision for doubtful advances	(53.64)	(53.64)	(53.64)
	46.00	273.26	27.30

** Includes a part of outstanding balances as disclosed under note 43 (iii)

19. Equity share capital

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Authorised			
75,000,000 (31 March 2017: 6,000,000, 01 April 2016: 6,000,000) equity shares of ₹ 10 each	750.00	60.00	60.00
	750.00	60.00	60.00
Issued, subscribed and paid up share capital			
3,274,823 (31 March 2017: 3,274,823, 01 April 2016: 3,274,823) equity shares of ₹ 10 each fully paid up	32.75	32.75	32.75
	32.75	32.75	32.75

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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

	As at 31 March 2018		As at 31 March 2017	
	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 year	-	-	-	-
Outstanding at the end of the year	3,274,823	32.75	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 2018 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:

- an amount equal to the investment amount, plus any accrued or declared but unpaid dividends on its investor shares; and
- such amount as is equivalent to its 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.

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

	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹10/- each fully paid-up						
Mr. D. Sunil Reddy	832,124	25.41%	832,124	25.41%	832,124	25.41%
Mrs. D. Girija Reddy	1	0.00%	822,120	25.10%	822,120	25.10%
Mrs. D. Deepa Reddy	363,256	11.09%	363,256	11.09%	363,256	11.09%
Mr. D. Subba Reddy	1	0.00%	337,499	10.31%	337,499	10.31%
Mr. D. Sessa Reddy	1,195,238	36.50%	-	-	-	-
Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd	-	-	774,823	23.66%	774,823	23.66%
TPG Dodla Dairy Holdings Pte. Ltd.	884,202	27.00%	-	-	-	-

- 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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

(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 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.

Movement in the options under the Plan

	No. of options	
	As at 31 March 2018	As at 31 March 2017
Options outstanding at the beginning of the year	-	-
Options granted during the year	49,122	-
Options exercised during the year	-	-
Options exercisable at the end of the year	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%

20. Other equity

Particulars	Attributable to the owners of the Company				Total
	Capital redemption reserve	Securities premium	Retained earnings	Share options outstanding account	
Balance as at 01 April 2016	12.00	1,092.25	1,313.72	-	2,417.97
Additions:					
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	(2.70)	-	(2.70)
Net profit after tax transferred from the statement of profit and loss	-	-	458.83	-	458.83
Balance as at 31 March 2017	12.00	1,092.25	1,769.85	-	2,874.10

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Particulars	Capital redemption reserve	Securities premium	Retained earnings	Share options outstanding account	Total
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

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.

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 19(e)).

21. Non-current borrowings

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<i>Secured</i>			
Term loans			
- from banks (refer below)	222.50	315.00	323.79
	222.50	315.00	323.79

Terms of repayment for secured term loans from banks:

- Term loan of USD 2 was an External Commercial Borrowing (ECB) loan taken from Standard Chartered Bank ('SCB') during the financial year 2012-2013 which carried interest rate equal to 3 months USD LIBOR plus 3% per annum. It was repayable in 16 quarterly installments of USD 0.13 each commencing from 15 May 2014. The term loan was secured by first exclusive hypothecation charge on all machinery acquired using this loan and personal guarantees furnished by the directors of the Company Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ Nil (31 March 2017: ₹ 32.42 ; 01 April 2016: ₹ 66.33). The loan has been repaid during the current year.
- Term loan of ₹ 55 was taken from SCB during the financial year 2013-2014 which carries interest at the rate of 10.25% per annum. It was repayable in 3 equal annual installments of ₹ 18.33 each commencing from 30 November 2014. The term loan was secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the directors of the Company, Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is Nil (31 March 2017: ₹ Nil; 01 April 2016: ₹ 18.33).
- 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 and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 60.93 (31 March 2017: ₹ 65.00; 01 April 2016: ₹ 65.00).

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

- 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 and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 93.75 (31 March 2017: ₹ 100; 01 April 2016: ₹ 100).
- 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 and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount as at 31 March 2018 is ₹ 28.13 (31 March 2017: ₹ 40.62; 01 April 2016: ₹ 50.00).
- 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 and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 23.44 (31 March 2017: ₹ 25.00; 01 April 2016: ₹ 25.00).
- 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 and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 56.25 (31 March 2017: ₹ 60.00; 01 April 2016: ₹ 60.00).
- 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 2018 is ₹ 52.50 (31 March 2017: ₹ 70.00; 01 April 2016: ₹ Nil).

Aggregate amount of loans (including current maturities) guaranteed by the directors of the Company outstanding as at 31 March 2018 is ₹ 315.00 millions (31 March 2017: ₹ 393.04, 01 April 2016: ₹ 384.66)

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 48.

22. Deferred tax liabilities

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
The balance comprises temporary differences attributable to:			
Deferred tax liabilities			
On account of property, plant and equipment (PPE)	246.37	175.96	130.78
Fair value changes in mutual funds	16.99	14.71	9.45
Others	5.02	2.81	0.19
Deferred tax assets			
Provision for employee benefits	(39.40)	(42.34)	(27.52)
Provision for doubtful debts and advances	(20.46)	(20.39)	(21.28)
Net deferred tax liabilities	208.52	130.75	91.62

Also refer note 39, for tax expense.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Movement in deferred tax liabilities/ (assets)

	On account of PPE	Fair value changes in mutual funds	Provision for employee benefit	Provision for doubtful debts and advances	Others	Total
Balance as at 01 April 2016	130.78	9.45	(27.52)	(21.28)	0.19	91.62
Charged/ (credited):						
- to profit or loss	45.18	5.26	(13.39)	0.89	2.62	40.56
- to other comprehensive income	-	-	(1.43)	-	-	(1.43)
Balance as at 31 March 2017	175.96	14.71	(42.34)	(20.39)	2.81	130.75

	On account of PPE	Fair value changes in mutual funds	Provision for employee benefit	Provision for doubtful debts and advances	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

23. Government grants

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current	34.52	14.46	15.91
Current	2.86	1.46	1.46
	37.38	15.92	17.37

Movement of government grants:

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	15.92	17.37
Add: Received during the year	25.78	0.43
Less: Released to statement of profit and loss (refer note 32)	(4.32)	(1.88)
Balance at the end of the year	37.38	15.92

24. Non-current provisions

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Provision for employee benefits			
Compensated absences	53.32	54.54	35.32
Gratuity (refer note (ii) below)	15.56	34.13	17.62
	68.88	88.67	52.94

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

(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.

(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 balance sheet and the movements in the defined benefit obligation and plan assets over the years are as follows:

	As at 31 March 2018			As at 31 March 2017		
	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)	60.21	(22.24)	37.97	42.60	(22.25)	20.35
Current service cost	14.48	-	14.48	12.20	-	12.20
Past service cost	2.78	-	2.78	-	-	-
Interest cost	4.03	-	4.03	3.11	-	3.11
Expected returns	-	(1.49)	(1.49)	-	(1.72)	(1.72)
Total amount recognised in profit or loss (B)	21.29	(1.49)	19.80	15.31	(1.72)	13.59
<i>Remeasurements</i>						
(Gain)/ loss from change in demographic assumptions	(3.58)	-	(3.58)	-	-	-
(Gain)/ loss from change in financial assumptions	(20.37)	-	(20.37)	4.72	0.10	4.82
Experience losses/ (gains)	1.43	(0.88)	0.55	(0.69)	-	(0.69)
Total amount recognised in other comprehensive income (C)	(22.52)	(0.88)	(23.40)	4.03	0.10	4.13
Contributions (D)	-	(12.55)	(12.55)	-	(0.10)	(0.10)
Benefit paid (E)	(1.35)	1.35	-	(1.73)	1.73	-
Closing balance (A+B+C+D+E)	57.63	(35.81)	21.82	60.21	(22.24)	37.97

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

b) Significant estimates: actuarial assumptions

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

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Discount rate	7.60%	6.69%	7.46%
Salary escalation rate	10.00%	12.00%	12.00%
Employee attrition rate	12.00%	8.00%	8.00%
Retirement age	58 years	58 years	58 years

- 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.
- 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 2018		As at 31 March 2017		As at 01 April 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	53.76	62.07	54.21	67.39	38.32	47.69
Salary escalation rate (1% movement)	61.81	53.90	66.24	54.88	47.02	38.67
Employee attrition rate (1% movement)	56.96	58.40	57.79	63.04	41.19	44.21

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 2018	As at 31 March 2017	As at 01 April 2016
Funds managed by Life Insurance Corporation of India	35.81	22.24	22.25
Total	35.81	22.24	22.25

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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

f) Maturity profile of defined benefit obligation:

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
1st following year	6.26	4.00	2.73
2nd following year	7.11	3.69	2.97
3rd following year	7.73	4.16	3.32
4th following year	6.64	4.42	3.76
5th following year	5.79	3.90	3.71
Thereafter	81.56	74.19	110.52

25. Current borrowings

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Loans repayable on demand from banks			
<i>Secured</i>			
Cash credit	212.80	-	15.49
Overdraft	355.33	343.37	341.78
Other loans from banks			
<i>Secured</i>			
Working capital demand loans	375.00	625.00	250.00
<i>Unsecured</i>			
Working capital demand loan	-	-	100.00
	943.13	968.37	707.27

Terms of repayment of short-term borrowings from banks:

Secured

i) ICICI Bank:

- The Company has 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 and a pari-passu second charge on the fixed assets of the Company which are both movable and immovable in nature (except for the fixed assets funded out of HDFC term loan) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Cash credit carries an interest rate of 8.95% per annum and working capital demand loan carries an interest rate of 7.00% to 8.00% per annum.
- The Company has 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.

ii) **Standard Chartered Bank (SCB):** The Company has 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 7.21% to 7.76% per annum.

iii) **Kotak Mahindra Bank :** The Company has 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 charge on all the 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 7.70% to 8.10% per annum.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

iv) HDFC Bank:

- The Company has 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 and second charge on all the fixed assets of the Company other than those financed by ICICI Bank and SCB Bank 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.
- The Company had taken bank overdraft facility from HDFC 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.

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

- The Company has taken overdraft and working capital demand loan facility from HSBC Bank. 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 7.60% to 9.10% per annum.
- The Company had taken bank overdraft 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 9.10% per annum.

Unsecured

- vi) HDFC Bank:** The Company had taken a short-term loan from HDFC Bank, secured by post dated cheques and personal guarantee furnished by the director of the Company Mr. Sunil Reddy and carried an interest rate of 9.30% to 10.25% per annum. The same was repaid in the previous year.

Aggregate amount of loans guaranteed by the directors of the Company outstanding as at 31 March 2018 is ₹ 587.80 millions (31 March 2017: ₹ 625.00, 01 April 2016: ₹ 365.49)

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 48.

26. Trade payables

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Total outstanding dues of micro and small enterprises (refer note below)	-	0.01	-
Total outstanding dues of other than micro and small enterprises **	592.52	486.37	423.53
	592.52	486.38	423.53

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

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

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:			
- Principal	-	0.01	-
- Interest	-	-	-

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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 the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
iv) 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.	-	-	-
v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
vi) 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 deductible expenditure under the MSMED Act, 2006	-	-	-
	-	0.01	-

** Includes a part of outstanding balances as disclosed under note 43 (iii)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 48.

27. Other financial liabilities

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Current maturities of long term debt from banks (refer note 21)	92.50	78.04	60.87
Interest accrued but not due on borrowings	2.72	4.63	5.38
Capital creditors	33.29	24.71	10.88
Employee payables**	89.24	58.19	60.61
Security deposits	96.97	73.69	44.63
	314.72	239.26	182.37

** Includes a part of outstanding balances as disclosed under note 43 (iii)

The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 48.

28. Current provisions

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Provision for employee benefits			
Compensated absences	9.89	4.54	2.86
Gratuity (refer note 24)	6.26	3.84	2.73
	16.15	8.38	5.59

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

29. Income tax assets and current tax liabilities

Current tax liability	131.41	107.98	93.93
Current tax asset	(38.52)	(38.52)	(38.52)
	92.89	69.46	55.41

Also refer note 39, for tax expense.

30. Other current liabilities

Advances from customers	15.82	22.53	21.52
Statutory dues (including provident fund and tax deducted at source)	28.01	18.15	12.38
	43.83	40.68	33.90

31. Revenue from operations

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Sale of goods:		
- Finished goods	15,359.62	14,092.84
Sale of services		
- Conversion service charges	6.66	1.19
Other operating revenue		
- Sale of scrap	6.39	5.81
	15,372.67	14,099.84

32. Other income

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Interest income		
- on deposits	0.03	0.02
- on others	3.28	3.23
Amortisation of government grants (refer note (i) below and note 23)	4.32	1.88
Changes in fair value of biological assets (refer note 6)	9.82	8.95
Fair value gain on financial assets measured at fair value through profit and loss	32.51	26.83
Dividend income from investment in mutual funds	3.90	19.56
Profit on sale of investments in mutual funds, net	0.82	3.73
Gain on account of foreign exchange fluctuations, net	0.34	0.35
Other non-operating income	8.48	6.90
	63.50	71.45

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

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

33. Cost of materials consumed

Inventory of materials at the beginning of the year	173.87	44.43
Add: Purchases	12,444.66	11,105.59
Less: Inventory of materials at the end of the year	211.42	173.87
	12,407.11	10,976.15

34. Changes in inventories of finished goods, work-in-progress and stock-in-trade

a) Finished goods		
Opening stock	389.87	533.72
Closing stock	(593.43)	(389.87)
	(203.56)	143.85
b) Work-in-progress		
Opening stock	242.34	297.24
Closing stock	(455.92)	(242.34)
	(213.58)	54.90
c) Stock-in-trade		
Opening stock	-	0.36
Closing stock	-	-
	-	0.36
	(417.14)	199.11

35. Employee benefits expense

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Salaries, wages and bonus	546.80	470.49
Employee share based payment expenses (refer notes 19(e) and 20)	0.60	-
Contribution to provident and other funds	39.69	31.74
Expenses related to post-employment defined benefit plans (refer note 24)	19.80	13.59
Staff welfare expenses	6.24	6.21
	613.13	522.03

36. Depreciation and amortisation expense

Depreciation of property, plant and equipment	250.49	176.44
Amortisation of intangible assets	2.30	1.06
	252.79	177.50

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

37. Finance costs

Interest expense on loan from banks	98.45	72.87
Other interest costs	4.27	6.56
Other borrowing costs	0.02	0.86
	102.74	80.29

38. Other expenses

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Power and fuel	265.77	224.93
Consumption of stores and spare parts	122.72	100.58
Conversion and processing charges	-	0.63
Milk procurement expenses	10.94	10.55
Freight inward and handling	390.91	341.64
Repairs and maintenance:		
- building	22.87	13.67
- machinery	20.16	8.17
- other assets	2.41	2.01
Rent (refer note (i) below)	50.65	46.62
Rates and taxes	23.34	21.43
Communication expenses	9.86	10.04
Printing and stationery	7.23	4.66
Travelling and conveyance	47.39	43.22
Vehicle hire charges	8.03	8.16
Bank charges	4.11	5.48
Legal and professional charges (refer note (ii) below)	45.87	47.87
Security expenses	28.28	23.52
Bad debts written off	0.06	2.75
Advances written off	2.33	-
Provision for doubtful debts	-	(2.58)
Provision for doubtful advances	0.20	-
Insurance	12.24	9.69
Loss on sale/ retirement of property, plant and equipment, net	4.62	1.83
Loss on sale/ retirement of biological assets	3.67	2.59
Corporate social responsibility (refer note (iii) below)	6.19	0.22
Freight and forwarding	152.30	176.45
Advertisement expenses	49.25	59.79
Distribution expenses	403.65	345.83
Miscellaneous expenses	29.98	24.44
	1,725.03	1,534.19

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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 ₹ 50.65 (31 March 2017: ₹ 46.62) 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	5.31	4.60
Other services	-	0.52
Out-of-pocket expenses	0.28	0.25
	5.59	5.37

(iii) Corporate social responsibility

Gross amount required to be spent by the Company during the year amounts to ₹ 10.43 (31 March 2017: ₹ 8.48)

Amount spent during the year ended 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

Amount spent during the year 31 March 2017 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	-
Purposes other than construction or acquisition of assets	0.22	-	0.22

39. Income tax expense

(a) Amounts recognised in profit or loss

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Current tax	177.19	182.63
Deferred tax	69.67	40.56
	246.86	223.19

(b) Amounts recognised in other comprehensive income

Current tax	-	-
Deferred tax	8.10	(1.43)
	8.10	(1.43)

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

(c) Reconciliation of effective tax rate

	For the Year ended 31 March 2018		For the Year ended 31 March 2017	
Profit before tax		752.51		682.02
Tax using the Company's domestic tax rate	34.61%	260.43	34.61%	236.05
Tax effect of:				
Income exempted under Income-tax Act, 1961	-1.13%	(8.50)	-1.70%	(11.58)
Adjustment for items taxed at a lower rate	-	-	-0.51%	(3.45)
Others	-0.67%	(5.07)	0.32%	2.17
	32.81%	246.86	32.72%	223.19

40. Contingent liabilities

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Claims against the Company not acknowledged as debts :			
Income tax matters	0.99	0.99	0.99
Indirect tax matters	6.44	4.09	-

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.

41. Commitments

Capital commitments:

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances)	9.80	57.05	120.44

42. Earnings per share ('EPS')

For the year ended	As at 31 March 2018	As at 31 March 2017
Earnings		
Profit attributable to equity shareholders (A)	505.65	458.83
Shares		
Weighted average number of equity shares outstanding during the period for computing basic EPS (B)	3,274,823	3,274,823
Add: Dilutive effect of employee stock options	-	-
Weighted average shares used for computing diluted EPS (C)	3,274,823	3,274,823
Basic earnings per share of face value of ₹ 10 (A/B)	154.41	140.11
Diluted earnings per share of face value of ₹ 10 (A/C)	154.41	140.11

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

43. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) Names of related parties and nature 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)
Relatives of KMP	Mr. Sessa 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)

(ii) Details of transactions with the above related parties:

Transactions	For the year ended 31 March 2018	For the year ended 31 March 2017
Lease rent paid		
- Dodla Dairy, Vinjimuru	1.20	1.20
- Surekha Milk Chilling Centre	0.90	0.90
- Dodla Nutri Feeds LLP	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	74.02	42.38
- Post employment benefits	2.14	2.14
Purchase of raw material		
- GVC	9.03	6.24
- Dodla Nutri Feeds LLP	0.22	-

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Sale of finished goods, (net of discounts)		
- Mr. Sunil Reddy	-*	0.05
- Mrs. Surekha Reddy	-*	0.02
Expenditure incurred on behalf of		
- GVC	6.77	6.91
- Lakeside Dairy Limited, Uganda	1.28	1.57
- Dodla Dairy Kenya Limited	0.73	-
Consultancy expense		
- Oremus Corporate Services Private Limited	0.90	1.03
- Mr. Sessa Reddy	3.60	3.60
- Ms. Shilpa Reddy	0.60	0.05
Interest income		
- Mr. Sunil Reddy	0.92	1.13
Repayment of unsecured loan		
- Mr. Sunil Reddy	12.50	-
Investment made in the shares		
- Shares subscribed in Dodla Holdings Pte. Limited, Singapore	-	67.77
Purchase of goods		
-Tropical Bovine Genetics Private Limited	0.54	-

* 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.

(iii) Balances with related parties:

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Loans			
- Mr. Sunil Reddy – Loan to director	-	12.50	12.50
Other current financial assets			
- Mr. Sunil Reddy – Interest accrued	-	0.10	0.10
Other current and non-current assets			
- GVC - Other advances	55.17	57.55	53.64
- GVC – Provision for doubtful advances	(53.64)	(53.64)	(53.64)
- Mr. Sunil Reddy – Advance given against salary, net	-	-	3.48
- Mr. B.V.K. Reddy – Advance given against salary, net	-	7.80	-
- Lakeside Dairy Limited – Other advances	0.59	0.55	0.03
Other financial liabilities and trade payable			
- Oremus Corporate Services Private Limited – Consultancy fees payable	0.08	0.09	0.28
- Ms. Shilpa Reddy – Consultancy fees payable	-	0.05	-
- Mr. Sunil Reddy - Remuneration payable, net	0.52	0.84	-
- Mr. B.V.K Reddy - Remuneration payable, net	9.28	-	10.56

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Notes:

- The borrowings of the Company are secured by personal guarantees given by the director of the Company, Mr. Sunil Reddy as detailed in note 21 and 25.
- 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 ₹ 0.60 (31 March 2017 - ₹ Nil) is also not included in the remuneration disclosed above.
- During the year 2013-14, the Company has paid share application money pending allotment to Dodla Milk Processing Plc amounting to ₹ 14.74. During the year 2014-15, the Board of Directors of the Company has decided to wind up Dodla Milk Processing Plc since it does not intend to pursue the business opportunities in Ethiopia and it stands dissolved on 24 November 2015. Shares of Dodla Milk Processing Plc were not allotted to the Company. Subsequently, the Company had initiated process of settling the dues and repatriating the funds to India and has received ₹ 13.53, which was deposited in nostro account with Authorised dealer. The Company is required to obtain approval from Reserve Bank of India ('RBI') to utilise these funds. Accordingly, the Company had made necessary application with RBI, who in turn has issued a letter to the Company intimating the contravention made by the Company. The Company has filed the requisite applications to the RBI for compounding of the contraventions. During the current year, RBI has compounded the said offence and accordingly, the Company can now utilise the fund of ₹ 13.53 received from Ethiopia.

44. 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 Financial Statements as at 31 March 2018, 31 March 2017 and 01 April 2016 and for the years ended 31 March 2018 and 31 March 2017.

45. Specified Bank Notes ("SBN")

Details of Specified Bank Notes (SBNs) held and transacted during the period from 8 November, 2016 to 30 December, 2016 are as below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	1.04	2.00	3.04
Add: Permitted receipts#	130.47	1,001.32	1,131.79
Less: Permitted payments	-	6.09	6.09
Less: Amount deposited in banks	131.51	989.93	1,121.44
Closing cash in hand as on 30 December 2016	-	7.30	7.30

The Management has obtained an opinion from an independent legal counsel and is of the view that the cash collected in specified bank notes in the normal course of the business is covered under the ambit of exemption provided under clause (d) of the notification S.O.3408(E) dated 8th November 2016 issued by the Ministry of Finance, allowing the use of specified bank notes for purchase at milk booths operating under authorisation of the Central or State Governments until 15 December 2016 (originally 11 November 2016, amended by notifications issued from time to time). Hence, the above specified bank notes collected are considered as permitted receipts.

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

46. 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.

47. 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.

Movement in the balance during the year:

Particulars	Amount
As at 01 April 2016	12.50
Given during the financial year 2016-17	-
Repaid during the financial year 2016-17	-
As at 31 March 2017	12.50
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	(12.50)
As at 31 March 2018	-

48. Financial instruments - fair values and risk management

Accounting classification and fair values

Financial category	instruments	by	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016		Fair value level
			Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	
Financial Assets									
	Investments in mutual funds (refer note (a) below)		-	669.59	-	683.54	-	637.10	Level 1
	Investment in subsidiary and associate		407.84	-	407.84	-	340.07	-	-
	Trade receivables		19.35	-	5.26	-	5.07	-	-
	Cash and cash equivalents		110.98	-	69.37	-	91.85	-	-
	Bank balances other than above		0.70	-	-	-	-	-	-
	Non-current loans		147.07	-	205.93	-	38.22	-	-
	Current loans		67.00	-	12.50	-	12.50	-	-
	Other non-current financial assets		-	-	0.50	-	-	-	-
	Other current financial assets		1.63	-	1.39	-	1.30	-	-
	Derivatives (refer note (b) below)		-	-	-	4.88	-	11.28	Level 2
Total Financial Assets			754.57	669.59	702.79	688.42	489.01	648.38	

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Financial Liabilities							
Borrowings (current and non-current)	1,258.13	-	1,361.41	-	1,091.93	-	-
Trade payables	592.52	-	486.38	-	423.53	-	-
Interest accrued but not due on borrowings	2.72	-	4.63	-	5.38	-	-
Capital creditors	33.29	-	24.71	-	10.88	-	-
Security deposits	96.97	-	73.69	-	44.63	-	-
Employee payables	89.24	-	58.19	-	60.61	-	-
Total Financial Liabilities	2,072.87	-	2,009.01	-	1,636.96	-	-

Measurement of fair values

The carrying amount of the current financial assets and current financial liabilities are considered to be same as their fair values, due to their short term nature.

- (a) The fair valuation of investments in mutual funds is classified as level 1 in the fair value hierarchy as they are determined based on their quoted prices.
- (b) The fair valuation of derivative financial assets is classified as level 2 in the fair value hierarchy as they are determined based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

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 Receivable 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.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Reconciliation of expected credit loss- Trade receivables

	Amount
Expected credit loss on 01 April 2016	3.03
Changes in loss allowance	(2.58)
Expected credit loss on 31 March 2017	0.45
Changes in loss allowance	-
Expected credit loss on 31 March 2018	0.45

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 central treasury team monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows and any excess/ short liquidity is managed in the form of inter corporate deposits.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 and 01 April 2016. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

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

Particulars	As at 31 March 2017				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	486.38	486.38	486.38	-	-
Borrowings	1,361.41	1,456.67	1,087.00	119.62	250.05
Other financial liabilities	161.22	161.22	161.22	-	-
	2,009.01	2,104.27	1,734.60	119.62	250.05

Particulars	As at 01 April 2016				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	423.53	423.53	423.53	-	-
Borrowings	1,091.93	1,212.63	809.24	92.84	310.55
Other financial liabilities	121.50	121.50	121.50	-	-
	1,636.96	1,757.66	1,354.27	92.84	310.55

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

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 2018	As at 31 March 2017	As at 01 April 2016
Variable rate borrowings	1,258.13	1,361.41	1,073.60
Total	1,258.13	1,361.41	1,073.60

At the end of the reporting period, the Company had the following variable rate borrowings :

	As at 31 March 2018			As at 31 March 2017			As at 01 April 2016		
	Weighted Average Interest rate %	Balance	% of total outstanding payable/ receivable	Weighted Average Interest rate %	Balance	% of total outstanding payable/ receivable	Weighted Average Interest rate %	Balance	% of total outstanding payable/ receivable
Financial Liabilities									
Long term borrowings (including current maturities)	9.70%	315.00	25.04%	9.70%	393.04	28.87%	9.37%	366.33	34.12%
Current borrowings	7.97%	943.13	74.96%	8.15%	968.37	71.13%	8.42%	707.27	65.88%
Total		1,258.13			1,361.41			1,073.60	

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		As at 31 March 2018	As at 31 March 2017
Interest rate - Increases by 50 basis points	The profit or loss is sensitive to higher/ lower interest expense and interest income as a result of changes in interest rates.	(6.29)	(6.81)
Interest rate - Decreases by 50 basis points		6.29	6.81

Currency risk

The company has majority of its foreign exchange exposure in the form of External commercial borrowings (ECB), payables and advances for purchase of materials and capital goods. The Company has hedged itself against the exchange rate fluctuations in relation to ECB by opting for cross currency interest rate swaps.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

The following is the nominal value of outstanding derivative contracts entered into by the Company for hedging currency and interest rate related risks as at:

Particulars	Currency	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million
Cross currency swap and interest rate swap	USD	-	-	500,000	27.16	1,000,000	54.33

Particulars	Currency	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million
Capital creditors	USD	-	-	35,600	2.31	35,600	2.36
Cash on hand	USD	508	0.03	-	-	-	-

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	As at 31 March 2018	As at 31 March 2017
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	As at 31 March 2018
Foreign exchange rate - Increases by 5%	1,654
Foreign exchange rate - Decreases by 5%	(1,654)

49. 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 2018	As at 31 March 2017	As at 01 April 2016
Total debt	1,258.13	1,361.41	1,091.93
Total equity	3,428.40	2,906.85	2,450.72
Net debt to equity ratio	36.70%	46.83%	44.56%

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

(b) Dividends

No interim or final dividends have been declared by the Company during the financial year ended 31 March 2018 and 31 March 2017.

50. First-time adoption of Ind AS

As stated in Note 2A, the Company has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

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

A.1 Optional exemptions availed

1 Property, plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

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

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

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

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

2 Investment in subsidiaries and associates

As permitted by Ind AS 101, the Company has elected to carry all investments in subsidiaries and associates at cost as determined in accordance with Ind AS 27 and Ind AS 28.

3 Business combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

A.2 Mandatory exceptions

1 Estimates

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

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

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

- Fair valuation of biological assets
- Fair valuation of financial instruments carried at FVTPL

2 Classification and measurement of financial assets

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

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

B Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of balance sheet as at date of transition 01 April 2016 and as at 31 March 2017

	Notes to first time adoption	As at 31 March 2017			As at 01 April 2016		
		Previous GAAP *	Adjustments	Ind AS	Previous GAAP *	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		2,315.19	-	2,315.19	1,585.54	-	1,585.54
Capital work-in-progress		298.82	-	298.82	351.66	-	351.66
Intangible assets		2.83	-	2.83	1.78	-	1.78
Biological assets other than bearer plants							
Matured biological assets	D - (ii)	16.11	1.57	17.68	12.89	-	12.89
Immatured biological assets		5.87	-	5.87	5.35	-	5.35
Financial assets							
Investments		407.84	-	407.84	340.07	-	340.07
Loans		205.93	-	205.93	38.22	-	38.22
Other financial assets		0.50	-	0.50	-	-	-

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Income tax assets		38.52	-	38.52	38.52	-	38.52
Other non current assets		136.68	-	136.68	331.11	-	331.11
Total non-current assets		3,428.29	1.57	3,429.86	2,705.14	-	2,705.14
Current assets							
Inventories		828.18	-	828.18	891.49	-	891.49
Financial assets							
Investment	D - (iii)	641.03	42.51	683.54	609.79	27.31	637.10
Trade receivables		5.26	-	5.26	5.07	-	5.07
Loans		12.50	-	12.50	12.50	-	12.50
Cash and cash equivalents		69.37	-	69.37	91.85	-	91.85
Derivatives		4.88	-	4.88	11.28	-	11.28
Other financial assets		1.39	-	1.39	1.30	-	1.30
Other current assets		273.26	-	273.26	27.30	-	27.30
Total current Assets		1,835.87	42.51	1,878.38	1,650.58	27.31	1,677.89
Total Assets		5,264.16	44.08	5,308.24	4,355.72	27.31	4,383.03
EQUITY AND LIABILITIES							
Shareholders' funds							
Share capital		32.75	-	32.75	32.75	-	32.75
Other equity	C - (i)	2,853.54	20.56	2,874.10	2,409.20	8.77	2,417.97
Total Equity		2,886.29	20.56	2,906.85	2,441.95	8.77	2,450.72
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowing		315.00	-	315.00	323.79	-	323.79
Deferred tax liabilities (net)	D - (iv)	119.89	10.86	130.75	87.00	4.62	91.62
Government grants	D - (i)	3.26	11.20	14.46	3.45	12.46	15.91
Provisions		88.67	-	88.67	52.94	-	52.94
Total non-current liabilities		526.82	22.06	548.88	467.18	17.08	484.26
Current liabilities							
Financial liabilities							
Borrowing		968.37	-	968.37	707.27	-	707.27
Trade Payables		486.38	-	486.38	423.53	-	423.53
Other Financial Liabilities		239.26	-	239.26	182.37	-	182.37
Government grants	D - (i)	-	1.46	1.46	-	1.46	1.46
Provisions		8.38	-	8.38	5.59	-	5.59
Current tax liabilities		107.98	-	107.98	93.93	-	93.93
Other current liabilities		40.68	-	40.68	33.90	-	33.90
Total current liabilities		1,851.05	1.46	1,852.51	1,446.59	1.46	1,448.05
Total liabilities		2,377.87	23.52	2,401.39	1,913.77	18.54	1,932.31
Total equity and liabilities		5,264.16	44.08	5,308.24	4,355.72	27.31	4,383.03

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

Reconciliation of total comprehensive income for the year ended 31 March 2017

	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
Revenue from operations	D - (vii)	14,114.66	(14.82)	14,099.84
Other income	D - (i), (ii) & (iii)	45.22	26.23	71.45
Total Income		14,159.88	11.41	14,171.29
Expenses				
Cost of materials consumed	D - (ii)	10,959.91	16.24	10,976.15
Changes in inventories of finished goods, stock-in-trade and work-in-progress		199.11	-	199.11
Employee benefits expense	D - (ii) & (vi)	522.05	(0.02)	522.03
Depreciation and amortisation expense	D - (ii)	189.06	(11.56)	177.50
Finance costs		80.29	-	80.29
Provision for impairment of livestock	D - (ii)	7.81	(7.81)	-
Other expenses	D - (ii) & (vii)	1,542.21	(8.02)	1,534.19
		13,500.44	(11.17)	13,489.27
Profit before tax		659.44	22.58	682.02
Income tax expense				
Current tax expense		182.63	-	182.63
Deferred tax expense	D - (iv)	32.89	7.67	40.56
Total tax expense		215.52	7.67	223.19
Profit for the year		443.92	14.91	458.83
Other comprehensive income	D - (vi)			
<i>Items that will not be reclassified subsequently to the statement of profit or loss</i>				
Remeasurements of employee benefit		-	(4.13)	(4.13)
Tax on above items	D - (vi)	-	1.43	1.43
Other comprehensive income		-	(2.70)	(2.70)
Total comprehensive income		443.92	12.21	456.13

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

C (i): Reconciliation of total equity as at 31 March 2017 and 01 April 2016

	Notes to first time adoption	As at 31 March 2017	As at 01 April 2016
Total equity (shareholder's funds) as per previous GAAP		2,886.29	2,441.95
Adjustments:			
Government grants recognised as deferred income	D - (i)	(12.66)	(13.92)
Changes in fair value of biological assets	D - (ii)	1.57	-
Investment in mutual funds recognised at fair value	D - (iii)	42.51	27.31
Deferred tax on above adjustment	D - (iv)	(10.86)	(4.62)
Total adjustments		20.56	8.77
Total equity as per Ind AS		2,906.85	2,450.72

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

C (ii): Reconciliation of total comprehensive income for the year ended 31 March 2017

	Notes to first time adoption	As at 31 March 2017
Profit after tax as per previous GAAP		443.92
Adjustments:		
Government grants recognised as deferred income	D - (i)	1.68
Changes in fair value of biological assets	D - (ii)	1.57
Investment in mutual funds recognised at fair value	D - (iii)	15.20
Remeasurement of the net defined benefit obligation recognised in other comprehensive income	D - (vi)	4.13
Deferred tax asset on above adjustments	D - (iv)	(7.67)
Total adjustments		14.91
Profit after tax as per Ind AS		458.83
Other comprehensive income (net of taxes)	D - (vi)	(2.70)
Total comprehensive income as per Ind AS		456.13

D: Notes to reconciliation

(i) Government grant

The Company has received government grant against the capital expenditure incurred. Under the previous GAAP, the aforesaid grant were carried under capital reserve. Under Ind AS, government grant received against depreciable assets shall be credited to the statement of profit and loss over the useful life of the respective assets. The impact as of the date of transition has been adjusted through retained earnings.

(ii) Biological assets

Under the previous GAAP, biological assets were measured at cost. Ind AS requires all biological assets to be measured on each reporting date at their respective fair values with the fair value changes being recognised in the statement of profit and loss. The impact as of the date of transition has been adjusted through retained earnings.

(iii) Investments

Under the previous GAAP, investments in mutual funds were classified as non-current investments or current investments based on the intended holding period and realisability. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition.

(iv) Deferred tax

The (decrease)/ increase in the deferred tax assets are on account of adjustments made on transition to Ind AS.

(v) Retained Earnings

Retained earnings as at 01 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

(vi) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, net of its tax impact. The concept of other comprehensive income did not exist under previous GAAP.

Notes to the Standalone Financial Statements

(₹ in millions except for share data or otherwise stated)

(vii) Sale of goods

Under previous GAAP, scheme based discounts and rebates were grouped under other expenses, however, under Ind AS, these expenses are netted off against sale of goods. There is no impact on the profit or retained earnings of the Company.

51. During the year ended 31 March 2018 no material foreseeable loss (year ended 31 March 2017: Nil) was incurred for any long-term contract including derivative contracts.

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 16 August 2017

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Sesha Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 16 August 2017

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

Independent Auditor's Report on the Audit of Consolidated Ind AS Financial Statements

To the Members of Dodla Dairy Limited

We have audited the accompanying consolidated Ind AS financial statements of Dodla Dairy Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate, which comprise the consolidated balance sheet as at 31 March 2018, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the state of affairs, profit/ loss (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

The respective Board of Directors of the Companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated

Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are responsible to 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 ability of Group and of its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS 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 the auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group and its associate as at 31 March 2018, their profit (including other comprehensive income), their

consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements and financial information of two subsidiaries incorporated outside India, whose financial statements and financial information reflect total assets of Rs. 408.66 million and net assets of Rs. 377.03 million as at 31 March 2018, total revenues of Rs. 532.08 million and net cash outflows amounting to Rs. 13.27 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The financial statement of the subsidiaries incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been audited by other auditors duly qualified to act as auditors in those countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the aforesaid subsidiaries, is based on the reports of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

The consolidated financial statements also include the Group's share of net profit of ₹ Nil for the year ended 31 March 2018 in respect of one associate, whose financial statements and financial information have not been audited by us. The financial statements and financial information of the aforesaid associate has been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of the other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of associate incorporated in India, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;
- (c) the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2018, taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditor of its associate incorporated in India, none of the directors of the Holding Company and its associate incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate financial statements and on the other financial information of the associate, as noted in the 'other matter' paragraph;
 - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate in Note XX to the consolidated Ind AS financial statements;
 - ii. the Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate incorporated in India during the year ended 31 March 2018; and

- iv. the disclosures in the consolidated Ind AS 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 since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Consolidated Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

Annexure A To the Independent Auditor's Report on the Consolidated Ind AS Financial Statements

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Dodla Dairy Limited ('the Holding Company' or 'the Company'), which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI 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 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over

financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

Consolidated Balance Sheet

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

	Note	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	3,173.62	2,530.00	1,777.31
Capital work-in-progress	4	160.42	299.11	365.20
Intangible assets	5	6.61	3.33	2.17
Biological assets other than bearer plants				
Matured biological assets	6	20.34	17.68	12.89
Immatured biological assets	6	7.65	5.87	5.35
Financial assets				
Investments	7	71.10	-	-
Loans	8	148.24	206.34	38.22
Other financial assets	9	-	0.50	-
Income tax assets	29	46.19	43.54	44.16
Other non-current assets	10	110.40	170.34	362.02
Total non-current assets		3,744.57	3,276.71	2,607.32
Current assets				
Inventories	11	1,340.83	851.96	904.33
Financial assets				
Investments	12	598.49	683.54	637.10
Trade receivables	13	36.05	14.28	20.37
Loans	14	67.00	12.50	12.50
Cash and cash equivalents	15 (a)	139.17	111.62	118.19
Bank balances other than above	15 (b)	0.70	-	-
Derivatives	16	-	4.88	11.28
Other financial assets	17	1.63	1.39	1.30
Other current assets	18	79.23	300.48	39.05
Total current assets		2,263.10	1,980.65	1,744.12
Total assets		6,007.67	5,257.36	4,351.44
EQUITY AND LIABILITIES				
Equity				
Equity share capital	19	32.75	32.75	32.75
Other Equity	20	3,364.84	2,780.59	2,362.61
Equity attributable to owners of the Company		3,397.59	2,813.34	2,395.36
Non-controlling interest		-	-	-
Total equity		3,397.59	2,813.34	2,395.36
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	21	222.50	315.00	323.79
Deferred tax liabilities (Net)	22	189.72	130.75	91.62
Government grants	23	34.52	14.46	15.91
Provisions	24	68.88	88.67	52.94
Total non-current liabilities		515.62	548.88	484.26
Current liabilities				
Financial liabilities				
Borrowings	25	943.13	968.37	707.27
Trade payables	26	631.51	514.66	439.17
Other financial liabilities	27	317.82	244.77	186.90
Government grants	23	2.86	1.46	1.46
Provisions	28	16.15	8.38	5.59
Current tax liabilities	29	132.74	109.42	93.93
Other current liabilities	30	50.25	48.08	37.50
Total current liabilities		2,094.46	1,895.14	1,471.82
Total liabilities		2,610.08	2,444.02	1,956.08
Total equity and liabilities		6,007.67	5,257.36	4,351.44

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Seshu Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 13 July 2018

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

Consolidated Statement of Profit and Loss

(₹ in millions except for share data or otherwise stated)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	31	15,904.75	14,400.44
Other income	32	65.38	73.26
Total income		15,970.13	14,473.70
Expenses			
Cost of materials consumed	33	12,744.26	11,155.78
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(427.22)	198.53
Employee benefits expense	35	649.79	549.93
Depreciation and amortisation expense	36	268.56	190.35
Finance costs	37	102.74	80.29
Other expenses	38	1,824.28	1,620.54
Total expenses		15,162.41	13,795.42
Profit before tax		807.72	678.28
Income tax expense			
- Current tax	39	186.04	184.27
- Deferred tax	39	50.87	40.56
Total tax expense		236.91	224.83
Profit for the year (A)		570.81	453.45
Other comprehensive income			
<i>Items that will be reclassified subsequently to the statement of profit or loss</i>			
Foreign currency translation reserve		(2.78)	(32.77)
<i>Items that will not be reclassified subsequently to the statement of profit or loss</i>			
Remeasurement of the net defined benefit obligation		23.40	(4.13)
Income tax relating to these items	39	(8.10)	1.43
Other comprehensive income for the year (B)		12.52	(35.47)
Total comprehensive income for the year (A+B)		583.33	417.98
Profit attributable to:			
Owners of the Company		571.13	453.45
Non-controlling interest		(0.32)	-
Profit for the year		570.81	453.45
Other comprehensive income attributable to:			
Owners of the Company		12.52	(35.47)
Non-controlling interest		-	-
Other comprehensive income for the year		12.52	(35.47)
Total comprehensive income attributable to:			
Owners of the Company		583.65	417.98
Non-controlling interest		(0.32)	-
Total comprehensive income for the year		583.33	417.98
Earnings per share (nominal value of ₹ 10 each)	42		
Basic [in ₹]		174.40	138.46
Diluted [in ₹]		174.40	138.46
Weighted average number of equity shares used in computing earnings per share:			
- Basic		3,274,823	3,274,823
- Diluted		3,274,823	3,274,823

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Sessa Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 13 July 2018

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

Consolidated Statement of changes in Equity

(₹ in millions except for share data or otherwise stated)

Particulars	Equity share capital	Other equity Reserves and surplus					Total equity attributable to owners of the Company	Attributable to Non-controlling interest	Total
		Capital redemption reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account			
Balance at 01 April 2016	32.75	12.00	1,092.25	(38.68)	1,297.04	-	2,395.36	-	2,395.36
Profit for the year	-	-	-	-	453.45	-	453.45	-	453.45
Foreign currency translation reserve	-	-	-	(32.77)	-	-	(32.77)	-	(32.77)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	(2.70)	-	(2.70)	-	(2.70)
Balance as at 31 March 2017	32.75	12.00	1,092.25	(71.45)	1,747.79	-	2,813.34	-	2,813.34

Particulars	Equity share capital	Other equity Reserves and surplus					Total equity attributable to owners of the Company	Attributable to Non-controlling interest	Total
		Capital redemption reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account			
Balance at 01 April 2017	32.75	12.00	1,092.25	(71.45)	1,747.79	-	2,813.34	-	2,813.34
Capital infused by non-controlling interest in the subsidiary	-	-	-	-	-	-	-	0.32	0.32
Profit for the year	-	-	-	-	570.81	-	570.81	(0.32)	570.49
Employee share based payment expense	-	-	-	-	-	0.60	0.60	-	0.60
Foreign currency translation reserve	-	-	-	(2.78)	-	-	(2.78)	-	(2.78)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	15.30	-	15.30	-	15.30
Balance as at 31 March 2018	32.75	12.00	1,092.25	(74.23)	2,333.90	0.60	3,397.27	-	3,397.27

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Sesa Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 13 July 2018

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

Consolidated Statement of cash flows

(₹ in millions except for share data or otherwise stated)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from operating activities		
Profit/ (loss) before tax	807.72	678.28
Adjustments for:		
Depreciation and amortisation expense	268.56	190.35
(Gain)/ loss on fair valuation of biological assets	(9.82)	(8.95)
Net loss on sale/ retirement of property, plant and equipment	6.19	17.47
Net loss on sale/ retirement of biological assets	3.67	2.59
Interest income	(3.31)	(3.46)
Finance costs	102.74	80.29
Dividend income from investment in mutual funds	(3.90)	(19.56)
Employee share based payment expenses	0.60	-
Profit on sale of investments	(0.82)	(3.73)
Fair value (gain)/ loss on financial assets measured at fair value through profit and loss	(32.51)	(26.83)
Government grants income	(4.32)	(1.88)
Unrealised foreign exchange (gain)/ loss	(0.34)	(1.15)
	1,134.46	903.42
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	(21.75)	4.99
(Increase) decrease in inventories	(488.92)	50.67
Decrease/ (increase) in loans and other financial assets	(0.47)	(12.26)
(Increase)/decrease in other current and non-current assets	224.35	(263.75)
Increase/(decrease) in trade payables and other financial liabilities	169.48	100.33
Increase/(decrease) in employee benefit obligations	11.38	34.39
Increase/(decrease) in other current and non current liabilities	2.17	10.58
	1,030.70	828.37
Cash generated from operations		
Income taxes paid	(169.74)	(218.64)
	860.96	609.73
Net cash inflow from operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(717.33)	(802.39)
Proceeds from sale of property, plant and equipment and intangible assets	4.14	3.67
Proceeds from sale of biological assets	1.71	1.05
Capital infused by non-controlling interest in the subsidiary	0.32	
Purchase of mutual funds	(445.57)	(260.88)
Proceeds from sale of mutual funds	492.85	245.00
Interest/ dividend received	6.97	22.93
Deposits matured/ (placed) (having original maturity of more than 3 months)	(0.20)	(0.50)
	(657.11)	(791.12)
Net cash inflow from investing activities		

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flows from financing activities		
Receipt of long term borrowings from banks	-	70.00
Repayment of long term borrowings to banks	(72.82)	(54.07)
Receipt of government grant	25.78	0.43
(Repayment)/ receipt of short term borrowings, net	(250.00)	275.00
Finance costs paid	(103.81)	(99.64)
Net cash inflow (used in)/ generated from financing activities	(400.85)	191.72
Net increase/(decrease) in cash and cash equivalents	(197.00)	10.33
Cash and cash equivalents at the beginning of the financial year	(231.75)	(239.08)
Effect of exchange rate fluctuations on cash held	(0.21)	(3.00)
Cash and cash equivalents at end of the year	(428.96)	(231.75)

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

	As at March 31, 2018	As at March 31, 2017
Cash on hand	15.03	20.30
Balances with banks		
- in current accounts	74.14	91.32
- in deposit accounts (with original maturity of less than three months)	50.00	-
Cash credit and overdraft balances	(568.13)	(343.37)
Balances as per statement of cash flows	(428.96)	(231.75)

Effective 1 April 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Sessa Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 13 July 2018

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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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. These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associates. The Group is in the business of processing/ production of milk and production of milk products.

2 Basis of preparation

A. Statement of compliance

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

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Group's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows is provided in note 53.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 13 July 2018

Details of the Group's accounting policies are included in note 3.

B. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹), 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 consolidated financial statements have been prepared on a historical cost basis, except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Biological assets	Fair value less cost to sell
Shared-based payments	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

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

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

Judgements

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

- Note 38(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 year ending 31 March 2019 is included in the following notes:

- Note 6 - determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 24 - measurement of defined benefit obligations: key actuarial assumptions;

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

- Note 40 - 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 48 - impairment of financial assets

E. Measurement of fair values

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

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

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

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

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

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

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

- Note 6 - Biological assets other than bearer plants
- Note 48(b) - Financial instruments
- Note 19(e) - Share based payment arrangement

F. Current versus non-current classification

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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

2 Basis of preparation (continued)

G. Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Non - controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(v) Transactions eliminated on consolidation

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

(vi) *Subsidiaries and associate companies considered in the consolidated financial statements:*

Name of the Company	Country of incorporation	Ownership interest (in %)		
		31 March 2018	31 March 2017	01 April 2016
Subsidiary companies:				
Dodla Holdings Pte Limited	Singapore	100.00	100.00	100.00
Lakeside Dairy Limited	Uganda	100.00	100.00	100.00
Dodla Dairy Kenya Limited	Kenya	80.00	-	-
Associates:				
Global VetMed Concepts Private Limited	India	47.94	47.94	47.94

(vii) *Principles of consolidation*

These consolidated financial statements have been prepared by consolidation of the financial statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-company transactions.

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. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as on 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer note 53).

iii. Subsequent expenditure

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

iv. 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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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 years	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.

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.

v. **Capital work-in-progress**

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

(b) Intangible assets

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

Amortisation

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

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3 years

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

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (see note 53).

(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**

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

ii. Non-financial assets

Intangible assets and property, plant and equipment

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

(e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the date of inception is deemed to be 1 April 2016 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard.

For arrangements entered into prior to 1 April 2016, the Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

As a lessee

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

(f) Inventories

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

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

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

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

(g) Financial instruments

i. Recognition and initial measurement

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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

ii. Classification and subsequent measurement

Financial Assets

Financial assets carried at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Investment in subsidiaries and associates

Investment in subsidiaries and associates is carried at cost in the financial statements.

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

(h) Revenue recognition

Revenue from sale of goods is recognised, when the significant risks and rewards of ownership have transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Revenue from the sale of goods and sale of scrap is measured at the fair value of the consideration received or receivable, exclusive of sales tax and net of sales return, trade discounts and volume rebates.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Revenue from service rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date, based on the terms and conditions of the relevant agreement.

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

(i) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. 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 year, 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 Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

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

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

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

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

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

(k) Foreign currencies

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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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 Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(m) Income tax

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

i. Current tax

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

ii. Deferred tax

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, 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 Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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

ii. Share-based payment transactions

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

iii. Defined contribution plans

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

iv. Defined benefit plans

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

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

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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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

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

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

(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 Group are segregated.

(s) **Recent accounting pronouncements**

Standards issued but not yet effective

On 28 March 2018, the Ministry of Corporate Affairs ("MCA") vide the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after 1 April 2018:

1. Ind AS 115 - Revenue from Contracts with Customers
2. Ind AS 21 - The effect of changes in Foreign Exchange rates

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 21 – The effect of changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group has completed an initial assessment of the potential impact of the amendment on the financial statements. There is no material impact of adoption of clarification on the financial statements.

Notes to Consolidated Financial Statements

(₹ in millions except for share data or otherwise stated)

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 31 March 2018	
	As at 01 April 2017	Additions	Disposals	Forex loss	As at 31 March 2018	As at 01 April 2017	Depreciation for the year	Disposals		Forex loss
Freehold land	344.83	138.25	-	-	483.08	-	-	-	-	483.08
Buildings	676.90	175.77	0.23	0.38	852.06	16.65	29.96	0.01	0.03	805.49
Plant and equipment	1,332.61	389.91	5.46	1.01	1,716.05	84.96	119.59	1.26	0.12	1,512.88
Electrical installation	80.45	13.49	1.96	-	91.98	8.00	10.60	1.69	-	75.07
Electronic data processors	12.93	20.00	0.19	-	32.74	4.06	5.57	0.13	-	23.24
Office equipments	15.02	10.16	0.08	-	25.10	2.34	4.33	0.06	-	18.49
Furniture and fixtures	39.90	19.33	0.23	-	59.00	2.41	5.30	0.11	-	51.40
Laboratory equipment	192.06	138.04	1.70	0.02	328.38	65.32	87.15	1.34	-	177.25
Vehicles	22.87	16.34	6.07	0.02	33.12	3.83	3.58	1.00	0.01	26.72
Total	2,717.57	921.29	15.92	1.43	3,621.51	187.57	266.08	5.60	0.16	3,173.62
Add: Capital work-in-progress										160.42
										3,334.04

Description	Gross carrying amount				Accumulated depreciation				Carrying amounts (net) As at 31 March 2017	
	Deemed cost As at 01 April 2016	Additions	Disposals	Forex loss	As at 31 March 2017	Deemed cost As at 01 April 2016	Depreciation for the year	Disposals		Forex loss
Freehold land	305.90	38.93	-	-	344.83	-	-	-	-	344.83
Buildings	415.52	266.97	0.07	5.52	676.90	-	16.91	-	0.26	660.25
Plant and equipment	840.42	522.01	16.04	13.78	1,332.61	-	86.03	-	1.07	1,247.65
Electrical installation	49.37	31.15	0.07	-	80.45	-	8.00	-	-	72.45
Electronic data processors	6.23	6.78	0.08	-	12.93	-	4.06	-	-	8.87
Office equipments	5.83	9.23	0.03	0.01	15.02	-	2.34	-	-	12.68
Furniture and fixtures	14.21	25.79	0.08	0.02	39.90	-	2.41	-	-	37.49
Laboratory equipment	116.25	76.43	0.50	0.12	192.06	-	65.32	-	-	126.74
Vehicles	23.58	4.32	4.27	0.76	22.87	-	3.98	-	0.15	19.04
Total	1,777.31	981.61	21.14	20.21	2,717.57	-	189.05	-	1.48	2,530.00
Add: Capital work-in-progress										299.11
										2,829.11

(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 to note 41 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 2018: ₹ 2,937.77, 31 March 2017: ₹ 2,315.19, 01 April 2016: ₹ 1,585.54.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

5. Intangible assets

Reconciliation of carrying amount

	As at 31 March 2018	As at 31 March 2017
Gross carrying amount at the beginning of the year	4.59	2.17
Additions	5.78	2.49
Disposals	0.02	-
Forex adjustment	(0.01)	(0.07)
Gross carrying amount at the end of the year	10.34	4.59
Accumulated amortisation at the beginning of the year	1.26	-
Amortisation expense	2.48	1.30
Disposals	0.01	-
Forex adjustment	-	(0.04)
Accumulated amortisation at the end of the year	3.73	1.26
Carrying amount (net) at the end of the year	6.61	3.33

6. Biological assets other than bearer plants

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Matured Biological Assets	20.34	17.68	12.89
Immatured Biological Assets	7.65	5.87	5.35
	27.99	23.55	18.24

Reconciliation of carrying amount:

	As at 31 March 2018		As at 31 March 2017	
	Matured biological assets	Immatured biological assets	Matured biological assets	Immatured biological assets
Balance at the beginning of the year	17.68	5.87	12.89	5.35
Change in fair value (refer note 32)	4.26	5.56	5.33	3.62
Cattles matured during the year	3.36	(3.36)	3.05	(3.05)
Cattles sold/ discarded during the year	(4.96)	(0.42)	(3.59)	(0.05)
Balance at the end of the year	20.34	7.65	17.68	5.87

As at 31 March 2018, there were 212 cattle (31 March 2017: 202 cattle, 01 April 2016: 170 cattle) as immatured biological assets and 245 cattle (31 March 2017: 221 cattle, 01 April 2016: 183 cattle) as matured biological assets. During the current year, the Group has sold/ discarded 76 cattle (year ended 31 March 2017: 52 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.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

7. Non-current investments

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Investment in equity instruments			
Carried at cost less provision for other than temporary impairment			
<i>Unquoted</i>			
Investment in associate			
Global VetMed Concepts India Private Limited (refer note 51)	38.67	38.67	38.67
3,866,923 (31 March 2017: 3,866,923; 01 April 2016: 3,866,923) equity shares of face value ₹ 10 each, fully paid up			
Less: Provision for impairment	(38.67)	(38.67)	(38.67)
Investment in quoted mutual funds (carried at fair value through profit and loss (FVTPL))	71.10	-	-
	71.10	-	-
Aggregate value of non-current investments - unquoted	38.67	38.67	38.67
Aggregate book/ market value of non-current investments - quoted	71.10	-	-
Aggregate provision for impairment in value of investment	(38.67)	(38.67)	(38.67)

8. Non-current loans

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<i>Unsecured, considered good</i>			
Security deposits	58.05	45.89	35.72
Amount receivable from vendors	90.19	160.45	2.50
<i>Unsecured, considered doubtful</i>			
Amount receivable from vendors	5.00	2.50	2.50
Less: Provision for doubtful advances	(5.00)	(2.50)	(2.50)
	148.24	206.34	38.22

9. Other non-current financial assets

Balance with bank held as margin money*	-	0.50	-
	-	0.50	-

* Represents margin money deposits against bank guarantee.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

10. Other non-current assets

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
<i>Capital advances</i>			
Unsecured, considered good	7.87	64.81	302.73
Unsecured, considered doubtful	0.03	0.03	0.03
Less : Provision for doubtful advances	(0.03)	(0.03)	(0.03)
<i>Advances other than capital advances (Unsecured, considered good)</i>			
Prepaid operating lease rent	24.50	25.20	28.28
Salary advances to key managerial person**	3.00	5.40	-
Taxes paid under protest	75.03	74.93	31.01
	110.40	170.34	362.02

** Includes a part of outstanding balances as disclosed under note 43 (iii)

11. Inventories*

Raw materials and packing materials	233.60	188.25	49.85
Work-in-progress	456.46	244.57	297.66
Finished goods**	602.28	394.56	540.36
Stock-in-trade	8.30	-	0.36
Stores and spares	40.19	24.58	16.10
	1,340.83	851.96	904.33
Carrying amount of inventories (included in above) pledged as securities for borrowings	1,295.79	828.18	891.49

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

** includes goods-in-transit amounting to ₹ Nil (31 March 2017: ₹ 16.89; 01 April 2016: ₹ 25.11).

The write down of inventories to net realisable value during the year amounted to ₹ 0.82 (31 March 2017: ₹ 0.10, 01 April 2016: ₹ 30.30). The write down are included in cost of materials consumed or changes in inventories of finished goods, stock-in-trade and work-in-progress.

12. Current investments

Investment in quoted mutual funds (carried at FVTPL)	598.49	683.54	637.10
	598.49	683.54	637.10
Carrying amount of investments (included in above) pledged as securities for borrowings	531.42	632.79	395.52
Aggregate book/ market value of current investments - quoted	598.49	683.54	637.10
Aggregate amount of impairment in value of investment	-	-	-
Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 48.			

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

13. Trade receivables

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured, considered good	36.05	14.28	20.37
Unsecured, considered doubtful	0.45	1.33	4.00
	36.50	15.61	24.37
Less: Allowance for doubtful debts	(0.45)	(1.33)	(4.00)
	36.05	14.28	20.37
Carrying amount of receivables (included in above) pledged as securities for borrowings	19.35	5.26	5.07

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 48.

14. Current loans

<i>Unsecured, considered good</i>			
Loans to director (refer note 47)**	-	12.50	12.50
Amounts receivable from vendors	67.00	-	-
	67.00	12.50	12.50

** Forms a part of outstanding balances as disclosed under note 43 (iii)

15. Cash and bank balances

(a) Cash and cash equivalents:			
Cash on hand	15.03	20.30	13.24
Balances with banks			
- in current accounts#	74.14	91.32	104.95
- in deposit accounts (with original maturity of less than three months)	50.00	-	-
	139.17	111.62	118.19
(b) Other bank balances*	0.70		
	0.70	-	-

Current account balances with banks include funds which are not freely available amounting to ₹ Nil (31 March 2017: ₹ 13.53; 01 April 2016: ₹ 13.53) (refer note 43(c))

* Represents margin money deposits against bank guarantee.

16. Derivatives

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Cross currency interest rate swaps	-	4.88	11.28
	-	4.88	11.28

Details about the Group's exposure to credit and market risks and fair value measurement is included in note 48.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

17. Other current financial assets

<i>Unsecured, considered good</i>			
Interest accrued**	1.63	1.39	1.30
Unsecured, considered doubtful			
Share application money pending allotment - Dodla Milk Processing Plc - Ethiopia (refer note 43(c))	-	2.30	2.30
Less: provision for doubtful advances	-	(2.30)	(2.30)
	1.63	1.39	1.30

** Includes a part of outstanding balances as disclosed under note 43 (iii)

18. Other current assets

Advances other than capital advances:			
<i>Unsecured considered good:</i>			
Salary advances to employees	3.93	3.13	2.88
Salary advances to key managerial person**	2.40	2.40	3.48
Prepaid expenses	21.38	14.12	8.02
Advance to suppliers	6.93	245.73	11.22
Other advances**	9.09	16.64	6.74
Prepaid operating lease rent	0.54	0.54	0.54
Balance with government authorities	34.96	17.92	6.17
Unsecured, considered doubtful:			
Other advances**	53.64	53.64	53.64
Less : Provision for doubtful advances	(53.64)	(53.64)	(53.64)
	79.23	300.48	39.05

** Includes a part of outstanding balances as disclosed under note 43 (iii)

19. Equity share capital

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Authorised			
75,000,000 (31 March 2017: 6,000,000, 01 April 2016: 6,000,000) equity shares of ₹ 10 each	750.00	60.00	60.00
	750.00	60.00	60.00
Issued, subscribed & paid up share capital			
3,274,823 (31 March 2017: 3,274,823, 01 April 2016: 3,274,823) equity shares of ₹ 10 each fully paid up	32.75	32.75	32.75
	32.75	32.75	32.75

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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

	As at 31 March 2018		As at 31 March 2017	
	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 year	-	-	-	-
Outstanding at the end of the year	3,274,823	32.75	3,274,823	32.75

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

The Group has a single class of equity shares as at 31 March 2018 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 Group, 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:

- an amount equal to the investment amount, plus any accrued or declared but unpaid dividends on its investor shares; and
- such amount as is equivalent to its 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 Group 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 Group.

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

	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each fully paid-up						
Mr. D. Sunil Reddy	832,124	25.41%	832,124	25.41%	832,124	25.41%
Mrs. D. Girija Reddy	1	0.00%	822,120	25.10%	822,120	25.10%
Mrs. D. Deepa Reddy	363,256	11.09%	363,256	11.09%	363,256	11.09%
Mr. D. Subba Reddy	1	0.00%	337,499	10.31%	337,499	10.31%
Mr. D. Sesha Reddy	1,195,238	36.50%	-	-	-	-
Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd	-	-	774,823	23.66%	774,823	23.66%
TPG Dodla Dairy Holdings Pte. Ltd.	884,202	27.00%	-	-	-	-

- 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.

(e) Share based payment arrangement

During the financial year 2017-18, the Holding 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.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Under the Plan, the Company granted 49,122 options 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.

Movement in the options under the Plan	No. of options	
	As at 31 March 2018	As at 31 March 2017
Options outstanding at the beginning of the year	-	-
Options granted during the year	49,122	-
Options exercised during the year	-	-
Options exercisable at the end of the year	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%

20. Other equity

Particulars	Capital redemption reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account	Total
Balance as at 01 April 2016	12.00	1,092.25	(38.68)	1,297.04	-	2,362.61
Additions:						
Foreign currency translation difference	-	-	(32.77)	-	-	(32.77)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	(2.70)	-	(2.70)
Net profit after tax transferred from the statement of profit and loss	-	-	-	453.45	-	453.45
Balance as at 31 March 2017	12.00	1,092.25	(71.45)	1,747.79	-	2,780.59

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Particulars	Capital redemption reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account	Total
Balance as at 01 April 2017	12.00	1,092.25	(71.45)	1,747.79	-	2,780.59
Additions:						
Foreign currency translation difference	-	-	(2.78)	-	-	(2.78)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	15.30	-	15.30
Employee share based payment expense	-	-	-	-	0.60	0.60
Net profit after tax transferred from the statement of profit and loss	-	-	-	571.13	-	571.13
Balance as at 31 March 2018	12.00	1,092.25	(74.23)	2,334.22	0.60	3,364.84

Nature and purpose of the reserve

Capital redemption reserve

The Holding 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.

Securities Premium

Securities premium reserve is used to record the premium 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 19(e)).

Foreign currency translation reserve (FCTR)

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in this reserve within equity. The cumulative amount will be reclassified to profit or loss when the net investment is disposed-off.

21. Non-current borrowings

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Secured			
Term loans			
- from banks (refer below)	222.50	315.00	323.79
	222.50	315.00	323.79

Terms of repayment for secured term loans from banks taken by the Holding Company:

- Term loan of USD 2.00 was an External Commercial Borrowing (ECB) loan taken from Standard Chartered Bank ('SCB') during the financial year 2012-2013 which carried interest rate equal to 3 months USD LIBOR plus 3% per annum. It was repayable in 16 quarterly installments of USD 0.13 each commencing from 15 May 2014. The term loan was secured by first exclusive hypothecation charge on all machinery acquired using this loan and personal guarantees furnished by the directors of the Group Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ Nil (31 March 2017: ₹ 32.42 ; 01 April 2016: ₹ 66.33). The loan has been repaid during the current year.
- Term loan of ₹ 55 was taken from SCB during the financial year 2013-2014 which carries interest at the rate of 10.25% per annum. It was repayable in 3 equal annual installments of ₹ 18.33 each commencing from 30 November 2014. The term loan was secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the directors of the Group, Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is Nil (31 March 2017: ₹ Nil; 01 April 2016: ₹ 18.33).

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

- 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 and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 60.93 (31 March 2017: ₹ 65.00; 01 April 2016: ₹ 65.00).
- d) Term loan of ₹ 100 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 ₹ 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 and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 93.75 (31 March 2017: ₹ 100; 01 April 2016: ₹ 100).
- 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 and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Outstanding amount as at 31 March 2018 is ₹ 28.13 (31 March 2017: ₹ 40.62; 01 April 2016: ₹ 50.00).
- 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 and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 23.44 (31 March 2017: ₹ 25.00; 01 April 2016: ₹ 25.00).
- 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 and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 56.25 (31 March 2017: ₹ 60.00; 01 April 2016: ₹ 60.00).
- 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 Group, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2018 is ₹ 52.50 (31 March 2017: ₹ 70.00; 01 April 2016: ₹ Nil).
- Aggregate amount of loans (including current maturities) guaranteed by the directors of the Holding Company outstanding as at 31 March 2018 is ₹ 315.00 millions (31 March 2017: ₹ 393.04, 01 April 2016: ₹ 384.66)

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 48.

22. Deferred tax liabilities

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
The balance comprises temporary differences attributable to:			
Deferred tax liabilities			
On account of property, plant and equipment (PPE)	268.58	180.80	140.68
Fair value changes in mutual funds	16.99	14.71	9.45
Others	-	2.81	0.19
Deferred tax assets			
Provision for employee benefits	(39.40)	(42.34)	(27.52)
Provision for doubtful debts and advances	(20.34)	(20.39)	(21.40)
Unabsorbed tax losses	(22.88)	(4.84)	(9.78)
Others	(13.23)	-	-
Net deferred tax liabilities	189.72	130.75	91.62

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Movement in deferred tax liabilities/ (assets)

	Carried forward losses	On account of PPE	Fair value changes in mutual funds	Provision for employee benefit	Provision for doubtful debts and advances	Others	Total
Balance as at April 1, 2016	(9.78)	140.68	9.45	(27.52)	(21.40)	0.19	91.62
Charged/ (credited):							
- to profit or loss	4.94	40.12	5.26	(13.39)	1.01	2.62	40.56
- to other comprehensive income	-	-	-	(1.43)	-	-	(1.43)
Balance as at March 31, 2017	(4.84)	180.80	14.71	(42.34)	(20.39)	2.81	130.75

	Carried forward losses	On account of PPE	Fair value changes in mutual funds	Provision for employee benefit	Provision for doubtful debts and advances	Others	Total
Balance as at April 1, 2017	(4.84)	180.80	14.71	(42.34)	(20.39)	2.81	130.75
Charged/ (credited):							
- to profit or loss	(18.04)	87.78	2.28	(5.16)	0.05	(16.04)	50.87
- to other comprehensive income	-	-	-	8.10	-	-	8.10
Balance as at March 31, 2018	(22.88)	268.58	16.99	(39.40)	(20.34)	(13.23)	189.72

23. Government grants

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current	34.52	14.46	15.91
Current	2.86	1.46	1.46
	37.38	15.92	17.37

Movement of government grants:

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	15.92	17.37
Add: Received during the year	25.78	0.43
Less: Released to statement of profit and loss (refer note 32)	(4.32)	(1.88)
Balance at the end of the year	37.38	15.92

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

24. Non-current provisions

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Provision for employee benefits			
Compensated absences	53.32	54.54	35.32
Gratuity (refer note (ii) below)	15.56	34.13	17.62
	68.88	88.67	52.94

(i) Post retirement benefit - Defined contribution plans

The Group 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 Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

(ii) Post retirement benefit - Defined benefit plans

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

- a) The amounts recognised in the balance sheet and the movements in the defined benefit obligation and plan assets over the years are as follows:

	As at 31 March 2018			As at 31 March 2017		
	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)	60.21	(22.24)	37.97	42.60	(22.25)	20.35
Current service cost	14.48	-	14.48	12.20	-	12.20
Past service cost	2.78	-	2.78	-	-	-
Interest cost	4.03	-	4.03	3.11	-	3.11
Expected returns	-	(1.49)	(1.49)	-	(1.72)	(1.72)
Total amount recognised in profit or loss (B)	21.29	(1.49)	19.80	15.31	(1.72)	13.59
<i>Remeasurements</i>						
(Gain)/ loss from change in demographic assumptions	(3.58)	-	(3.58)	-	-	-
(Gain)/ loss from change in financial assumptions	(20.37)	-	(20.37)	4.72	0.10	4.82
Experience losses/ (gains)	1.43	(0.88)	0.55	(0.69)	-	(0.69)
Total amount recognised in other comprehensive income (C)	(22.52)	(0.88)	(23.40)	4.03	0.10	4.13
Contributions (D)	-	(12.55)	(12.55)	-	(0.10)	(0.10)
Benefit paid (E)	(1.35)	1.35	-	(1.73)	1.73	-
Closing balance (A+B+C+D+E)	57.63	(35.81)	21.82	60.21	(22.24)	37.97

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

b) Significant estimates: actuarial assumptions

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

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Discount rate	7.60%	6.69%	7.46%
Salary escalation rate	10.00%	12.00%	12.00%
Employee attrition rate	12.00%	8.00%	8.00%
Retirement age	58 years	58 years	58 years

- 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.
- 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 2018		As at 31 March 2017		As at 01 April 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	53.76	62.07	54.21	67.39	38.32	47.69
Salary escalation rate (1% movement)	61.81	53.90	66.24	54.88	47.02	38.67
Employee attrition rate (1% movement)	56.96	58.40	57.79	63.04	41.19	44.21

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 2018	As at 31 March 2017	As at 01 April 2016
Funds managed by Life Insurance Corporation of India	35.81	22.24	22.25
Total	35.81	22.24	22.25

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

e) Risk exposure

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

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

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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

f) Maturity profile of defined benefit obligation:

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
1st following year	6.26	4.00	2.73
2nd following year	7.11	3.69	2.97
3rd following year	7.73	4.16	3.32
4th following year	6.64	4.42	3.76
5th following year	5.79	3.90	3.71
Thereafter	81.56	74.19	110.52

25. Current borrowings

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Loans repayable on demand from banks			
<i>Secured</i>			
Cash credit	212.80	-	15.49
Overdraft	355.33	343.37	341.78
Other loans from banks			
<i>Secured</i>			
Working capital demand loans	375.00	625.00	250.00
<i>Unsecured</i>			
Working capital demand loan	-	-	100.00
	943.13	968.37	707.27

Terms of repayment of short-term borrowings from banks taken by the Holding Company:

Secured

i) ICICI Bank:

- The Group has 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 and a pari-passu second charge on the fixed assets of the Group which are both movable and immovable in nature (except for the fixed assets funded out of HDFC term loan) and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Cash credit carries an interest rate of 8.95% per annum and working capital demand loan carries an interest rate of 7.00% to 8.00% per annum.
- The Group has taken bank overdraft facility from ICICI Bank, secured by way of pari-passu first charge on the selected investments of the Group in the Mutual Funds and carries an interest rate ranging from 8.00% to 9.00% per annum.

ii) **Standard Chartered Bank (SCB):** The Group has 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 Group, second charge on all the fixed assets of the Group, both present and future and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.21% to 7.76% per annum.

iii) **Kotak Mahindra Bank :** The Group has taken working capital demand loan facility from Kotak Mahindra Bank, secured by pari-passu first charge on all the current assets of the Group and second charge on all the fixed assets of the Group including equitable mortgage on the specified property of the Group, both present and future (other than assets exclusively charged to term lenders) and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.70% to 8.10% per annum.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

iv) HDFC Bank:

- a) The Group has 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 Group and second charge on all the fixed assets of the Group other than those financed by ICICI Bank and SCB Bank and personal guarantees furnished by the director of the Group, 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.
- b) The Group had taken bank overdraft facility from HDFC Bank, secured by way of pari-passu first charge on the selected investments of the Group in the Mutual Funds and carries an interest rate ranging from 8.00% to 9.00% per annum.

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

- a) The Group has taken overdraft and working capital demand loan facility from HSBC Bank. All these facilities are secured by pari-passu hypothecation charge on entire current asset of the Group, second charge on all the fixed assets of the Group both present and future and personal guarantee furnished by the director of the Group, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.60% to 9.10% per annum.
- b) The Group had taken bank overdraft facility from HSBC Bank, secured by way of pari-passu first charge on the selected investments of the Group in the Mutual Funds and carries an interest rate ranging from 7.60% to 9.10% per annum.

Unsecured

- vi) **HDFC Bank:** The Group had taken a short-term loan from HDFC Bank, secured by post dated cheques and personal guarantee furnished by the director of the Group Mr. Sunil Reddy and carried an interest rate of 9.30% to 10.25% per annum. The same was repaid in the previous year.

Aggregate amount of loans guaranteed by the directors of the Group outstanding as at 31 March 2018 is ₹ 587.80 millions (31 March 2017: ₹ 625.00, 01 April 2016: ₹ 365.49) Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 48.

26. Trade payables

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Total outstanding dues of micro and small enterprises (refer note below)	-	0.01	-
Total outstanding dues of other than micro and small enterprises **	631.51	514.65	439.17
	631.51	514.66	439.17

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 48.

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 Group. 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 Group has not received any claim for interest from any supplier under the said Act.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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	-	0.01	-
	- Interest	-	-	-
ii)	The amount of interest paid by the Group in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year	-	-	-
iii)	The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
iv)	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.	-	-	-
v)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
vi)	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 deductible expenditure under the MSMED Act, 2006	-	-	-
		-	0.01	-

** Includes a part of outstanding balances as disclosed under note 43 (iii)

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 48.

28. Current provisions

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Provision for employee benefits			
Compensated absences	9.89	4.54	2.86
Gratuity (refer note 24)	6.26	3.84	2.73
	16.15	8.38	5.59

29. Income tax assets and current tax liabilities

Current tax liability	132.74	109.42	93.93
Current tax asset	(46.19)	(43.54)	(44.16)
	86.55	65.88	49.77

Also refer note 39, for tax expense.

30. Other current liabilities

Advances from customers	18.31	24.03	21.66
Statutory dues (including provident fund and tax deducted at source)	31.94	24.05	15.84
	50.25	48.08	37.50

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

31. Revenue from operations

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Sale of goods:		
- Finished goods	15,746.54	14,393.32
- Traded goods	145.06	-
Sale of services		
- Conversion service charges	6.66	1.19
Other operating revenue		
- Sale of scrap	6.49	5.93
	15,904.75	14,400.44

32. Other income

Interest income		
- on deposits	0.03	0.02
- on others	3.28	3.44
Amortisation of government grants (refer note (i) below and note 23)	4.32	1.88
Changes in fair value of biological assets (refer note 6)	9.82	8.95
Fair value gain on financial assets measured at fair value through profit and loss	32.51	26.83
Dividend income from investment in mutual funds	3.90	19.56
Profit on sale of investments in mutual funds, net	0.82	3.73
Gain on account of foreign exchange fluctuations, net	1.43	1.95
Other non-operating income	9.27	6.90
	65.38	73.26

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.

33. Cost of materials consumed

Inventory of materials at the beginning of the year	188.25	49.85
Add: Purchases	12,789.71	11,295.11
Less: Inventory of materials at the end of the year	233.60	188.25
Foreign currency translation adjustment	(0.10)	(0.93)
	12,744.26	11,155.78

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

34. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
a) Finished goods		
Opening stock	394.56	540.36
Closing stock	(602.28)	(394.56)
	(207.72)	145.80
b) Work-in-progress		
Opening stock	244.57	297.66
Closing stock	(456.46)	(244.57)
	(211.89)	53.09
c) Stock-in-trade		
Opening stock	-	0.36
Closing stock	(8.30)	-
	(8.30)	0.36
d) Foreign currency translation adjustment	0.69	(0.72)
	(427.22)	198.53

35. Employee benefits expense

Salaries, wages and bonus	578.50	494.83
Employee share based payment expenses (refer notes 19(e) and 20)	0.60	-
Contribution to provident and other funds	41.66	34.09
Expenses related to post-employment defined benefit plans (refer note 24)	19.80	13.59
Staff welfare expenses	9.23	7.42

36. Depreciation and amortisation expense

Depreciation of property, plant and equipment	266.08	189.05
Amortisation of intangible assets	2.48	1.30
	268.56	190.35

37. Finance costs

Interest expense on loan from banks	98.45	72.87
Other interest costs	4.27	6.56
Other borrowing costs	0.02	0.86
	102.74	80.29

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

38. Other expenses

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Power and fuel	279.08	235.46
Consumption of stores and spare parts	134.76	108.78
Conversion and processing charges	-	0.63
Milk procurement expenses	10.96	10.59
Freight inward and handling	397.89	353.06
Repairs and maintenance:		
- building	23.02	13.71
- machinery	21.16	10.09
- other assets	3.11	4.52
Rent (refer note (i) below)	53.41	48.12
Rates and taxes	24.43	22.38
Communication expenses	10.75	10.46
Printing and stationery	7.63	5.05
Travelling and conveyance	53.77	47.92
Vehicle hire charges	8.66	8.16
Bank charges	5.26	6.13
Legal and professional charges (refer note (ii) below)	49.21	50.07
Security expenses	29.41	24.82
Bad debts written off	3.06	2.75
Advances written off	2.33	-
Provision for doubtful debts	(0.88)	(2.59)
Provision for doubtful advances	0.20	-
Insurance	12.81	10.16
Loss on sale/ retirement of property, plant and equipment, net	6.19	17.47
Loss on sale/ retirement of biological assets	3.67	2.59
Corporate social responsibility (refer note (iii) below)	6.19	0.22
Freight and forwarding	152.30	176.45
Advertisement expenses	51.36	75.44
Distribution expenses	440.55	349.33
Miscellaneous expenses	33.99	28.77
	1,824.28	1,620.54

Note:

(i) Operating leases:

The Group has certain cancellable operating leases for plants, chilling centres and milk parlours. Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expense of ₹ 53.41 (31 March 2017: ₹ 48.12) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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

Audit fees		
Statutory audit	6.88	5.54
Other services	-	0.65
Out-of-pocket expenses	0.28	0.25
	7.16	6.44

(iii) Corporate social responsibility

Gross amount required to be spent by the Group during the year amounts to ₹ 10.43 (31 March 2017: ₹ 8.48)

Amount spent during the year ended 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

Amount spent during the year 31 March 2017 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	-
Purposes other than construction or acquisition of assets	0.22	-	0.22

39. Income tax expense

(a) Amounts recognised in profit or loss

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Current tax	186.04	184.27
Deferred tax	50.87	40.56
	236.91	224.83

(b) Amounts recognised in other comprehensive income

	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Current tax	-	-
Deferred tax	8.10	(1.43)
	8.10	(1.43)

(c) Reconciliation of effective tax rate

	For the Year ended 31 March 2018		For the Year ended 31 March 2017	
Profit before tax		807.72		678.28
Tax using the Group's domestic tax rate	34.61%	279.55	34.61%	234.75
Tax effect of:				
Exempt income	-1.05%	(8.50)	-1.71%	(11.58)
Deferred tax asset not recognised in the earlier year in respect of subsidiary	-3.77%	(30.49)	1.42%	9.61
Adjustment for items taxed at a lower rate	0.00%	-	-0.51%	(3.45)
Others	-0.45%	(3.65)	-0.66%	(4.50)
	29.34%	236.91	33.15%	224.83

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

40. Contingent liabilities

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Claims against the Group not acknowledged as debts :			
Income tax matters	0.99	0.99	0.99
Indirect tax matters	6.44	4.09	-

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before tax authorities and including matters mentioned above. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Group, as the case may be, and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defence of the proceedings and accordingly, no further provision is required.

41. Commitments

Capital commitments:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances)	9.83	79.97	120.44

42. Earnings per share

	For the year ended 31 March 2018	For the year ended 31 March 2017
Earnings		
Profit attributable to equity shareholders (A)	571.13	453.45
Shares		
Weighted average number of equity shares outstanding during the period for computing basic EPS (B)	3,274,823	3,274,823
Add: Dilutive effect of employee stock options	-	-
Weighted average shares used for computing diluted EPS (C)	3,274,823	3,274,823
Basic earnings per share of face value of ₹ 10 (A/B)	174.40	138.46
Diluted earnings per share of face value of ₹ 10 (A/C)	174.40	138.46

43. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) Names of related parties and nature 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)
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)

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Relatives of KMP	Mr. Sesa 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)

(ii) Details of transactions with the above related parties:

Transactions	For the year ended 31 March 2018	For the year ended 31 March 2017
Lease rent paid		
- Dodla Dairy, Vinjimuru	1.20	1.20
- Surekha Milk Chilling Centre	0.90	0.90
- Dodla Nutri Feeds LLP	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	74.02	42.38
- Post employment benefits	2.14	2.14
Purchase of raw material		
- GVC	9.03	6.24
- Dodla Nutri Feeds LLP	0.22	-
Sale of finished goods, (net of discounts)		
- Mr. Sunil Reddy	-*	0.05
- Mrs. Surekha Reddy	-*	0.02
Expenditure incurred on behalf of		
-GVC	6.77	6.91
Consultancy expense		
- Oremus Corporate Services Private Limited	0.90	1.03
- Mr. Sesa Reddy	3.60	3.60
- Ms. Shilpa Reddy	0.60	0.05
Sitting fees		
- Mr. B.V.K. Reddy	0.77	0.80
Interest income		
- Mr. Sunil Reddy	0.92	1.13
Repayment of unsecured loan		
- Mr. Sunil Reddy	12.50	-
Purchase of goods		
- Tropical Bovine Genetics Private Limited	0.54	-

* 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.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

(iii) Balances with related parties:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans			
- Mr. Sunil Reddy – Loan to director	-	12.50	12.50
Other current financial assets			
- Mr. Sunil Reddy – Interest accrued	-	0.10	0.10
Other current and non-current assets			
- GVC - Other advances	55.17	57.55	53.64
- GVC – Provision for doubtful advances	(53.64)	(53.64)	(53.64)
- Mr. Sunil Reddy – Advance given against salary, net	-	-	3.48
- Mr. B.V.K. Reddy – Advance given against salary, net	-	7.80	-
Other financial liabilities and trade payable			
- Oremus Corporate Services Private Limited – Consultancy fees payable	0.08	0.09	0.28
- Ms. Shilpa Reddy - Consultancy fees payable	-	0.05	-
- Mr. Sunil Reddy - Remuneration payable, net	0.52	0.84	-
- Mr. B.V.K Reddy - Remuneration payable	9.28	-	10.56

Notes:

- The borrowings of the Group are secured by personal guarantees given by the director of the Holding Company, Mr. Sunil Reddy as detailed in note 21 and 25.
- As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above. Share-based compensation expense allocable to key management personnel ₹ 0.60 (31 March 2017 - ₹ Nil) is also not included in the remuneration disclosed above.
- During the year 2013-14, the Group has paid share application money pending allotment to Dodla Milk Processing Plc amounting to ₹ 14.74. During the year 2014-15, the Board of directors of the Group has decided to wind up Dodla Milk Processing Plc since it does not intend to pursue the business opportunities in Ethiopia and it stands dissolved on 24 November 2015. Shares of Dodla Milk Processing Plc were not allotted to the Group. Subsequently, the Group had initiated process of settling the dues and repatriating the funds to India and has received ₹ 13.53, which was deposited in nostro account with Authorised dealer. The Group is required to obtain approval from Reserve Bank of India ('RBI') to utilise these funds. Accordingly, the Group had made necessary application with RBI, who in turn has issued a letter to the Group intimating the contravention made by the Group. The Group has filed the requisite applications to the RBI for compounding of the contraventions. During the current year, RBI has compounded the said offence and accordingly, the Group can now utilise the fund of ₹ 13.53 received from Ethiopia.

44. Segment reporting

The Group is in the business of processing and selling milk and milk products. The Group's Chief Operating Decision Maker (CODM) reviews the performance of the Group on the basis of economic performance for Liquid Milk, Products and Curd. For the purpose of reporting the operating segments, all the three segments have been aggregated as a single reporting segment under the provisions of Ind AS 108 'Operating Segments' as the nature of products, the production and distribution process, class of customers and the regulatory environment is similar for all the segment. Thus, the segment revenue, segment profit, total segment assets and liabilities are all as reflected in the Financial Statements as at 31 March 2018, 31 March 2017 and 01 April 2016 and for the years ended 31 March 2018 and 31 March 2017.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

The geographical information analyses the Group's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets which have been based on the geographical location of the assets.

(i) Revenues

	For the year ended 31 March 2018	For the year ended 31 March 2017
India	15,372.67	14,099.84
Outside India	532.08	300.60
Total	15,904.75	14,400.44

(ii) Non-current assets *

	As at 31 March 2018	As at 31 March 2017
India	3,241.49	2,815.59
Outside India	283.74	254.28
Total	3,525.23	3,069.87

* Non-current assets excludes financial instruments.

45. Specified Bank Notes ("SBN")

Details of Specified Bank Notes (SBNs) held and transacted during the period from 8 November, 2016 to 30 December, 2016 are as below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	1.04	2.00	3.04
Add: Permitted receipts#	130.47	1,001.32	1,131.79
Less: Permitted payments	-	6.09	6.09
Less: Amount deposited in banks	131.51	989.93	1,121.44
Closing cash in hand as on 30 December 2016	-	7.30	7.30

The Management has obtained an opinion from an independent legal counsel and is of the view that the cash collected in specified bank notes in the normal course of the business is covered under the ambit of exemption provided under clause (d) of the notification S.O.3408(E) dated 8th November 2016 issued by the Ministry of Finance, allowing the use of specified bank notes for purchase at milk booths operating under authorisation of the Central or State Governments until 15 December 2016 (originally 11 November 2016, amended by notifications issued from time to time). Hence, the above specified bank notes collected are considered as permitted receipts.

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

46. Transfer pricing

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The Management is of the opinion that its domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

47. Details of the loan given under Section 186 of the Companies Act, 2013

Pursuant to a scheme approved by the members by a special resolution in their meeting dated 6 July 2015, the Holding Company, during the financial year 2015-16, has given an unsecured personal loan to the Managing Director, Mr. Sunil Reddy, carrying an interest rate of 9% p.a.

Movement in the balance during the year:

Particulars	Amount
As at 1 April 2016	12.50
Given during the financial year 2016-17	-
Repaid during the financial year 2016-17	-
As at 31 March 2017	12.50
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	(12.50)
As at 31 March 2018	-

48. Financial instruments - fair values and risk management

Accounting classification and fair values

Financial instruments by category	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016		Fair value level
	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	
Financial Assets							
Investments in mutual funds (refer note (a) below)	-	669.59	-	683.54	-	637.10	Level 1
Trade receivables	36.05	-	14.28	-	20.37	-	-
Cash and cash equivalents	139.17	-	111.62	-	118.19	-	-
Bank balances other than above	0.70	-	-	-	-	-	-
Non-current loans	148.24	-	206.34	-	38.22	-	-
Current loans	67.00	-	12.50	-	12.50	-	-
Other non-current financial assets	-	-	0.50	-	-	-	-
Other current financial assets	1.63	-	1.39	-	1.30	-	-
Derivatives (refer note (b) below)	-	-	-	4.88	-	11.28	Level 2
Total Financial Assets	392.79	669.59	346.63	688.42	190.58	648.38	
Financial Liabilities							
Borrowings (current and non-current)	1,258.13	-	1,361.41	-	1,091.93	-	-
Trade payables	631.51	-	514.66	-	439.17	-	-
Interest accrued but not due on borrowings	2.72	-	4.63	-	5.38	-	-
Capital creditors	33.71	-	26.13	-	12.53	-	-
Security deposits	97.26	-	73.94	-	44.63	-	-
Employee payables	91.63	-	62.03	-	63.49	-	-
Total Financial Liabilities	2,114.96	-	2,042.80	-	1,657.13	-	

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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.
- (b) The fair valuation of derivative financial assets is classified as level 2 in the fair value hierarchy as they are determined based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Financial Risk Management

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. A summary of the risks have been given below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivable

Credit risk is managed by Head (Sales) of the Group. Usually, the business is carried on cash and carry basis. However, for institutional customers credit is provided after a detailed background check and credit analysis.

The Accounts Receivable team along with sales team will evaluate all new customers to determine payment terms and methods to be required, and what level of credit will be established. The Accounts Receivable team and sales team will also periodically review and re-evaluate payment terms and credit lines of existing customers and to support new customer requirements, and do manage risk as financial and business conditions change.

Majority of milk customers are un- registered and multi brand sellers. Billing transaction takes all the 365 days in a year. The credit allowed is monitored as per the approved limits.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The default in collection as a 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 2016	4.00
Changes in loss allowance	(2.59)
Foreign currency translation reserve	(0.08)
Expected credit loss on 31 March 2017	1.33
Changes in loss allowance	(0.88)
Foreign currency translation reserve	-
Expected credit loss on 31 March 2018	0.45

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The central treasury team monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows and any excess/ short liquidity is managed in the form of intercorporate deposits.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018, 31 March 2017 and 01 April 2016. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Particulars	As at 31 March 2018				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	631.51	631.51	631.51	-	-
Borrowings	1,258.13	1,310.69	1,062.04	109.31	139.34
Other financial liabilities	225.32	225.32	225.32	-	-
	2,114.96	2,167.52	1,918.87	109.31	139.34

Particulars	As at 31 March 2017				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	514.66	514.66	514.66	-	-
Borrowings	1,361.41	1,456.67	1,087.00	119.62	250.05
Other financial liabilities	166.73	166.73	166.73	-	-
	2,042.80	2,138.06	1,768.39	119.62	250.05

Particulars	As at 01 April 2016				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	439.17	439.17	439.17	-	-
Borrowings	1,091.93	1,212.63	809.24	92.84	310.55
Other financial liabilities	126.03	126.03	126.03	-	-
	1,657.13	1,777.83	1,374.44	92.84	310.55

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Interest Risk

The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The Group also has variable interest deposit receivable which mitigate the interest rate risk on payables.

The exposure of the Group to interest rate changes at the end of the reporting period are as follows:

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Variable rate borrowings	1,258.13	1,361.41	1,073.60
Total	1,258.13	1,361.41	1,073.60

At the end of the reporting period, the Group had the following variable rate borrowings :

	As at 31 March 2018			As at 31 March 2017			As at 01 April 2016		
	Weighted Average Interest rate %	Balance	% of total outstanding payable/ receivable	Weighted Average Interest rate %	Balance	% of total outstanding payable/ receivable	Weighted Average Interest rate %	Balance	% of total outstanding payable/ receivable
Financial Liabilities									
Long term borrowings (including current maturities)	9.70%	315.00	25.04%	9.70%	393.04	28.87%	9.37%	366.33	34.12%
Current borrowings	7.97%	943.13	74.96%	8.15%	968.37	71.13%	8.42%	707.27	65.88%
Total		1,258.13			1,361.41			1,073.60	

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	As at 31 March 2018	As at 31 March 2017
Interest rate - Increases by 50 basis points	(6.29)	(6.81)
Interest rate - Decreases by 50 basis points	6.29	6.81

Currency risk

The Group has majority of its foreign exchange exposure in the form of External commercial borrowings (ECB), payables and advances for purchase of materials and capital goods. The Group has hedged itself against the exchange rate fluctuations in relation to ECB by opting for cross currency interest rate swaps.

The following is the nominal value of outstanding derivative contracts entered into by the Group for hedging currency and interest rate related risks as at:

Particulars	Currency	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million
Cross currency swap and interest rate swap	USD	-	-	500,000	27.16	1,000,000	54.33

The particulars of un-hedged foreign currency exposure as at balance sheet date is as under:

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Particulars	Currency	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million
Capital creditors	EURO	-	-	35,600	2.31	35,600	2.36
Cash on hand	USD	157,272	10.02	604,047	39.17	307,606	20.40
Trade receivables	USD	567,992	36.19	58,201	3.77	-	-
Trade payables	USD	81,882	5.21	13,820	0.90	-	-

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	As at 31 March 2018	As at 31 March 2017
Foreign exchange rate - Increases by 5%	2.05	1.99
Foreign exchange rate - Decreases by 5%	(2.05)	(1.99)

49. Capital management

(a) Risk Management

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure the Group monitors the return on capital, as well as the level of dividends to equity shareholders. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves and debt.

The Group monitors capital on the basis of the following:

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Total debt	1,258.13	1,361.41	1,091.93
Total equity	3,397.59	2,813.34	2,395.36
Net debt to equity ratio	37.03%	48.39%	45.59%

(b) Dividends

No interim or final dividends have been declared by the Group during the financial year ended 31 March 2018 and 31 March 2017.

50. Description of the Group

Dodla Dairy Limited ("the Ultimate Holding Group") together with its subsidiaries and associate entities (collectively referred to as "the Group" or "Dodla Dairy Group") is headquartered in Hyderabad, India. The Group is engaged in the business of processing/ production of milk and production of milk products.

Dodla Dairy's subsidiaries and associate entity are listed below:

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Entity	Country of incorporation	Percentage holding (%)		
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Subsidiary				
Dodla Holdings Pte Ltd ('DHPL')	Singapore	100.00%	100.00%	100.00%
Step down subsidiaries				
Lakeside Dairy Limited ('LDL')	Uganda	100.00%	100.00%	100.00%
Dodla Dairy Kenya Limited	Kenya	80.00%	-	-
Associate				
Global VetMed Concepts India Private Limited (GVC)*	India	47.94%	47.94%	47.94%

* Associate with effect from 31 March 2016.

51. Investment in associate

On 31 March 2016, the Group acquired 3,866,923 shares (47.94%) in GVC for a consideration of ₹ 38.67. The Group has not recognised any share of losses of the associate as it exceeds the carrying amount of the investment.

52. Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements:

Name of the Entity	As at and for the year ended 31 March 2018							
	Net assets (i.e. total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Total	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Dodla Dairy Limited	100.91%	3,428.40	88.59%	505.65	122.20%	15.30	89.31%	520.95
Subsidiary								
Dodla Holdings Pte Limited	11.10%	377.10	11.43%	65.23	-	-	11.18%	65.23
Non-controlling interest								
	-	-	-0.06%	(0.32)	-	-	-0.06%	(0.32)
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	0.00%	-
Adjustment arising out of consolidation	-12.01%	(407.91)	0.04%	0.25	-22.20%	(2.78)	-0.43%	(2.53)
Total	100.00%	3,397.59	100.00%	570.81	100.00%	12.52	100.00%	583.33

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

Name of the Entity	As at and for the year ended 31 March 2017							
	Net assets (i.e. total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Total	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Dodla Dairy Limited	103.33%	2,906.85	101.19%	458.83	7.61%	(2.70)	109.13%	456.13
Subsidiary								
Dodla Holdings Pte Limited	11.17%	314.33	-1.19%	(5.38)	-	-	-1.29%	(5.38)
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-14.50%	(407.84)	0.00%	(0.00)	92.39%	(32.77)	-7.84%	(32.77)
Total	100.00%	2,813.34	100.00%	453.45	100.00%	(35.47)	100.00%	417.98

Name of the Entity	As at 01 April 2016	
	Net assets (i.e. total assets minus total liabilities)	
	As % of consolidated net assets	Amount
Parent		
Dodla Dairy Limited	102.31%	2,450.72
Subsidiary		
Dodla Holdings Pte Limited	11.89%	284.71
Associate		
Global VetMed Concepts Private Limited*	-	-
Adjustment arising out of consolidation	-14.20%	(340.07)
Total	100.00%	2,395.36

* The group has not recognised any share of losses of the associate as it exceeds the carrying amount of the investment.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

53. First-time adoption of Ind AS

As stated in Note 2A, the Group has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2017, the Group had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A.1 Optional exemptions availed

1 Property, plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

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

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

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

As permitted by Ind AS 101, the Group has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

2 Business combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

A.2 Mandatory exceptions

1 Estimates

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

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

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

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

- Fair valuation of biological assets
- Fair valuation of financial instruments carried at FVTPL

2 Classification and measurement of financial assets

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

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

B: Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of balance sheet as at date of transition 01 April 2016 and as at 31 March 2017

	Notes to first time adoption	As at 31 March 2017			As at 1 April 2016		
		Previous GAAP *	Adjustments	Ind AS	Previous GAAP *	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	D - (viii)	2,555.74	(25.74)	2,530.00	1,806.13	(28.82)	1,777.31
Capital work-in-progress		299.11	-	299.11	365.20	-	365.20
Intangible assets		3.33	-	3.33	2.17	-	2.17
Biological assets other than bearer plants							
Matured biological assets	D - (ii)	16.11	1.57	17.68	12.89	-	12.89
Immatured biological assets		5.87	-	5.87	5.35	-	5.35
Financial assets							
Loans		206.34	-	206.34	38.22	-	38.22
Other financial assets		0.50	-	0.50	-	-	-
Income tax assets		43.54	-	43.54	44.16	-	44.16
Other non current assets	D - (viii)	145.14	25.20	170.34	333.74	28.28	362.02
Total non-current assets		3,275.68	1.03	3,276.71	2,607.86	(0.54)	2,607.32
Current assets							
Inventories		851.96	-	851.96	904.33	-	904.33
Financial assets							

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

	Notes to first time adoption	As at 31 March 2017			As at 1 April 2016		
		Previous GAAP *	Adjustments	Ind AS	Previous GAAP *	Adjustments	Ind AS
Investment	D - (iii)	641.03	42.51	683.54	609.79	27.31	637.10
Trade receivables		14.28	-	14.28	20.37	-	20.37
Loans		12.50	-	12.50	12.50	-	12.50
Cash and cash equivalents		111.62	-	111.62	118.19	-	118.19
Derivatives		4.88	-	4.88	11.28	-	11.28
Other financial assets		1.39	-	1.39	1.30	-	1.30
Other current assets	D - (viii)	299.94	0.54	300.48	38.51	0.54	39.05
Total current Assets		1,937.60	43.05	1,980.65	1,716.27	27.85	1,744.12
Total Assets		5,213.28	44.08	5,257.36	4,324.13	27.31	4,351.44
EQUITY AND LIABILITIES							
Shareholders' funds							
Share capital		32.75	-	32.75	32.75	-	32.75
Other equity	C - (i)	2,760.03	20.56	2,780.59	2,353.84	8.77	2,362.61
Total Equity		2,792.78	20.56	2,813.34	2,386.59	8.77	2,395.36
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowing		315.00	-	315.00	323.79	-	323.79
Deferred tax liabilities (net)	D - (iv)	119.89	10.86	130.75	87.00	4.62	91.62
Government grants	D - (i)	3.26	11.20	14.46	3.45	12.46	15.91
Provisions		88.67	-	88.67	52.94	-	52.94
Total non-current liabilities		526.82	22.06	548.88	467.18	17.08	484.26
Current liabilities							
Financial liabilities							
Borrowing		968.37	-	968.37	707.27	-	707.27
Trade Payables		514.66	-	514.66	439.17	-	439.17
Other Financial Liabilities		244.77	-	244.77	186.90	-	186.90
Government grants	D - (i)	-	1.46	1.46	-	1.46	1.46
Provisions		8.38	-	8.38	5.59	-	5.59
Current tax liabilities		109.42	-	109.42	93.93	-	93.93
Other current liabilities		48.08	-	48.08	37.50	-	37.50
Total current liabilities		1,893.68	1.46	1,895.14	1,470.36	1.46	1,471.82
Total liabilities		2,420.50	23.52	2,444.02	1,937.54	18.54	1,956.08
Total equity and liabilities		5,213.28	44.08	5,257.36	4,324.13	27.31	4,351.44

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

	Notes to first time adoption	Previous GAAP *	Adjustments	Ind AS
Revenue from operations	D - (vi)	14,415.26	(14.82)	14,400.44
Other income	D - (i), (ii) & (iii)	47.03	26.23	73.26
Total Income		14,462.29	11.41	14,473.70
Expenses				
Cost of materials consumed	D - (ii)	11,139.54	16.24	11,155.78
Changes in inventories of finished goods, stock-in-trade and work-in-progress		198.53	-	198.53
Employee benefits expense	D - (ii) & (v)	549.95	(0.02)	549.93
Depreciation and amortisation expense	D - (ii) & (vii)	202.50	(12.15)	190.35
Finance costs		80.29	-	80.29
Provision for impairment on live stock	D - (ii)	7.81	(7.81)	-
Other expenses	D - (ii), (vi) & (vii)	1,627.97	(7.43)	1,620.54
		13,806.59	(11.17)	13,795.42
Profit before tax		655.70	22.58	678.28
Income tax expense				
Current tax expense		184.27	-	184.27
Deferred tax expense	D - (iv)	32.89	7.67	40.56
Total tax expense		217.16	7.67	224.83
Profit for the year		438.54	14.91	453.45
Other comprehensive income	D - (v)			
<i>Items that will be reclassified subsequently to the statement of profit or loss</i>				
Foreign currency translation reserve		-	(32.77)	(32.77)
<i>Items that will not be reclassified subsequently to the statement of profit or loss</i>				
Remeasurements of employee benefit		-	(4.13)	(4.13)
Tax on above items	D - (iv)	-	1.43	1.43
Other comprehensive income		-	(35.47)	(35.47)
Total comprehensive income		438.54	(20.56)	417.98

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

C (i): Reconciliation of total equity as at 31 March 2017 and 01 April 2016

	Notes to first time adoption	As at 31 March 2017	As at 01 April 2016
Total equity (shareholder's funds) as per previous GAAP		2,792.78	2,386.59
Adjustments:			
Government grants recognised as deferred income	D - (i)	(12.66)	(13.92)
Changes in fair value of biological assets	D - (ii)	1.57	-
Investment in mutual funds recognised at fair value	D - (iii)	42.51	27.31
Deferred tax on above adjustment	D - (iv)	(10.86)	(4.62)
Total adjustments		20.56	8.77
Total equity as per Ind AS		2,813.34	2,395.36

C (ii): Reconciliation of total comprehensive income for the year ended 31 March 2017

	Notes to first time adoption	As at 31 March 2017
Profit after tax as per previous GAAP		438.54
Adjustments:		
Government grants recognised as deferred income	D - (i)	1.68
Changes in fair value of biological assets	D - (ii)	1.57
Investment in mutual funds recognised at fair value	D - (iii)	15.20
Remeasurement of the net defined benefit obligation recognised in other comprehensive income	D - (v)	(6.24)
Deferred tax asset on above adjustments	D - (iv)	2.70
Total adjustments		14.91
Profit after tax as per Ind AS		453.45
Other comprehensive income (net of taxes)	D - (v)	(35.47)
Total comprehensive income as per Ind AS		417.98

D: Notes to reconciliation

(i) Government grant

The Group has received government grant against the capital expenditure incurred. Under the previous GAAP, the aforesaid grant were carried under capital reserve. Under Ind AS, government grant received against depreciable assets shall be credited to the statement of profit and loss over the useful life of the respective assets. The impact as of the date of transition has been adjusted through retained earnings.

(ii) Biological assets

Under the previous GAAP, biological assets were measured at cost. Ind AS requires all biological assets to be measured on each reporting date at their respective fair values with the fair value changes being recognised in the statement of profit and loss. The impact as at the date of transition has been adjusted through retained earnings.

Notes to Consolidated Financial Statements

(All amounts are in Indian Rupees (₹) except for share data or otherwise stated)

(iii) Investments

Under the previous GAAP, investments in mutual funds were classified as non-current investments or current investments based on the intended holding period and realisability. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition.

(iv) Deferred tax

The (decrease)/ increase in the deferred tax assets are on account of adjustments made on transition to Ind AS.

(v) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, net of its tax impact and foreign currency translation adjustments. The concept of other comprehensive income did not exist under previous GAAP.

(vi) Sale of goods

Under previous GAAP, scheme based discounts and rebates were grouped under other expenses, however, under Ind AS, these expenses are netted off against sale of goods. There is no impact on the profit or retained earnings of the Group.

(vii) Prepaid operating lease rent

Under the previous GAAP, land was specifically scoped out from the scope of AS 19 Leases, hence leasehold land was grouped under plant, property and equipment and the respective amortisation charge was disclosed as depreciation charge in the statement of profit or loss. There is no such exclusion under Ind AS 17, hence the Group has reclassified leasehold land from plant, property and equipment to prepaid rent, with a corresponding amortisation charge debited to rent expense.

54. During the year ended 31 March 2018 no material foreseeable loss (year ended 31 March 2017: 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 no: 116231W/ W-100024

Vikash Somani

Partner

Membership No. 061272

Place: Hyderabad

Date: 13 July 2018

for and on behalf of the Board of Directors of

Dodla Dairy Limited

CIN: U15209TG1995PLC020324

D. Sesha Reddy

Chairman

DIN: 00520448

Place: Hyderabad

Date: 13 July 2018

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

8-2-293/82/A, Plot No - 270/Q, Road No 10-C, Jubilee Hills, Hyderabad - 500033, Telangana, India

Phone : 040 - 4546 7777

Email : support@dodladairy.com | www.dodladairy.com