1000 Crore 2014-15

1500 Crore 2017-18

2000 Crore 2019-20

Annual Report 2019-2020

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Dodla Sesha Reddy
Chairman/ Director

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Dodla Sunil Reddy
Managing Director

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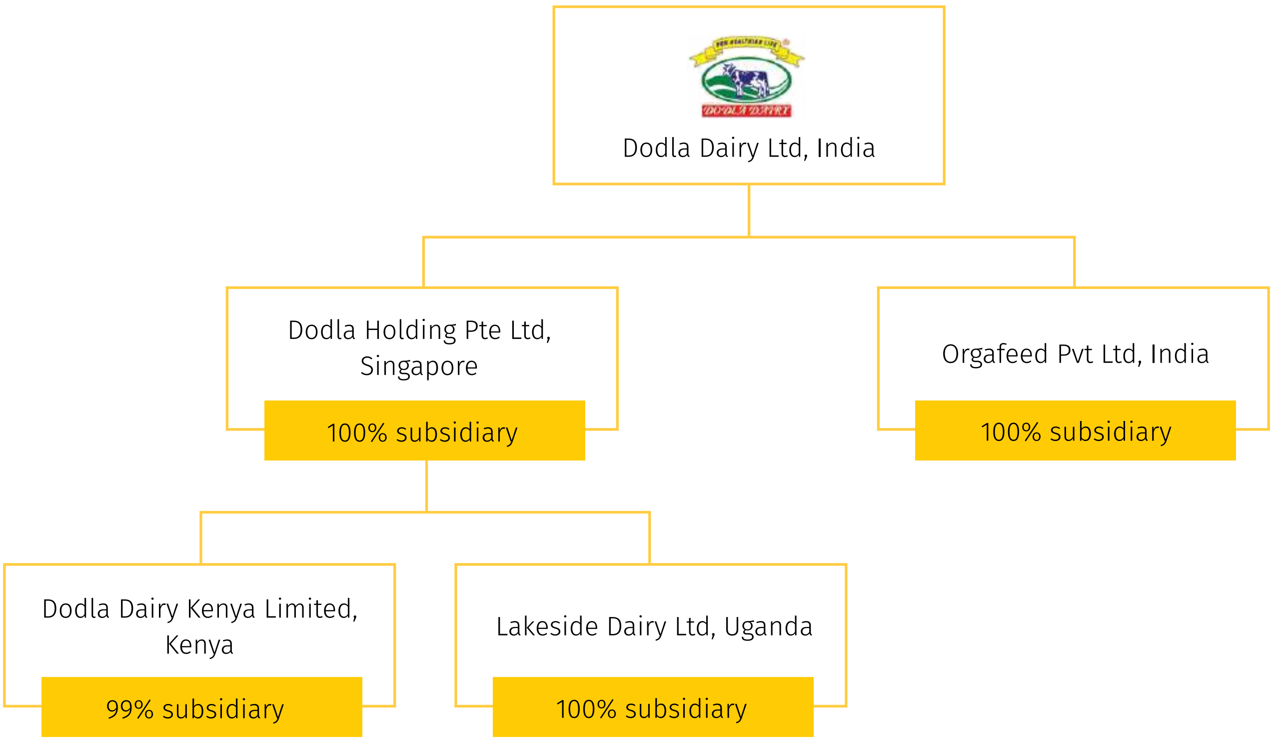
BVK Reddy
Chief Executive Officer

> Today we are the third largest private sector dairy company in South India and second largest in terms of market presence.

ABOUT US

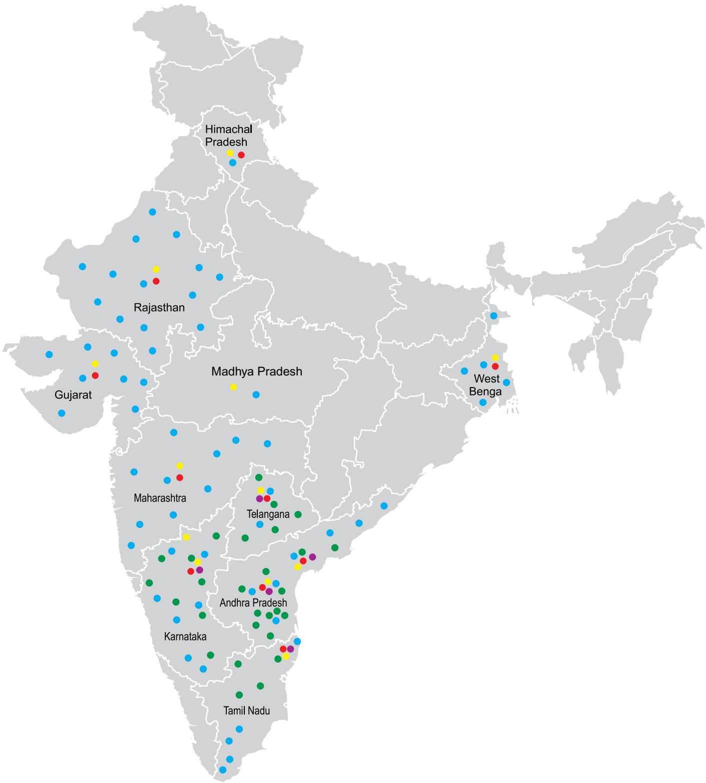
Established in 1995, Dodla Dairy Limited is a leading company having its Head Quarters at Hyderabad City of Telangana State in India. The Company procures, process and sells milk and milk products across 10 states in India from its 13 state-of-the-art processing plants in India. The Company offers wide range of milk products comprising of fresh milk, curd, ice cream, butter, ghee, paneer, flavoured milk and doodh peda.

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 yoghurt with different flavors, Ghee, Paneer, Cheese & ESL milk under the brand name Dairy Top. Dairy Top products are marked across Uganda & Kenya.

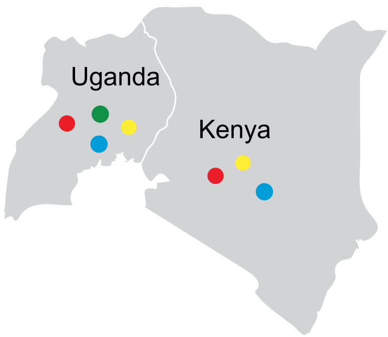


OUR FOOTPRINTS

India



Africa



Milk Procurement · Dodla Retail Points · Agents · Distributors · Retail Outlets

Key Organizational Facts

23
Years in Dairy Processing

20,63,200 LPD
Processing Capacity

14
Processing Plants
(including 1 in Uganda)

21
Milk and Milk Products

45
Sales Offices

2758
Employees

CHAIRMAN'S MESSAGE

FY20 has been a landmark year for our Company as we crossed the all times high revenue of ₹ 2,000 crore

Dear Shareholders & Associates

I am addressing you when the entire world is under the grip of Covid 19 – considered as the most hostile times after the world war II. The positive cases in India are spiralling and it is indeed worrying. My deepest sympathies for those who have lost their dear ones in their battle against Covid 19. As the united world had overcome many such challenges in the history, we will soon overcome the impact of this unprecedented pandemic.

Immediately after the first signs of the pandemic was seen in India we at Dodla took all necessary precautions to protect our employees and our associates who are part of our supply chain. Milk is an essential raw material and we also did everything possible to ensure that our supply chain is intact during the lockdown. However disruption in transportation, shutdown of the retail chains did impact us. I am glad to inform you that post lockdown our operations have resumed and the sales volumes are picking up.

FY2020 has been a landmark year for our Company as we crossed the all times high revenue of 2,000 Cr. On behalf of the board of directors I thank our dedicated management and staff for this incredible achievement. Also sincerely I express gratitude to all our stakeholders including farmers, supply chain partners and customers. Our turnover increased by 26.46% in FY20. Our margins also improved considerably. PAT stands at ₹ 498.71 Million @ 2.32%. EBIDTA increased by 12.06% in FY20 to ₹ 1,481.99 Million.

Operating Scenario

As the organised dairy sector in India is gaining more strength, the sector is also witnessing consolidation. While the processing sector is becoming a sustainable playing field for medium and large dairy company like Dodla, many smaller processing facilities are becoming part of the inorganic growth of bigger dairy companies. In the past 4 years Dodla acquired 2 processing facilities across South India.

We also set up a new facility in AP, in the past 2 years totalling to a capacity of 20,63,200 LPD

Dairying is an important sector in developing economies like India, for providing nutrition support, reducing rural poverty, inequality, ensuring food security for millions of rural households, and enhancing economic growth, particularly in rural areas. Growing urbanisation and increasing household income has fuelled consumption of milk and milk products and a strong supply chain with focus on value addition is required to meet this demands. At Dodla our processing and market presence has a healthy distribution among rural, semi urban and urban locations. This is in line with our corporate purpose which is to strengthen the food value chain.

Dodla Values

From our firm foundations of farmer relations, strong supply chains and increasing brand equity I am confident that we will grow further through creating an exceptional milk and milk product range. We have refined our corporate responsibility agenda across areas such as environmental impact, employee safety, diversity, development and product responsibility.

Social Upliftment Initiatives.

At the core of our engagement with farmers, we help many milk supplying farmers gain access to critical inputs, such as affordable animal feed and veterinary services.

The Board remains confident in the future prospects for Dodla Dairy. Our Company has a strong management team who are delivering against a clear business strategy of building brands, adding value, driving simplicity, generating cash and reducing risk. While the entire economy is going through a turbulent times post Covid 19 outbreak we are also impacted in many ways. However our Company has all the financial, operational, strategic and risk management capabilities to overcome these challenges and endure.

Thank you and Stay Safe

Dodla Sesha Reddy

Chairman/ Director

Review By Managing Director

Since inception we remained as a bottom line focused company. Having adequate margins year on year helped in our capex plans which in turn has delivered topline growth. We are growing through brownfield as well as greenfield projects.

Strategic Environment

We are operating in an external scenario in which there is abundance of opportunity yet the changing consumer behavior, competition, climate change and seasonal disparities are causing challenges. Growth is possible only with the right agility and operating model.

Our Global Strategies

At Dodla our strategies are intended to increase capabilities across our value chain starting from procurement through product development processing and merchandising. We are also increasing our consumer insight capabilities. While the growth is stagnant in dairy surplus countries like US, New Zealand and Australia, high growth opportunities are in dairy deficit countries like India, other Asian countries and Africa. We continue to expand in India and Africa in terms of procurement and processing capacity as well as increasing our brand portfolio and SKUs.

Key Differentiators

Since inception we remained as a bottom line focused company. Having adequate margins year on year helped in our capex plans which in turn has delivered topline growth. We are growing through brownfield as well as greenfield projects. Our processing capacity from 12,68,500 in FY17 has increased to 20,63,200 in FY2020 i.e and increase of 63% since FY17.

In the recent years MNC dairy companies – few of which wanted to stay ahead of the product curve In India could not monetize on their plans and had to exit from the dairy business. Indian consumer behavior towards dairy products is evolving yet it is very traditional. At Dodla we understand the ideal balancing of products with inimitable Indian consumer choices.

Strategic agility remains as our key advantage. Our leadership is empowered to 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.

Going Forward

Since the outbreak of Covid 19 and ensuing lock down, dairy industry India has been impacted. Supply chains across our value chain had marginal to medium disruptions during the lockdown period. Our key markets AP, Telangana, Karnataka and Tamil Nadu are the first to relax lockdown and since then our operations are almost back to pre covid days. However the institutional sales continue to be impacted. Customers are wary of consuming frozen and cold VAP's like ice creams, and flavored milk.

At Dodla we have financial and operational capabilities to overcome these challenges. Our priorities are to keep our employees and associates safe and maintain an uninterrupted supply chain to reach out milk and milk products on time across our markets.

Thank you and Stay Safe

Dodla Sunil Reddy

Managing Director

OUR INORGANIC STRATEGY

For large dairy companies like Dodla, Merger and Acquisition (M&A) is a key strategy to drive sales growth in the desired markets. Sustaining the rising input costs, competition branding and merchandising abilities are the key concerns for small dairy processing units and hence the business can sustain by merging with a larger entity. At Dodla we have been expanding through our greenfield as well as brownfield projects (inorganic growth). Since 2001 the Company has acquired 8 plants in Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Uganda.

OUR INORGANIC MILESTONES

2019:

Acquired **KC Dairy** with two dairy plants (1.45 LLPD) & 10 MTPD powder plant in Dindigal, Tamil Nadu.

Capacity
245,000 LPD
(145,000 LPD + 10 MTPD powder capacity)

2019:

Incorporated **OrgaFeed Pvt Limited** and acquired **M/s. Bharathi** feed mixing plant near Kadapa town of AP. OrgaFeed manufacture cattle feed and sell the same through their network of milk collection centres to Dodla Dairy Farmers.

Capacity
80 MTPD

2016:

In FY16 the Company acquired a **processing plant in Dharmapuri in Tamil Nadu.** This new plant has helped Dodla Brand to expand in central and south Tamil Nadu markets & Bangalore.

Capacity
100,000 LPD

2015:

In 2015 **Lakeside Dairy Ltd.,** was incorporated by Dodla Holding Pte Ltd (DHPL, Singapore) to acquire the business of Hillside Dairy & Agriculture Ltd., in Uganda and to carry on with the business of Dairy. It is a wholly owned subsidiary of Dodla Holdings Pte Ltd, Singapore. The processing unit is located at Mbarara and the sales depot is in Kampala. Lakeside Dairy caters to markets in Uganda and Kenya.

Capacity
100,000 LPD

2014:

Acquired a **processing plant in Kurnool 2014.** The processing plant processes milk and manufactures VAPs such as curd and butter milk. This plant caters to the Kurnool and Old Mahbubnagar districts.

Capacity
50,000 LPD

2007:

Sattenapalli processing plant was acquired 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. Newly added Nalgonda & Khammam districts.

Capacity
46,700 LPD

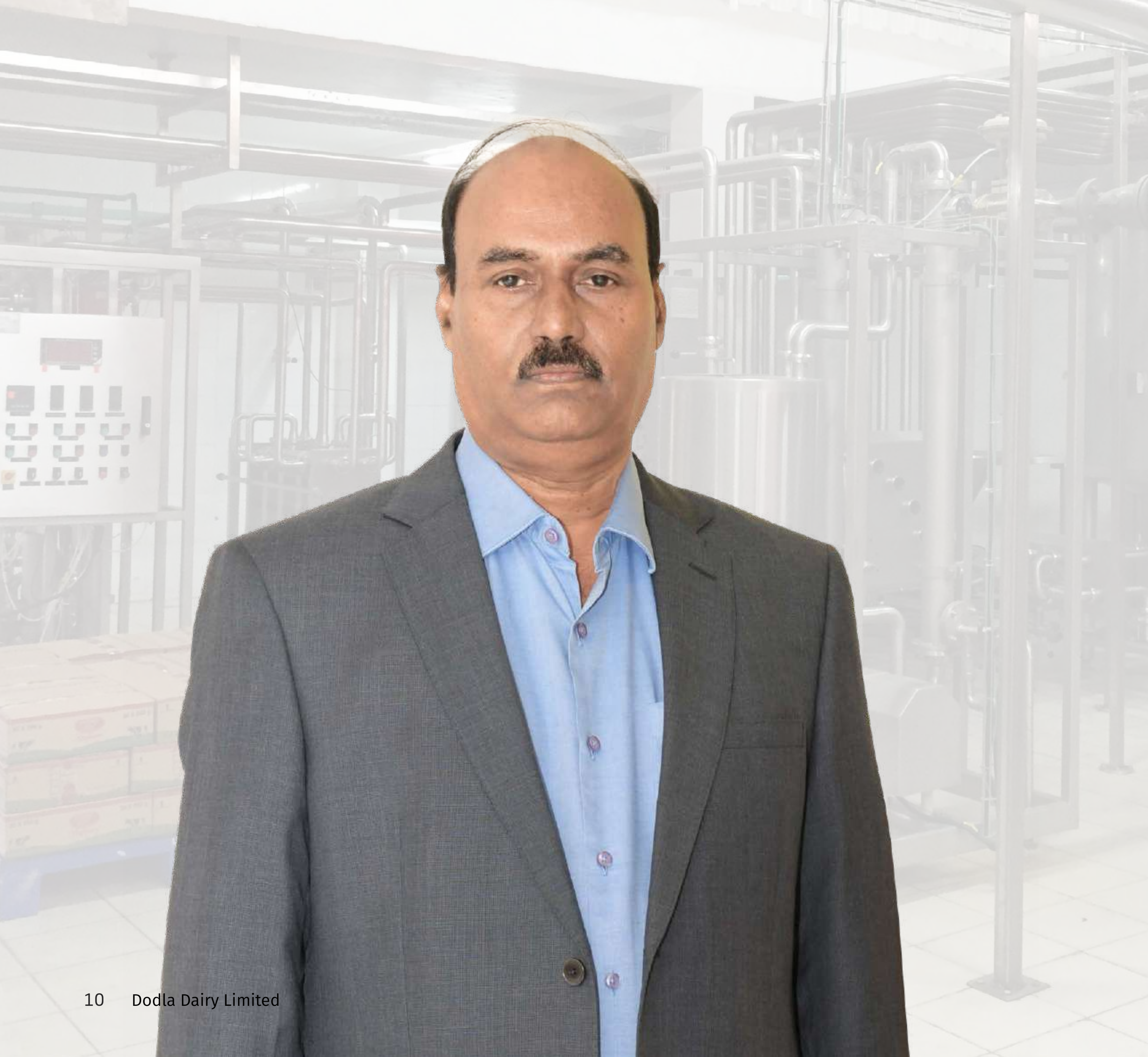
2002:

Penumur plant was acquired and commenced its operations in 2002. This 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.

Capacity
50,000 LPD

Review by CEO

The twin aspects of procurement and processing must go in tandem with the Company's expansion plans. At Dodla Dairy our knowhow on operational matrix consisting of procurement and processing built over a period of time is our key intangible asset.



Dodla's Operating Background.

Dairy Industry is faced with multiple operational challenges related to engaging with dairy farmers, procurement, logistics, processing and marketing. At the far end farmers need reliable and remunerative forward linkages like Dodla Dairy. They also need handholding in multiple aspects of dairy farming such a animal health, feed management, best milking and hygiene practices.

Review of Operational Performance

Ensure a timely / transparent mechanism to reimburse farmers is our key social and relationship priority. During the year we increased the procurement volume to 12,09,233 LPD (Including Uganda) from 11,03,572 LPD (Including Uganda) in FY19 i.e an increases of 9.6% year on year. For increasing direct procurement from farmers we have increased our network of collection centres. From 3544 collection centres in FY18 we have increased the numbers to 6285 centres in FY20 i.e an increase of 77% in our direct procurement capabilities. To empower farmers and to strengthen our business model we acquired a feed plant in Andhra Pradesh. OrgaFeed Pvt Ltd - our wholly owned subsidiary manufacture cattle feed and sells it to dairy farmers through our milk collection centres at a nominal rate.

A seamless network of logistics points such as procurement centres, chilling plants and milk tankers need to be maintained to get the highly perishable milk safely to our processing plants. During the year we also commissioned new chilling centres. From 85 chilling centres in FY19 we increased the numbers to 86 in FY20.

The twin aspects of procurement and processing must go in tandem with the Company's expansion plans. At Dodla Dairy our knowhow on operational matrix consisting of procurement and processing built over a period of time is our key intangible asset.

In the processing front we have been expanding organically and inorganically. We have today 13 processing units in India and one in Uganda with a total processing capacity of 20,63,200 LPD. Our greenfield project in Rajahmundry with a capacity of 150,000 LPD, commenced operations in early FY2019. We also acquired KC Dairy Brand during the year to further expand our foot prints in Tamil Nadu. During the year we derived growth from across our geographies, products and SKUs through expanding our distribution channels which increased from 4859 in FY18 to 7365 in FY20 i.e and increase of 52% since FY18. While our liquid milk sale increased from 8,57,312 LPD in FY19 to 9,91,148 in FY20 i.e an increase of 16% year on year, VAP's sales increase by 20%.

Today we are the third largest private sector dairy company in South India and second largest in terms of market presence.

As part of our continued endeavour to facilitate diversification of product portfolio, our product development and quality team is working of few VADP variants. Trials are also in progress to improve the ghee granulation. To improve efficiency and quality across our operational capabilities we have implemented SOPs in most of the functions and the implementation is on in the few remaining.

Review of Financial Performance

On Consolidated basis, the revenue from operations for 2019-20 at ₹ 21,393.73 Million was higher by 26.46% over the last year (₹ 16,916 Million in 2018-19) with a corresponding profit after tax of ₹ 498.71 Million, 20.84% lower than that of the previous year (₹ 630.01 Million).

On Standalone basis, the revenue from operations for 2019-20 at ₹ 19,876.16 Million was higher by 24.36% over the last year (₹15,982.36 Million in 2018-19) with a corresponding profit after tax of ₹ 284.71 Million, 45.64% lower than that of the previous year (₹ 523.76 Million).

Warm Regards

BVK Reddy
Chief Executive Officer

OUR PROCESSING FACILITIES

In India the Company has 13 milk processing plants across the states of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu with a combined installed milk processing capacity of 19,63,200 LPD. These processing plants are strategically located near our markets. The Company has a processing plant in Uganda for catering the dairy markets in Uganda and Kenya.

3,72,300 LPD Nellore(AP)	**50,000** LPD Penumur(AP)	**3,80,000** LPD Palamaner(AP)
46,700 LPD Sattenapalle(AP)	**50,000** LPD Badvel(AP)	**35,000** LPD Tumkur(KA)
50,000 LPD Kurnool(AP)	**2,00,000** LPD Indragi(KA)	**1,00,000** LPD Dharmapuri(TN)
2,84,200 LPD Hyderabad(TS)	**1,50,000** LPD Rajamundry(AP)	**1,50,000** LPD Vedasundur(TN)
95,000 LPD Batlagunda(TN)	**1,00,000** LPD Uganda	

DODLA'S SEVEN CAPITALS

The International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) identifies six capitals that reporting organizations may find useful as a tool for considering disclosures. At Dodla we are following IIRC's guidelines with few modifications. We are adding farmer as our important capital and clubbing social and environment capital as one. Also we are making relationship capital as a standalone item.

01 Farmer Capital

02 Manufacturing Capital

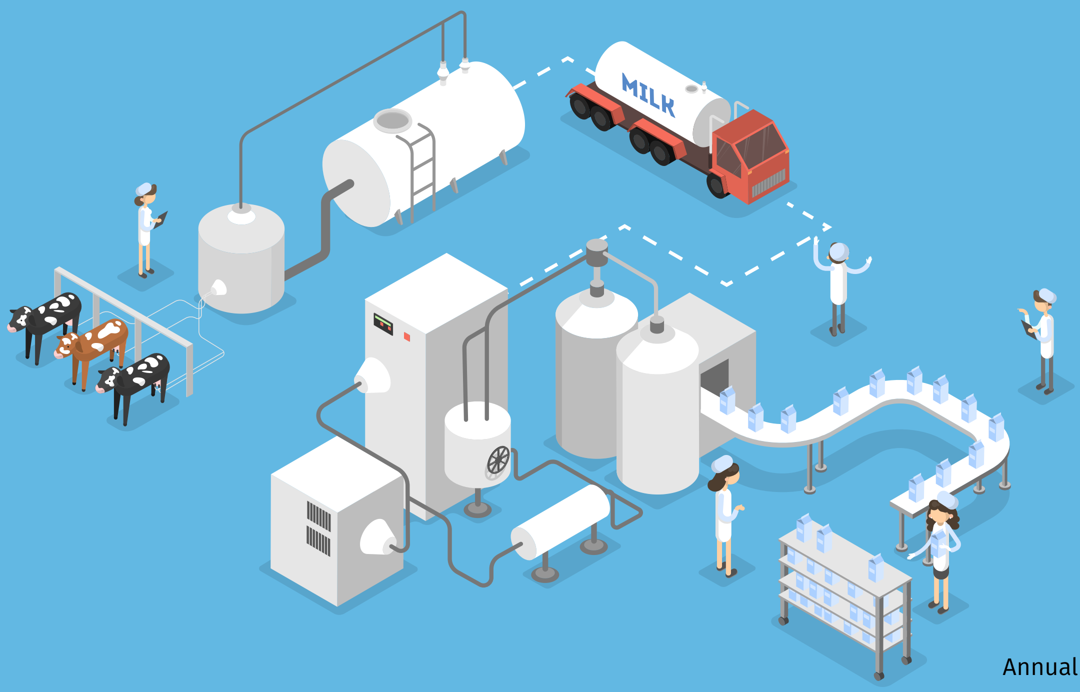
03 Financial Capital

04 People Capital

05 Intellectual and Brand Capital

06 Relationship Capital

07 Social & Environment Capital



01

Dairy Farmers

Cow is the most important asset in the entire dairy value chain and it is the dairy farmer who maintain these vital assets.

Dairy Farmers

Cow is the most important asset in the entire dairy value chain and it is the dairy farmer who maintain these vital assets. India is world's largest milk producer with over 20% in the global milk production. There are over 70 million families in India dependent on dairying for their livelihood. Most of them are small farmers with an average herd size of 2 animals.

Dairy farmers are key constituent in Dodla's business as they ensure uninterrupted supply of milk to our processing facilities. We procure milk from over 109,223 farmers through 6,285 Dodla procurement centres which are automated with stringent quality checks. While we ensure our dairy farmers a reliable and remunerative market linkage, we also value add them with supply of animal feed from our subsidiary Orgafeed Private Limited.

Ultrasonic milk analyzers are being used for accurate and reliable analysis of producer's milk quality by measuring FAT & SNF- which is the basis of payment. The data for analyzer is directly captured by the computers and calculates the payment based on the rate chart fed in the system. Each producer gets a slip giving the quality/quantity & price of the milk.

At the end of the milk collection, the data is transferred to SAP and the payment is made electronically once in 10/15 days to the bank account of the milk producer.

Key Indicators in FY2020

Average Milk Procurement Including Uganda (LPD)

12,09,234

Total Farmers:

183,926

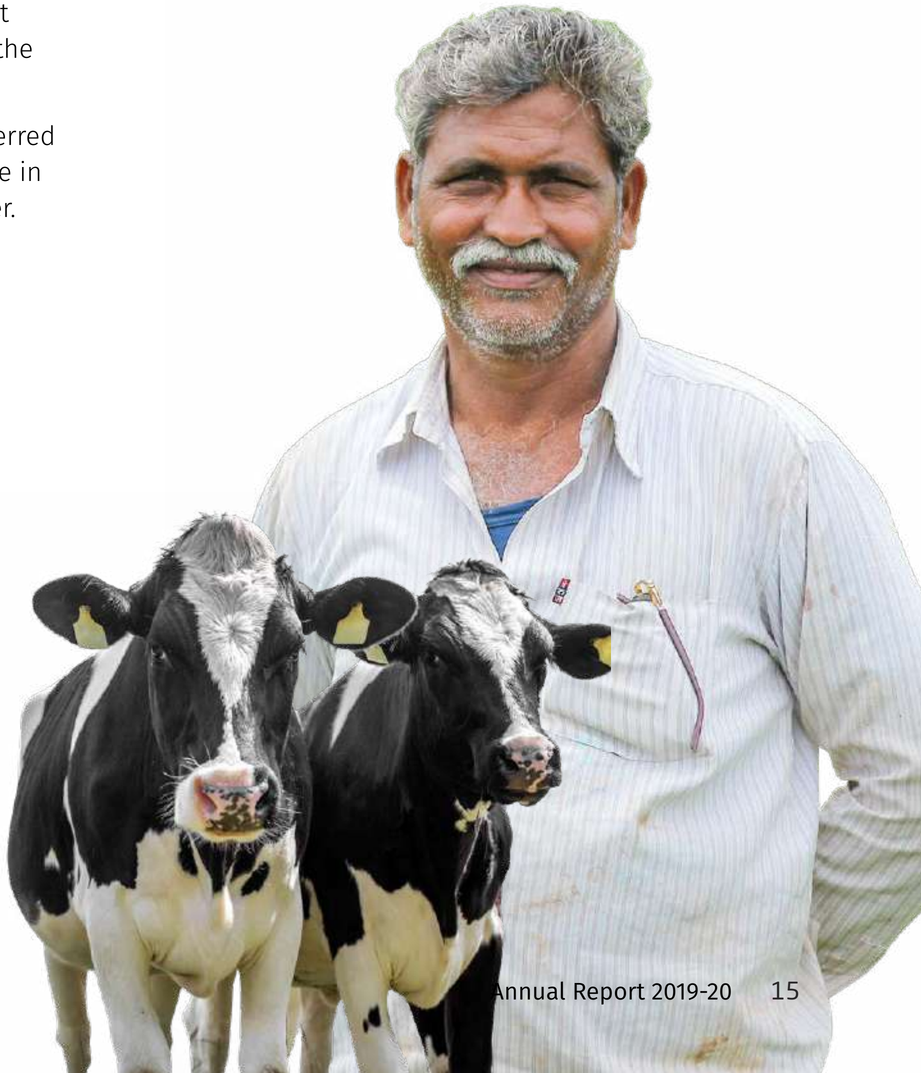
Metric tons per day feed manufacturing unit

80

Dairy Research

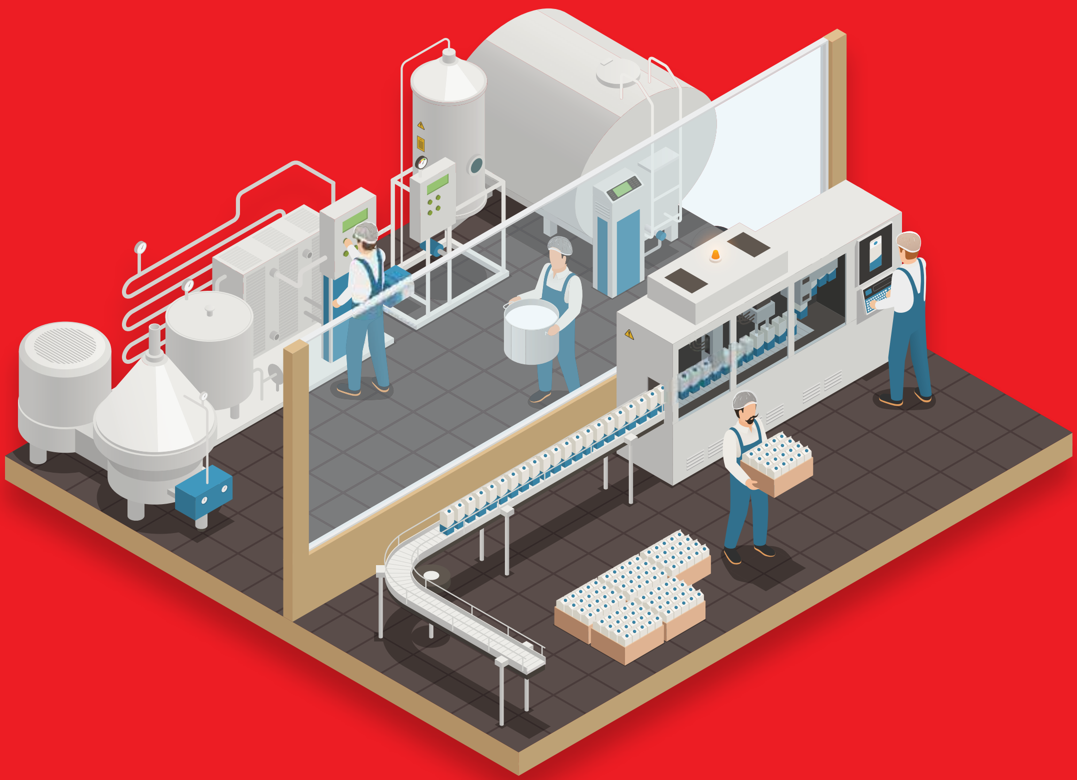
Dodla Dairy is among the few dairy processors in the country having own research dairy farm. Situated in Pulivendula in AP with 510 animals, this is a state-of-the-art dairy farm where all modern farming methods are practiced.

As a commitment to helping the farming community for 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. The research program at Dodla farm is in the areas of genetic investigation to improve the animal health and milk production.



02
Manufacturing

At present, the Company is having 13 milk processing and packaging plants in India and 1 in Uganda.



Processing Plants

At present, the company is having 13 milk processing and packaging plants spread across various places in Telangana Andhra Pradesh, Tamil Nadu and Karnataka in India. Company's overseas unit is located in Uganda for catering the market in Uganda and Kenya taking the total number of processing units to 14. Dodla has two Milk Powder manufacturing plants, one at Nellore in Andhra Pradesh and another at Vedasandhur, Tamil Nadu having a combined capacity to manufacture 25 Tonnes of milk powder per day. The combined capacity of all the 14 processing and packaging plants is 2.06 Million litres of raw milk per day. While the average capacity utilization is 71% in FY2020, four of the Company's largest processing units had a capacity utilisation of over 100% in FY2020.

Advances and improvements in dairy plant design

Dodla continued to introduce improvements in dairy plant design by incorporating high levels of process automation at all-new generation plants. Our plants at Hyderabad and Rajahmundry are fully automated. This has helped in improving product quality and operational efficiencies.

Key Indicators in FY2020

14

Milk Processing Plants

19,63,200 LPD

Processing Capacity

1,00,000 LPD

Processing capacity in Uganda

63%

Increase in processing capacity since 2017

03

Financial

Consistent financial performance year on year with higher RoCE

Consolidated Financial Highlights

TOTAL INCOME (₹ in Million)

FY 17-18	15,970
FY 18-19	16,995
FY 19-20	21,456

PBT (₹ in Million)

FY 17-18	808
FY 18-19	937
FY 19-20	819

EBITDA (₹ in Million)

FY 17-18	1,114
FY 18-19	1,322
FY 19-20	1,482

PAT (₹ in Million)

FY 17-18	571
FY 18-19	630
FY 19-20	499

RoCE (%)

FY 17-18	23.64
FY 18-19	21.69
FY 19-20	20.03

RoE (%)

FY 17-18	18.44
FY 18-19	16.88
FY 19-20	11.87

04

People

Employees are motivated to display the organizational values while dealing with the stakeholders.

Dodla Team

The Company is among the most admired dairy companies in India. The work environment in the organization keeps the employees empowered and loving their roles. Recognition for good performance and timely rewards are assured. Employees are motivated to display the organizational values while dealing with the stakeholders. The working culture of the organization is being built since the last 23 years by the efforts of the management and employees. Currently, we have 2,758 employees on-board and a contract staff of 2,564 both in India and Africa.

Dodla Dairy has a combination of senior and young teams of professionals. The clarity of roles and responsibilities for the employees keep them involved in the core job right from their first day of joining. Employees get a fair opportunity to learn the domain knowledge and skills in a congenial atmosphere. One of the primary responsibilities of the senior management team is to train the new employees and encourage them to have a shared vision.

Dodla's Working Atmosphere

The Company has a employee supportive work culture in terms of personal and professional relationship. Adherence to systems and procedures, open communication, respect for employees' ideas and suggestions are some of the key HRD attributes. Every employee is encouraged to respect and follow the corporate values and ethics.

Key Indicators in FY2020

2,758

Employees

31

Training Programs in FY 20

05

Intellectual and Brand Capital

The Company's intellectual and brand capitals includes in corporate brand reputation, product brands and a robust IT infrastructure integrating the entire value chain.

Products

We believe that research and development is critical in maintaining our competitive edge. In order to keep pace with the technological developments in the dairy industry and to continually enhance our competitive advantages, we place significant emphasis on research and development. Since our establishment, we have focused our research and development efforts to improve various aspects of the milk and milk product development and supply chain such as offering new products to address the evolving consumer preferences, ensuring product safety and efforts to improve profitability. We have product development capabilities at our processing plants at Gundrampalli and Nellore .

Product Stewardship

Apart from maintaining a seamless cold chain from procurement to consumer, the milk is pasteurised and process will kill majority of microbes that cause spoilage of milk. After the completion of serial process, the milk will be safe for human consumption.

We also produce sterilized milk by Ultra High Temperature (UHT) process which sterilizes the milk, makes it free of microbes which ensures that the milk stays safe upto 90 days without refrigeration.

Information Technology

We strongly believe Information Technology is driving force to improve efficiency and effectiveness in business operations. We have robust IT infrastructure with state-of-the-art on-premise Data Center in Corporate Office to support business critical applications like SAP, HRMS, etc. Primary business functions such as Milk Procurement, Production Planning-Plant Maintenance, and Sales, together with support functions like Quality, Materials, Finance & Accounts, Human Resources are on SAP while associated sub functions are on multiple cloud based mobile / desktop apps.

SAP Success Factors is in place to bring in work force efficiency. We have introduced Robotic Process Automation (RPA) in identified business processes to deliver quick & error free services. We are ensuring high availability of business critical applications with strong connectivity backbone at Data Center as well as in processing units which helps in seamless updation of transactional data. IT practices in line with ISO 27001:2013 make sure that utmost care is taken for business information security while safeguarding information assets from various threats & vulnerabilities.

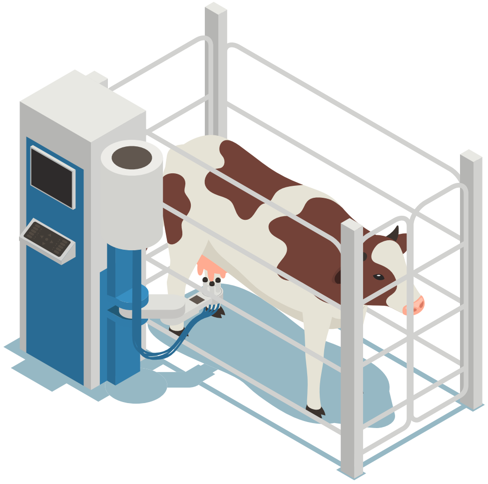
Key Indicators in FY2020

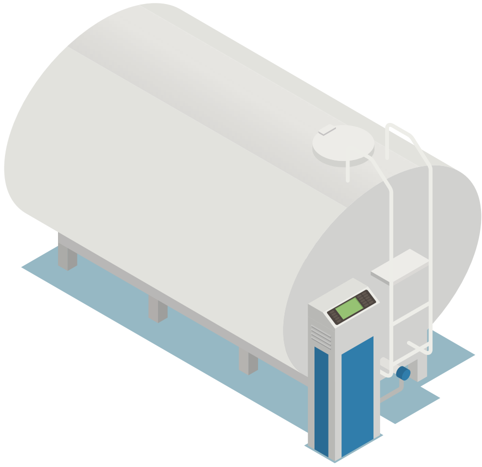
21
Type of Milk, VAP's & Fat Products

261
Stock Keeping Units

QUALITY ASSURANCE

For safeguarding quality of milk and milk products Dodla's QA department ensures that the entire supply chain of the Company adheres to food quality systems and SOPs.



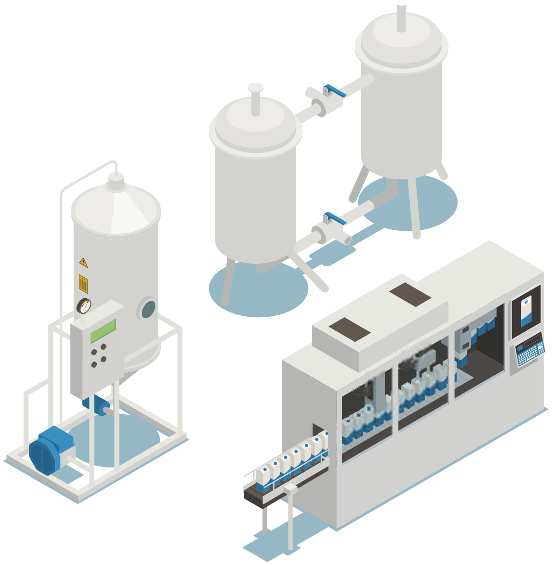


At village level DDL centres

GPRS enabled electronic milk analyzers are used at DDL centres for testing Fat and SNF electronically and also precise measurement of quantity by using electronic weighing balance. The data captured by these are transferred automatically through GPRS for further processing. Necessary quality checks such as organoleptic test- appearance, smell & taste abnormality/adulteration are conducted.

Quality checks at Milk Chilling Centres

18 types of stringent tests are conducted to verify the purity and safety of milk which include organoleptic tests, chemical test and tests for adulteration. Besides this Methylene Blue Reduction Test (MBRT) is done for every route milk to assess the microbial quality of raw milk. Infrastructures such as CIP system and hot water facilities are provided at chilling centers for hygiene and cleanliness.



Quality checks at Dairy Plant

Complete testing (35 types) of the procured milk is done for all physical, chemical, and microbiological parameters besides tests for adulterants, preservatives and contaminants as per FSSAI testing protocols. Also, we check bacterial quality of milk from each chilling centre to confirm SPC is below 60 lakh cfu/ml. A strict vigilance is maintained on the cleaning and monitoring.

Periodically milk and milk products are tested through external NABL certified labs for the entire parameters of chemical, microbiological and contaminants (Insecticides, Antibiotics / veterinary drugs and Pathogens).

For ensuring the quality of packaging materials, vendor audits are carried out at defined intervals

Quality Certifications:

All our plants and milk chilling centers have FSSAI certifications.

BIS certification for skimmed milk powder (SMP) production at our Nellore and Vedasandur plants.

AGMARK certification for our ghee produced at Nellore and Hyderabad plants.

Nine of our dairy plants and two of our milk chilling centers are ISO 22000 certified.

Our Hyderabad plant is FSSC 22000 certified.

Two of our plants are ISO 50001 certified.

Dodla offers different types of milk in pouches as per customer requirements,
such as Full Cream Milk, Toned Milk, Standardised Milk, Double Toned Milk and UHT Milk.

Dodla curd is made from pasteurized milk with selected strains of lactic acid bacteria. It is hygienically processed and doesn't contain any preservatives. The thick and creamy Dodla Curd comes with a firm and glossy texture. Dodla curd contains all the goodness of milk such as proteins, carbohydrates, fats, calcium, phosphorous, magnesium, zinc, iodine and vitamins.

Dodla Ghee is extracted from cow and buffalo milk. Ghee is produced in three variants - cow ghee, white ghee (buffalo ghee) and premium ghee (full boiled white ghee). We collect and treat cow and buffalo milk separately and do not mix them during processing.
Both cow and buffalo ghee are sold in jars, pouches, sachet and tin.

Dodla Butter is made from the fat of cow and buffalo milk. Butter is produced in three variants - yellow salted butter made from cow milk cream (table butter), yellow cooking butter made from cow milk cream and white cooking butter made from buffalo milk. Our white cooking butter is sold in boxes of 500 gms. Our yellow salted butter is sold in boxes of 200 gms and 500 gms and yellow cooking butter in boxes of 500 gms and 20 kgs. Our butter is sold in the states of Andhra Pradesh, Tamil Nadu, Karnataka and Telangana.

Our paneer is an unaged, acid-set, non-melting cottage cheese made by coagulating the pasteurized milk using citric acid.

Butter milk is sold in pouches and cups and is sold in the states of Karnataka, Tamil Nadu, Andhra Pradesh and Telangana.

Our sterilized flavored milk products have a shelf life of 120 days from the date of manufacture and are made by blending pasteurized double toned milk with other ingredients. Our sterilized flavored milk is available in seven flavors - Badam, Strawberry, Pista, Vanilla, Elaichi, Chocolate and Pineapple. Our sterilized flavored milk is sold in the states of Karnataka, Tamil Nadu, Andhra Pradesh and Telangana.

Our ice creams are available in 62 stock keeping unit ("SKUs") and is available in box, bars, cones and cups.
Our ice creams are manufactured using only milk fat and cream.

In addition to the above, we also manufacture milk based sweets such as doodhpeda, gulab jamun, basundhi and junnu. Our milk based sweets are sold in the states of Andhra Pradesh, Tamil Nadu and Telangana.

Lakeside Dairy Ltd, Uganda offers wide range of Milk Products under the brand name Dairy Top Comprising of Fresh Milk, Butter, Ghee, Paneer, Curd, Flavoured Milk, Doodh Peda, Ice Cream and Skimmed Milk Powder. Dairy Top range is distributed and sold across Uganda and Kenya.

Dairy Top UHT milk comes from fresh Cow's milk that is treated to high temperature and then rapidly cooled to kill the bacteria and spores in the milk.The UHT Milk Fino Pack comes in a 500 ml pouch and contains whole milk. Dairy Top Milk is packed with Proteins, Vitamin B12 and other minerals which are the perfect ingredients for a healthy drink.

Dairy Top Plain Yoghurt doesn't contain any preservatives and is hygienically processed and comes in 150 gm, 250 gm & 500 gm cups and 200 gm & 400 gm Sachets.

Dairy Top Flavored Yoghurt has an abundance of beneficial nutrient including protein, calcium, vitamin D, B12 magnesium and potassium and comes in 150 gm, 250 gm & 500 gm cups and 200 gm & 400 gm sachets.

Dairy Top Mozzarella Cheese comes in 500 gm sachets.

Dairy Top Paneer is an unaged, acid-set, non-melting farmer cheese made by curdling heated milk with food acid and comes ini 500 gm sachet.

Dairy Top Ghee comes in 1 Kg and 500 gm Jars.

06
Relationship Capital

The Company maintains cordial/mutually beneficial relations with its stakeholder i.e farmers, employees, investors, suppliers and channel partners and creates value for all.

HOW WE CREATE RELATIONSHIP VALUE

Vision:

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

FARMERS

We source milk from 183,926 dairy farmers. Dairy farmers are the foremost stakeholders in our value chain as we have a mutually beneficial relationship with them.

CHANNEL PARTNERS

To help our consumers make better and more sustainable choices in terms of milk and milk products , we continue to invest and collaborate to grow our product distribution channels. We activate our brands through over 7,365 Dodla retail points, distributors and agents.

INDUSTRY RESEARCH

Through our research farm in the state of Andhra Pradesh, India, 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 Values

SINCERITY, HONESTY, INTEGRITY, TRANSPARENCY, HARD WORK, COMMITMENT.

Mission:

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

EMPLOYEES

We believe in empowering our more than 2,758 employees to make them align with our vision, mission and values and help them achieve the professional goals. Our innovative governance enables Dodla employees feel empowered.

SHAREHOLDERS

We create sustainable value for our shareholders in a responsible way. Consistent growth both in earnings and dividends aims to provide regular and competitive returns.

SUPPLIERS

To accelerate for an economy of interdependence, we source materials, services and equipments from a large number suppliers – many of whom are small and micro enterprises.

07

Social & Environment Capital

Dodla Dairy Ltd is committed to social upliftment initiatives through the Company's CSR initiatives. The Company has included reducing environmental foot prints as a key priority in its ongoing operational efficiency programmes.

Natural Captial:

As a part of reducing carbon foot print and also its quest for clean energy, Dodla has installed solar panels for power generation across various plants and milk chilling centres . Photo Volataic panels are installed for power generation at Corporate office, Gundrampalli, Indragi, Chendurthi, Sattenapalli and Penumur plants, besides chilling centres at Chelur& Ananthapur. The combined installed capacity solar power generation works out to 1.8 Mega Watt.

Our dairy plants at Nellore and Palamner have been certified for ISO 50001-the Energy Management System right from 2012 onwards which has resulted in improved energy performance. The current certification is from Intertek.

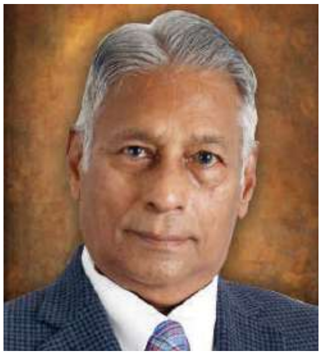
Corporate Social Responsibility

Company through the Dodla Foundation is reconstructing Dodla Sankarama BC & SC boys hostel accommodation at Mahumudapuram Village in Nellor District – a 72 beds facility in 18 rooms with toilet and other basic facilities.

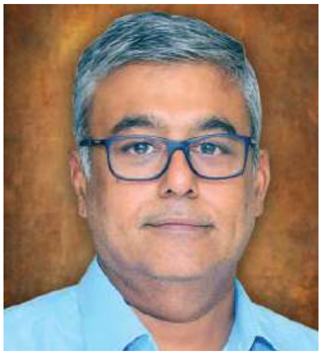
Covid Relief:

Company donated a total of ₹ 1 Crore to CM's Relief Funds for COVID relief initiatives. A donation of ₹ 25 lakh each has been made to CM's Relief Funds in the states of Telangana, Andhra Pradesh, Tamil Nadu & Karnataka.

BOARD OF DIRECTORS



Dodla Sesha Reddy
Chairman



Dodla Sunil Reddy
Managing Director

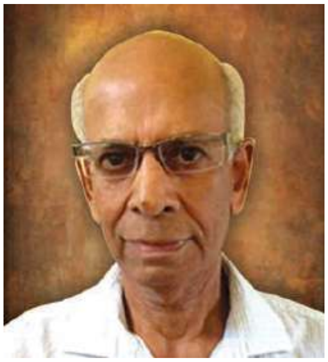
A Madhusudhana Reddy
Whole Time Director

Akshay Tanna
Nominee Director

Kishore Mirchandani
Independent Director

Ponnavolu Divya
Independent Director

Rampraveen Swaminathan
Independent Director



Tallam Puranam Raman
Independent Director

CORE TEAM

BVK Reddy
CEO

Hemanth Kundavaram
CFO

Prabhakar Reddy
Head Production

Mehar Baba Yerroju
Head Sales

VCS Reddy
Head Materials

Krishna Prasad
Head IT

Suresh Subramanian
Head Procurement

Sebastian Joseph
Head Quality

A Madhusudhana Reddy
Head HR & Admin

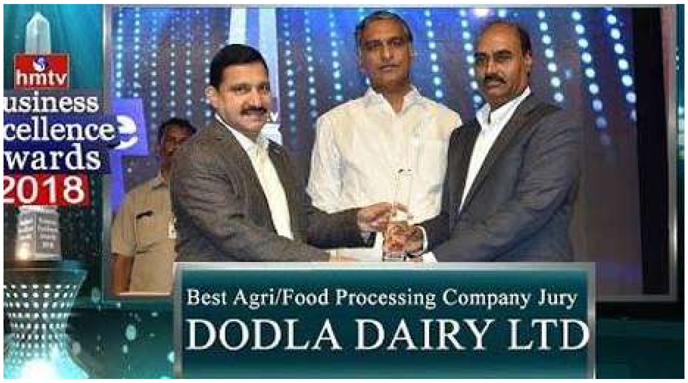
Ruchita Malpani
Company Secretary and
Compliance Officer

AWARDS

Lakeside Dairy won a certificate of recognition from Uganda Export Promotion Board for outstanding export performance in 2018/19 and also won the Blue Water Certificate Award for 2019 from the Republic of Uganda for efficient usage of Water.

Hemanth Kundavaram, CFO has been awarded with CFO 100 Roll of Honour presented by 9.9 group for the year 2018-19 for Treasury Management

Dodla Dairy (Gundarmapalli Plant) honoured with CII National Cold Chain Awards, 2018



HMTV Business Excellence Awards 2018 - Best Agri/Food Processing Company Jury Dodla Dairy Ltd.,

TV5 Business Leader Award 2015

Dodla Dairy, the well known dairy brand from South India has been adjudged as the Best Emerging Company for Operational Excellence (Large Companies) by Business Today.

CORPORATE INFORMATION

Board of Directors

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

Key Managerial Personnel

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

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of Members of the Company will be held Wednesday, 30 September 2020, at 10:00 A.M., at the registered office of the Company at 8-2-293/82/A/270-Q, Road No 10-C, Jubilee Hills, Hyderabad – 500 033 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   a. The Audited Financial Statements of the Company for the financial year ended 31 March 2020 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 2020 together with the reports of the Auditors thereon.

2. To confirm the interim dividend paid during the year on equity shares

3. 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.

SPECIAL BUSINESS

4. TO RE-APPOINT KISHORE MIRCHANDANI AS AN INDEPENDENT DIRECTOR

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

"**RESOLVED THAT** pursuant to the recommendation of the Board and the Nomination, Remuneration & Compensation 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 re-appoint Kishore Mirchandani (DIN: 00739535) as an Independent Director of the Company with effect from 1 April 2020 for a period of five consecutive years commencing from 1 April 2020 to 31 March 2025 at a sitting fee / remuneration as may be decided by the Board from time to time."

5. TO RE-APPOINT P DIVYA AS AN INDEPENDENT DIRECTOR

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 recommendation of the Board and the Nomination, Remuneration & Compensation 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 re-appoint P Divya (DIN: 05158352) as an Independent Director of the Company with effect from 1 April 2020 for a period of five consecutive years commencing from 1 April 2020 to 31 March 2025 at a sitting fee / remuneration as may be decided by the Board from time to time."

6. TO APPROVE RE-APPOINTMENT AND PAYMENT OF CONSULTATION FEES TO DODLA SESHA REDDY

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

"**RESOLVED THAT** pursuant to the provisions of section 188 read with Companies (Meetings of Board and its Power) Rules, 2014 and other applicable provisions, if any of the Companies Act, 2013, Consent of the Members of the Company be and is hereby accorded to re-appoint and pay consultancy fee of ₹ 3,25,000 per month (Indian Rupees three lakhs Twenty Five Thousand only) to Mr. D. Sesha Reddy, Chairman of the Company, being office or place of profit in the company within the meaning of section 188 of the Companies Act, 2013.

RESOLVED FURTHER THAT the brief terms and conditions of the aforesaid appointment are given below:

a) Consultancy fees of ₹ 3,25,000 (Indian Rupees three lakhs Twenty Five Thousand only) per month for a period of 5 years w.e.f., 1 January 2021.

b) The Company will reimburse travelling, hotel and other expenses incurred in connection with the business of the Company or for attending meetings of the Board of Directors or any committee thereof or any general meetings of the Company which will not be included in the aforesaid remuneration."

By Order of the Board of Directors

Place: Hyderabad
Date: 15 July 2020

Ruchita Malpani
Company Secretary
ECSIN: EA032883000069755

Notes:

1. **EVERY MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. Duly filled in Proxy form must be deposited at the registered office of the company before 48 hours of the time fixed for holding the meeting.

3. Members having any queries with respect to Financials may communicate the same to the Company 48 hours well in advance before the meeting.

Members are requested to:

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

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

iii. Quote the Folio / Client ID & DP ID Nos. in all the 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 Wednesday, 30 September 2020 at the Registered office of the Company at 10:00 AM IST and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:

Resolution No.	Transaction Item
1.	To receive, consider and adopt: a. The Audited Financial Statements of the Company for the Financial Year ended 31 March 2020, the Reports of the Board of Directors and Auditors thereon; and b. The Audited Consolidated Financial Statement of the Company for the Financial Year ended 31 March 2020.
2.	To confirm the interim dividend paid during the year on equity shares
3.	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
4.	To re-appoint Kishore Mirchandani as an Independent director
5.	To re-appoint P Divya as an Independent director
6.	To approve re-appointment and payment of consultation fee to Dodla Sesha Reddy

Signed this .... day of ....../..... 2020

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 & 5:

Kishore Mirchandani, P Divya were appointed as Independent Directors of the Company by the Members at their meeting held on 30 March 2015 pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. The term of office of the said Directors expired on 30 March 2020. Therefore, the Board at its meeting held on 20 January 2020 appointed the Directors as Additional Directors (Non-Executive Independent) of the Company w.e.f. 01 April 2020 to 31 March 2025.

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 1 April 2020 to 31 March 2025 if appointed by the members.

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

PROFILE OF KISHORE MIRCHANDANI:

Mr. Kishore Mirchandani has over 30 years of experience in various industries. He is currently the Board Member of Foreign Entities namely Avestor Holdings LLC, TMA Group Miami, One Paper Lane Inc, Simply Fresh.

Education

The City University London, UK B.S. Industrial Chemistry -1973

Professional Affiliations / Licenses

- American Institute of CP As
- NY State Society of CP As
- Fellow Member of Institute of Chartered Accountants in England and Wales
- Indian Institute of Chartered Accountants
- TIE Angels Network
- Indian Angel Network

Experience:

- Smartshift Technologies Inc. Ma, Usa
- Outsource Partners International, Inc
- Russell Bedford Stefanou Mirchandani LLP
- Comply Global Pte Limited
- Algoma Steel

PROFILE OF P. DIVYA:

Education:

She holds a bachelor's degree in engineering from Stevens Institute of Technology, a minor concentration in electrical engineering from the Stevens Institute of Technology and a master's degree in engineering (networked information system) from Stevens Institute of Technology. Additionally, she has also completed a graduate certificate program in wireless communications from Stevens Institute of Technology.

Experience

Ms. Ponnavolu Divya is currently the Managing Director of NC Energy Limited. She also serves on the Board of Nelcast Limited, a company listed on both the Bombay Stock Exchange and the National Stock Exchange in India. Nelcast is India's largest producer of Ductile Iron Castings and a leading producer of Grey Iron Castings.

She has various years of experience and was previously working with Deutsche Bank as Global Head for Change Governance, SLM Operations, Configuration Management and PC Power Management. She also serves as a director on the boards of Ponnas Infrastructure Private Limited and is also a member of Uptown Hospitality LLC. She is also the Vice President of Sri Sri Venkateswara Educational Society, under which, she is the co-founder of Avenues School.

Woman Director:

As per the provisions of the Companies Act 2013, based on the criteria of turnover of ₹ 300 Crores or more the Company is required to appoint a Woman Director on its Board. The Board proposed to Comply with the Statutory requirement by appointment of Ms. Ponnavolu Divya (DIN: 05158352), as Independent Director & Woman Director.

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

Item No. 6

The Board of Directors at their meeting held on 17 December 2015 has approved to fix consultancy fee of Mr. D. Sesha Reddy as ₹ 3,00,000 pm., for a period of 5 years w.e.f., 1 January 2016. The approval sought will expire on

31 December 2020. The Board at its meeting held on 15 July 2020 recommended approval for another period of 5 years w.e.f 1 January 2021.

Mr. D. Sesha Reddy, is a graduate from Osmania University in the field of Arts, is one of the co-founder of the Company, who is presently acting in the capacity of Non-Executive Director and Chairman of the Company. Further, he has vast experience in the Construction industry particularly Infrastructure projects since 30 years, which has helped in contributing significantly to company's activities relating to setting up processing plants / chilling centres / bulk coolers. Currently he lends his years of experience in defining the vision and strategy of the Company.

Taking into consideration his qualification and rich experience it is proposed to re-appoint Mr. Sesha Reddy to spearhead company's strategies including monitoring effective implementation of Capex plans.

Mr. D. Sesha Reddy is a relative of Mr. D. Sunil Reddy, Managing Director of the Company. His appointment and payment of remuneration is therefore covered under Section 188(1)(f) of the Company's Act, 2013 and rules made thereunder, requiring consent of the shareholders by way of special resolution.

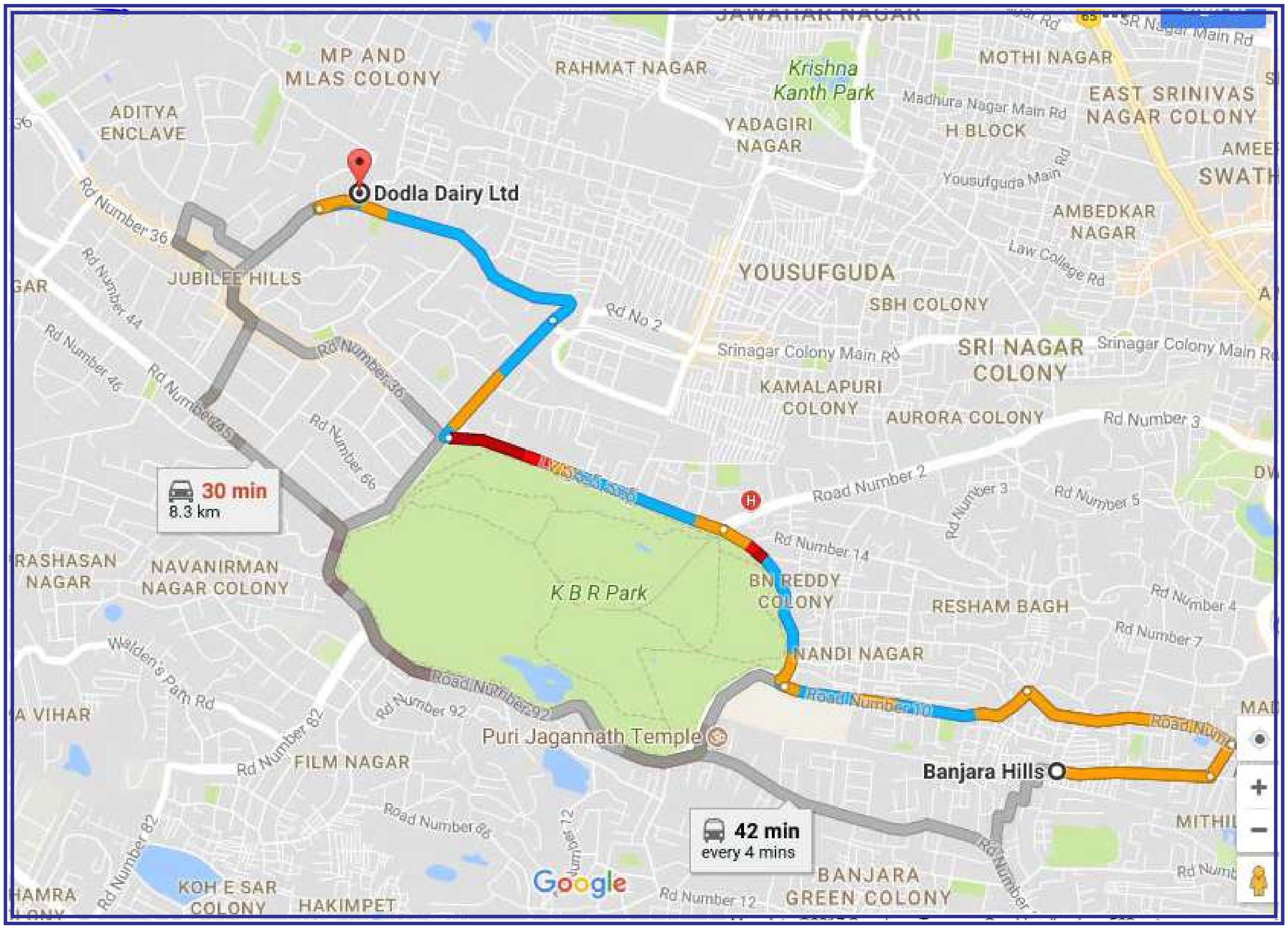
Accordingly, the Directors recommend the resolution in Item no. 6 of the Notice as Special resolution to the members of the Company for their acceptance and approval.

By Order of the Board of Directors

Place: Hyderabad
Date: 15 July 2020

Ruchita Malpani
Company Secretary
ECSIN: EA032883000069755

ROUTE MAP TO THE COMPANY



DIRECTORS' REPORT

Dear Members,

Your Directors take the pleasure in presenting the 25th Directors' report on the business and operations of the Company for the financial year ended 31 March 2020.

FINANCIAL HIGHLIGHTS

(Amount (₹) in million)

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Total Income	21,456.49	16,994.59	19,999.77	16,057.92
EBITDA	1,481.99	1,322.46	1,052.19	1,154.61
Finance Cost	161.39	107.68	161.03	107.68
Depreciation, Amortisation, Impairment	491.92	356.02	463.35	335.91
Profit Before Tax	818.71	936.62	478.69	786.57
Current Tax	211.35	238.15	119.47	233.23
Deferred Tax charge	108.65	68.46	74.51	29.58
Interim Dividend Paid (₹ /Share)	5.2		5.2	
Paid up Equity Share Capital	556.72	556.72	556.72	556.72
Earnings per Equity Share (in ₹)	8.96	11.32	5.11	9.41
Reserves	3,778.24	3,511.67	3,413.07	3,412.62

STATE OF AFFAIRS / COMPANY'S PERFORMANCE

On Consolidated basis, the revenue from operations for 2019-20 at ₹ 21,393.73 Million was higher by 26.46% over the last year (₹ 16,916 Million in 2018-19) with a corresponding Profit after tax of ₹ 498.71 Million, 20.84% lower than that of the previous year (₹ 630.01 Million).

On Standalone basis, the revenue from operations for 2019-20 at ₹ 19,876.16 Million was higher by 24.36% over the last year (₹15,982.36 Million in 2018-19) with a corresponding Profit after tax of ₹ 284.71 Million, 45.64% lower than that of the previous year (₹ 523.76 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.

DIVIDEND

During the year under review the Company declared and paid interim dividend of ₹ 28,94,94,353/- at the rate of ₹ 5.20/- per share (including dividend distribution tax) out of the profits of the Company for the 9 months ending 31 December 2019 on the equity share capital of ₹ 55,67,19,910/- divided into 5,56,71,991 equity shares of ₹ 10/- each fully up to the members whose names were registered in the members register as on 24 March 2020 (the record date).

TRANSFER TO RESERVES

During the year the Company has transferred an amount of ₹ 12.86 Million (31 March 2019 –₹ 3.3 Million) to Debenture Redemption Reserves out of amount available for appropriations as required U/s 71 of the Companies Act, 2013 read with Rule 18 of Companies (Share Capital and Debentures) Rules, 2014.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

There has been no material change in the nature of the business of the subsidiaries. However, the Company an wholly owned Subsidiary in the name Orgafeed Private Limited.

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

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

BOARD OF DIRECTORS

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

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

During the year under review, there is no change in Composition of the Board

Composition of the Board

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

MEETINGS OF THE BOARD

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

The Board met 4 (Four) times i.e., on 15 May 2019, 9 August 2019, 5 November 2019, 24 January 2020 during the financial year under review.

MEETINGS OF THE COMMITTEE

Audit Committee

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

The Committee met Five (5) times i.e., on 14 May 2019, 6 August 2019, 9 August 2019, 4 November 2019 and 23 January 2020 during the financial year under review.

Nomination and Remuneration Committee

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

The Committee met Three (3) times i.e., on, 14 May 2019, 5 November 2019 and 22 January 2020 during the financial year under review.

Corporate Social Responsibility (CSR) Committee

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

The Committee met One (1) time i.e., on 5 August 2019 during the financial year under review.

Stakeholders Relationship Committee

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

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

IPO Committee

The Committee comprises of Dodla Sunil Reddy, Kishore Mirchandani and Akshay Tanna

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

BOARD PROCESSES, PROCEDURES AND PRACTICES

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

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

Frequency of meetings

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

Board agenda

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

Decision making process

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

Availability of information to the board

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

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

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

Role of the Chairman

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

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

Role of Managing Director

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

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

Role of CEO

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

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

Role of Company Secretary in overall governance process

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

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

Decision making at the board

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

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy as adopted by the

Board of Directors is appended to this Report as Annexure II. The Nomination & Remuneration Committee has also framed criteria for performance evaluation of every Director and accordingly has carried out the performance evaluation during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

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

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

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

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

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

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

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

MEETINGS OF INDEPENDENT DIRECTORS

The independent directors met once in the financial year under review i.e., on 21 March 2020 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

The Company at the 24th Annual General Meeting (AGM) held on 30 September 2019, appointed M/s. B S R & Associates LLP, Chartered Accountants, Hyderabad, (Firm Registration No. 116231W/ W-100024) as Statutory Auditors of the Company to hold office for a second term of 3 (three) years from the conclusion of 24th AGM till the conclusion of the 27th AGM to be held in the FY 2021-22. Accordingly, the said Auditors will continue as Statutory Auditors of the Company for FY 2020-21

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 2019-20.

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 7 and Note 8 of the financial statements.

RELATED PARTY CONTRACTS / ARRANGEMENTS

All related party transactions that were entered into during the financial year are in compliance with Section 177 and 188 of the Act and details of such transactions have been disclosed in Note 43 to the financial statement.

Accordingly, transactions are being reported in **Form AOC-2** in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is appended to this report as **Annexure III**.

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

EXTRACT OF ANNUAL RETURN

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

EMPLOYEES STOCK OPTION PLAN

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

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

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

During the year 2019-20, the Company approved vesting of KRA based, and time based 2,08,760 Options to BVK Reddy, CEO of the Company.

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

Sl. No	Description	Details
a.	options granted	8,35,074
b.	options vested	4,17,554
c.	options exercised	NIL
d.	the total number of shares arising as a result of exercise of option	NIL
e.	options lapsed	Nil
f.	the exercise price	213.3929
g.	variation of terms of options	NIL
h.	money realized by exercise of options	NIL
i.	employee wise details of options granted:	

(i) Key Managerial Personnel:

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

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

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

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

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

PUBLIC DEPOSITS

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/ information, safeguarding of assets, prevention and detection of frauds and errors. The evaluations of these internal financial controls were done through the internal audit process and were also reviewed by the Statutory Auditors. Based on their view of these reported evaluations, the directors confirm that, for the preparation of financial statements for the financial year ended 31 March 2020, 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 were no material changes and commitments affecting financial position of the company between 31 March 2020 and the date of this Report

PARTICULARS OF EMPLOYEES

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

SIGNIFICANT OF MATERIAL ORDERS PASSED BY THE REGULATORS

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

RISK MANAGEMENT POLICY

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

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

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

During the Financial Year under review the Company has received no complaints of sexual harassment at workplace.

The brief detail about this policy may be accessed on the Company's website at the weblink: https://www.dodladairy.com/static/downloads/psh-policy.pdf

CORPORATE SOCIAL RESPONSIBILTY POLICY

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

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

https://www.dodladairy.com/csr_policy

WHISTLE BLOWER / VIGIL MECHANISM

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

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

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

DISCLOSURE ABOUT COST AUDIT

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

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

RBI Guidelines:

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

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

There were no material changes and commitments affecting financial position of the company between 31 March 2020 and the date of Board's Report.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Place: Hyderabad
Date: 15 July 2020

DODLA SESHA REDDY
CHAIRMAN
DIN: 00520448

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			
		US $	**USh in '000**	**In Kshs.**	**In ₹ (INR)**
1.	Name of the subsidiary	Dodla Holdings Pte. Limited (WOS)	Lakeside Dairy Limited (SDS)	Dodla Dairy Kenya Limited (SDS)	Orgafeed Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April 2019 to 31 March 2020			
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD = 69.281	USh = 0.0186 ₹	Ksh = 0.688 ₹	INR
4.	Share capital	6,500,000	2,000,000	2,500,000	30,000,000
5.	Reserves & surplus	762,401	2,403,291	(15,838,627)	(15,212,781)
6.	Total Assets	7,296,824	28,168,125	88,719,266	216,507,649
7.	Total Liabilities	34,423	22,039,764	102,057,892	201,720,431
8.	Investments	1,401,336	0	0	0
9.	Turnover	0	47,640,727	1,070,667,083	97,334,296
10.	Profit before taxation	256,201	7,039,768	(2,529,348)	(15,212,781)
11.	Provision for taxation	(57,392)	(2,153,977)	(432,103)	0
12.	Profit after taxation	198,809	4,885,791	(2,961,452)	(15,212,781)
13.	Proposed Dividend	0	0	0	0
14.	% of shareholding	100%	0%	0%	99.99%
15.	Type of Subsidiary	Wholly Owned Subsidiary	Step Down Subsidiary	Step Down Subsidiary	Wholly Owned 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

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

Part "B": Associates and Joint Ventures

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

S. No	Name of associates/Joint Ventures	Global Vetmed Concepts India Private Limited (GVC)
1.	Latest audited Balance Sheet Date	31 March 2020
2.	Shares held by the company on the year end	3,866,923
3.	Amount of Investment in Associates/Joint Venture	38,669,230
4.	Extend of Holding%	48%
5.	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
6.	Reason why the associate/joint venture is not consolidated	It has been consolidated
7.	Profit/Loss for the year	(8,156,796)
i.	Considered in Consolidation	Yes
ii.	Not Considered in Consolidation	NA

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

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

ANNEXURE - II

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

[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 **31 March 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Dodla Dairy Limited** ("the Company"), an **Unlisted Public Company** for the financial year ended on **31 March 2020** 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 Byelaws framed thereunder;

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

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

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

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

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

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

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

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

1. During the financial year 2019-20 the actual CSR amount was spent ₹ 20,00,000/- as against an amount of ₹ 1,65,98,640/- (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.

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
UDIN: F006476B000459687

Date: 15 July 2020
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. Wherever 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: 15 July 2020
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 2020, 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	1,200,000
Surekha Milk Chilling Centre	Enterprise over which KMP have significant influence	Lease Rent paid	915,000
Hanslot Pile Foundation	Enterprise over which KMP have significant influence	Lease Rent Paid	300,000
Dodla Nutri Feeds LLP	Enterprise over which KMP have significant influence	Machine Rent paid	1,144,593.94
D Soft India Private Limited	Enterprise over which KMP have significant influence	Software maintenance expenses	600,000
Global Vetmed Concept Private Limited ('GVC')	Associate Company	Purchase of Raw Material	10,888,464
		Expenditure incurred on behalf of GVC	8,186,119
Lakeside Dairy Limited	Enterprise over which KMP have significant influence	Expenditure incurred	822,570
Tropical Bovine Genetics Private Limited	Enterprise over which KMP have significant influence	Purchase of Goods	1,537,482
Dodla Dairy Kenya Limited	Enterprise over which KMP have significant influence	Expenditure incurred	854,210
Orgafeed Private Limited	Subsidiary Company	Expenditure Incurred	9,668,786
		Interest Income	8,820,000
		Purchase of Goods	97,200,310.30
Dodla Sesha Reddy	Chairman and Director	Consultancy Fees	3,600,000
Dodla Silpa Reddy	Relative of KMP	Consultancy Fees	850,000
Dodla Holdings Pte Ltd	Enterprise over which KMP have significant influence	Dividend Received	53,964,840

Note:

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

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

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 chendurthy Plant with total capacity of 502.50 KWp during FY 2019-20 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 new plant Chendurthy. LED lights are reducing power consumption

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

Chandurthy Plant	**502.50 KWP**	**₹ 17,533,507.00**
Investment in Solar	2019-20	₹ 17,533,507.00
Investment in LED Lighting	2019-20	₹ 1,294,078.00
Total	**2019-20**	**₹ 18,827,585.00**

The Capital investment on energy conservation equipment's is ₹ 1.75 crore (for solar generation) and IND 0.13 crore (LED Lighting) Total 1.88 crores

B. TECHNOLOGY ABSORPTION

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

i. Every year continuous Process

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

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

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

d) Installed and commissioned High efficiency Homogenize

ii. Enhancing of refrigeration capacity with latest energy saving compressors at our indragi plant-energy saving.

iii. Arranging of VFD's for 150 Hp motors instead of star delta at Indragi and Chendurthi plant -energy saving.

iv. Providing hot water and CIP facilities in all the chilling centres - Raw milk quality improvement

v. Implementing Energy consultant recommendations.

II. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

i. Automatic ice cream stick line technology imported from Austria at Gundrampally plant - capacity increase and for quality product.

ii. UHT Processing and Packing Technology imported from china at Chendurthi Plant - capacity increase, to meet market demand and to reduce the transportation cost.

III. Expenditure on R & D

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

S. No	Particulars	2019-20	2018-19
1	Capital	19,37,863	4,27,207
2	Recurring	78,774,468	6,43,07,961
	Total	**80,712,331**	**6,47,35,168**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

ANNEXURE – VI

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. Brief Outline of the CSR Policy

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

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

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

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

2. Composition of the Committee

Dodla Sesha Reddy	Chairman
Akshay Tanna	Member
Ponnavolu Divya	Member

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

Financial Year	Amount in ₹
2016-17	80,40,96,972
2017-18	87,94,17,438
2018-19	80,62,81,241
Total	2,48,97,95,651
Average	82,99,31,883
2% of Net Profit	**1,65,98,640**

4. **Prescribed CSR Expenditure**: ₹ 1,65,98,640/-

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

   a. Total amount to be spent for the financial year: ₹ 1,65,98,640/-

   b. Amount unspent, if any: ₹ 1,45,98,640/-

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

S. No	PARTICULARS	DETAILS
1	CSR project or activity Identified.	Rural development projects
2	Sector in which the Project is covered	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
3	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Nellore district of the State of Andhra Pradesh
4	Amount outlay (budget) project or programs wise	a) Hostel Renovation at Mahumudapuram village, Nellore b) Marathons c) Such other activities as may be approved by the CSR Committee in the previous financial years. Miscellaneous expenditure for preventive healthcare, sanitation, COVID-19
5	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or program (2) Overheads:	₹ 20,00,000/-
6	Cumulative expenditure up to the reporting period	₹ 20,00,000/-
7	Amount spent: Direct or through implementing agency	Indirect, through trust

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 infrastructure facility to the hostel students in Mahmuddapuram, Nellore District. Since, there was no request received from the hostel for funds, Company did not provide any fund to the hostel.

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

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

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

(DODLA SESHA REDDY)
Chairman
DIN: 00520448

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

ANNEXURE-IV

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31 March 2020

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

FORM NO. MGT - 9

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

I. REGISTRATION AND OTHER DETAILS:

S. No	Particulars	Details
i.	CIN	U15209TG1995PLC020324
ii.	Registration date	15 May 1995
iii.	Name of the Company	Dodla Dairy Limited
iv.	Category / Sub-Category	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered office and contact details	8-2-293/82/A/270-Q, Road No 10-C, Jubilee hills, Hyderabad - 500033, Telangana, India; Tel No.: 040-45467777
vi.	Whether listed Company	Unlisted
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFIN TECHNOLOGIES PRIVATE LIMITED Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500032; Tel: +91 40 67162222, 33211000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The following are the details

S. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
i.	Dodla Holdings Pte. Limited, Singapore	UEN: 201418023E	Subsidiary	100	2(87)
ii.	Lakeside Dairy Limited	--	Step-Down Subsidiary	Nil	2(87)
iii.	Dodla Dairy Kenya Limited	--	Step-Down Subsidiary	Nil	2(87)
iv.	Global Vetmed Concepts India Private Limited	U15400TG2009PTC063052	Associate	48	2(6)
v.	Orgafeed Private Limited	U15400TG2019PTC135071	Subsidiary	99.99	2(87)

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	23,259,746	Nil	23,259,746	41.78	22,559,746	Nil	22,559,746	29.21	(12.57)
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	7,000,000	Nil	7,000,000	12.57	12.57
e)	Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f)	Any Other Trust	16,144,877	Nil	16,144,877	29.00	16,144,877	Nil	16,144,877	29.00	Nil
Sub-total (A) (1):		**39,404,623**	**Nil**	**39,404,623**	**70.78**	**39,404,623**	**Nil**	**39,404,623**	**70.78**	**Nil**
(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)		**39,404,623**	**Nil**	**39,404,623**	**70.78**	**39,404,623**	**Nil**	**39,404,623**	**70.78**	**Nil**
B. Public Shareholding										
1.	**Institutions**									
a)	Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b)	Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)	Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d)	State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g)	FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h)	Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i)	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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**	
2.	**Non-Institutions**									
a)	Bodies Corp.									
i)	Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Overseas	15,031,434	Nil	15,031,434	27.00	15,031,434	Nil	15,031,434	27.00	Nil
b)	Individuals									
i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	1,235,934	Nil	1,235,934	2.22	1,235,934	Nil	1,235,934	2.22	Nil
ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c)	Others (specify)									
Sub-total (B)(2):		16,267,368	Nil	16,267,368	29.22	16,267,368	Nil	16,267,368	29.22	**Nil**
Total Public Shareholding (B)=(B)(1)+ (B)(2)		16,267,368	Nil	16,267,368	29.22	16,267,368	Nil	16,267,368	29.22	**Nil**
C. Shares held by Custodian for GDRs & ADRs		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)		**55,671,991**	**Nil**	**55,671,991**	**100**	**55,671,991**	**Nil**	**55,671,991**	**100**	**Nil**

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

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	14,857,479	26.69	0	40,11,519	7.21	0	**19.48**
2	D. Sesha Reddy	5,56,716	1.00	0	5,56,716	1.00	0	**0**
3	D. Subba Reddy*	17	0.00	0	17	0.00	0	**0**
4	D. Girija Reddy*	17	0.00	0	17	0.00	0	**0**
5	D. Deepa Reddy*	78,45,517	14.09	0	8,45,517	1.52	0	**(12.57)**
6.	Dodla Sesha Reddy (On behalf of Dodla Family trust as Trustee)	1,61,44,877	29.00	0	1,61,44,877	29.00	0	**0**
7.	Mylktree Consultants LLP	0	0	0	7,000,000	12.57	0	**12.57**
8.	D. Sunil Reddy HUF	0	0	0	10,845,960	19.48		**19.48**
Total		3,94,04,623	70.78	0	**3,94,04,623**	**70.78**	**0**	**0**

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

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

Change in promoter's shareholding:

Name of the Promoter		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Dodla Sunil Reddy**				
	At the beginning of the year	14,857,479	26.69	14,857,479	26.69
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transfer of 10,845,960 shares on 20 March 2020 to D. Sunil Reddy HUF			
	At the end of the year	4,011,519	7.21	4,011,519	7.21
2.	**Dodla Deepa Reddy**				
	At the beginning of the year	78,45,517	14.09	78,45,517	14.09
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transfer of 7,000,000 shares on 23 March 2020 to Mylktree Consultants LLP			
	At the end of the year	8,45,517	1.52	8,45,517	1.52
3.	**D.Sunil Reddy HUF**				
	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	Received 10,845,960 shares on 20 March 2020 from D.Sunil Reddy			
	At the end of the year	10,845,960	19.48	10,845,960	19.48
4.	**Mylktree Consulting LLP**				
	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	Received 7,000,000 shares on 23 March 2020 from Dodla Deepa Reddy			
At the end of the year		7,000,000	12.57	7,000,000	12.57

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TPG DODLA DAIRY HOLDINGS PTE. LTD.				
At the beginning of the year	1,50,31,434	27.00	1,50,31,434	27.00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease				Nil
At the end of the year	1,50,31,434	27.00	1,50,31,434	27.00
SUREKHA REDDY BOMNIREDDY				
At the beginning of the year	55,56,733	1.00	55,56,733	1.00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease				Nil
At the end of the year	55,56,733	1.00	55,56,733	1.00
B V K Reddy				
At the beginning of the year	6,79,201	1.22	6,79,201	1.22
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease				Nil
At the end of the year	6,79,201	1.22	6,79,201	1.22

iv) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Dodla Sesha Reddy				
At the beginning of the year	556,716	1.00	556,716	1.00
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Nil			
At the end of the year	556,716	1.00	556,716	1.00
Dodla Sunil Reddy				
At the beginning of the year	14,857,479	26.69	14,857,479	26.69
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Transferred 10,845,960 equity shares to Sunil Reddy HUF on 20 March 2020			
At the end of the year	4,011,519	7.21	4,011,519	7.21

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	1,577,890,000	0	141,550,000	1,719,440,000
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	4,380,000	0	0	4,380,000
	Total of (i + ii + iii)	**1,582,270,000**	**0**	**141,550,000**	**1,723,820,000**
	Change in Indebtedness during the financial year				
	Addition	0	0	25,030,000	25,030,000
	Reduction	77,580,000	0	0	77,580,000
Net Change		77,580,000	**0**	**25,030,000**	**102,610,000**
Indebtedness at the end of the financial year					
i)	Principal Amount	1,500,550,000	0	166,580,000	1,667,130,000
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	4,140,000	0	0	4,140,000
Total of (i + ii + iii)		**1,504,690,000**	**0**	**166,580,000**	**1,671,270,000**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Director and/or Manager:* *(Amount in ₹)*

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	24,150,000 2,610,057	2,400,000 251,692		**26,550,000** **2,861,749**
b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,468,062	142,142	NA	**5,610,204**
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0		**0**
Stock Option	0	0		0
Sweat Equity	0	0		0
Commission	0	0		0
- as % of profit				
- others, specify				
Others, Performance Incentive / Bonus	875,000	87500		962,500
Total (A)	**33,103,120**	2,881,334		**35,984,454**
Ceiling as per the Act				

B. *Remuneration to other directors:*

1. *Independent Directors*

Particulars of Remuneration	Name of Directors				Total Amount
	Kishore M	Rampraveen S	Divya P	T P Raman	
Fee for attending board / committee meetings	6,00,000	8,00,000	5,00,000	3,00,000	22,00,000
Commission	0	0	0	0	0
Others, please specify	0	0	0	0	0
Total (1)	**6,00,000**	**8,00,000**	**5,00,000**	**3,00,000**	**22,00,000**

2. *Other Non-Executive Directors*

Particulars of Remuneration	Name of Directors		Total Amount
	Dodla Sesha Reddy	Akshay Tanna	
Fee for attending board / committee meetings	Nil	Nil	Nil
Commission	Nil	Nil	Nil
Others (Consultancy Fee)	3,600,000	Nil	3,600,000
Total (2)	**3,600,000**	**Nil**	**3,600,000**
Total (B)=(1+2)			**5,800,000**

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	1,050,644 55,950	19,482,427 1,078,056	5,396,800 327,600	25,929,871 1,461,606
b. Value of perquisites u/s 17(2) Income-tax Act, 1961	0	427,549	0	427,549
c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
Stock Option	0	0	0	0
Sweat Equity	0	0	0	0
Commission - as % of profit - others,	0	0	0	0
Others, Performance Incentive	38,200	1,514,827	209,800	1,762,827
Total Remuneration excluding Stock Option	**1,144,794**	**22,502,859**	**59,34,200**	**29,581,853**

PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

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

Date: 15 July 2020
Place: Hyderabad

Dodla Sunil Reddy
Managing Director
DIN: 00794889

Ruchita Malpani
Company Secretary
M.No: A32883

INDEPENDENT AUDITORS' REPORT

To the Members of Dodla Dairy Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Dodla Dairy Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020 and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 38 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 46 to the standalone financial statements.

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

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Sulabh Kumar Kedia
Partner
Membership No.: 066380
ICAI UDIN: 20066380AAAAAL2502

Place: Hyderabad
Date: 15 July 2020

Annexure A to the Independent Auditor's Report on the standalone financial statements of Dodla Dairy Limited for the year ended 31 March 2020

With reference to the Annexure A referred to in Paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date to the members of Dodla Dairy Limited ("the Company") on the standalone financial statements for the year ended 31 March 2020, 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 assets which are in the possession of 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. In accordance with the program, the Management commenced the physical verification of the assets which could not be completed at some of the locations due to COVID-19. However, no material discrepancies were noted on the verifications completed.

(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 the immovable properties as disclosed in Note 4 on fixed assets to the standalone financial statements, are held in the name of the Company.

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

(iii) In our opinion and according to the information and explanation given to us by the Management, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the said Order is not applicable to the Company.

(iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investment made or loan provided to the parties covered under Section 186 of the Act. According to the information and explanations given to us, the Company has not provided guarantee or security to any parties covered under Section 186 of the Act.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73, 74, 75 and 76 and any relevant provisions of the Act of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the said 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 same.

(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, Incometax, Goods and Service tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities except for tax deducted at source for which there has been slight delays in few 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, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any undisputed statutory dues on account of Sales tax, Service tax, Duty of excise and Value added tax. Also refer note 38 to the standalone financial statements relating to provident fund contribution.

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

Name of the Statute	Nature of dues	Amount (Rs)	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 2008-09	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 2010-11	Income Tax Appellate Tribunal, Hyderabad
Income Tax Act, 1961	Income tax and interest thereon	6,417,854 (6,417,854)	Assessment Year 2011-12	Commissioner of Income-Tax (Appeals) V
Income Tax Act, 1961	Income tax and interest thereon	32,381,867 (32,381,867)	Assessment Year 2012-13	
Income Tax Act, 1961	Income tax and interest thereon	25,364,150 (25,364,150)	Assessment Year 2013-14	
Income Tax Act, 1961	Income tax and interest thereon	9,247,720 (9,247,720)	Assessment Year 2014-15	
Income Tax Act, 1961	Income tax and interest thereon	26,325,240	Assessment Year 2017-18	Assessing Officer
Customs Act, 1962	Custom duty and penalty thereon	3,792,623 (104,450)	Financial year 2015-16	High Court of Karnataka
CST Act, 1956	Sales tax and penalty thereon	77,514,174	Financial year 2016-17	Commercial Taxes Department, Nellore
CST Act, 1956	Sales tax and penalty thereon	32,599,089	Financial year 2013-14 2017-18	Commercial Taxes Department, Tamil Nadu

* Amount in parenthesis represents amount paid under protest

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

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

(x) During the course of our examination of books and records of the Company, carried out in accordance with 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) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a Nidhi Company prescribed under Section 406 of the Act. Accordingly, the provisions of Clause 3(xii) of the said order are 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, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph Clause 3(xiv) of the said Order is not applicable to the Company.

(xv) In our opinion and 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 persons connected with him as referred to in Section 192 of the Act. Accordingly, paragraph 3(xv) of the said Order is not applicable to the Company.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, 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 said Order is not applicable to the Company.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Sulabh Kumar Kedia
Partner
Membership No.: 066380
ICAI UDIN: 20066380AAAAAL2502

Place: Hyderabad
Date: 15 July 2020

Annexure B to the Independent Auditors' Report on the standalone financial statements of Dodla Dairy Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Dodla Dairy Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Sulabh Kumar Kedia
Partner
Membership No.: 066380
ICAI UDIN: 20066380AAAAAL2502

Place: Hyderabad
Date: 15 July 2020

Standalone Balance sheet

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

As at	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,363.90	4,120.45
Capital work-in-progress	4	84.97	109.84
Goodwill	5	359.37	359.37
Other intangible assets	5	95.51	129.16
Biological assets other than bearer plants			
Matured biological assets	6	19.91	20.60
Immatured biological assets	6	5.53	6.40
Financial assets			
Investments in subsidiary and associate	7	437.84	407.84
Other investments	7	-	78.63
Loans	8	278.34	83.36
Income-tax assets	27	18.09	36.48
Other non-current assets	9	88.37	83.16
Total non-current assets		**5,751.83**	**5,435.29**
Current assets			
Inventories	10	1,110.20	1,174.46
Financial assets			
Investments	11	115.22	181.35
Trade receivables	12	36.70	37.17
Loans	13	47.87	156.93
Cash and cash equivalents	14 (a)	267.32	100.22
Bank balances other than above	14 (b)	0.34	0.82
Other financial assets	15	2.73	2.26
Other current assets	16	72.90	145.87
Total current assets		**1,653.28**	**1,799.08**
Total assets		**7,405.11**	**7,234.37**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	556.72	556.72
Other equity	18	3,413.07	3,412.62
Total equity		**3,969.79**	**3,969.34**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	867.25	1,102.38
Lease liabilities		68.84	-
Deferred tax liabilities (net)	20	310.70	237.47
Government grants	21	28.38	31.34
Provisions	22	94.79	65.00
Total non-current liabilities		**1,369.96**	**1,436.19**
Current liabilities			
Financial liabilities			
Borrowings	23	400.00	313.65
Lease liabilities		25.71	-
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	24	7.76	2.74
Total outstanding dues of creditors other than micro enterprises and small enterprises	24	681.30	695.89
Other financial liabilities	25	606.08	566.10
Government grants	21	2.96	2.96
Provisions	26	21.22	20.82
Current tax liabilities	27	270.75	177.06
Other current liabilities	28	49.58	49.62
Total current liabilities		**2,065.36**	**1,828.84**
Total liabilities		**3,435.32**	**3,265.03**
Total equity and liabilities		**7,405.11**	**7,234.37**

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

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

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

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

Ruchita Malpani
Company Secretary
M.No. A32883

Standalone Statement of Profit and Loss

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

For the year ended	Note	31 March 2020	31 March 2019
Revenue from operations	29	19,876.16	15,982.36
Other income	30	123.61	75.56
Total income		**19,999.77**	**16,057.92**
Expenses			
Cost of materials consumed	31	15,028.69	11,870.10
Changes in inventories of finished goods and work-in-progress	32	574.29	148.21
Employee benefits expense	33	843.69	714.45
Depreciation and amortisation expense	34	463.35	335.91
Finance costs	35	161.03	107.68
Other expenses	36	2,450.03	2,094.99
Total expenses		**19,521.08**	**15,271.34**
Profit before tax		**478.69**	**786.57**
Income tax expense			
- Current tax	37	119.47	233.23
- Deferred tax	37	74.51	29.58
Total tax expense		**193.98**	**262.81**
Profit for the year (A)		**284.71**	**523.76**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit obligation		(3.66)	(1.79)
Income tax relating to these items	37	1.28	0.63
Other comprehensive income for the year (B)		**(2.38)**	**(1.16)**
Total comprehensive income for the year (A+B)		**282.33**	**522.60**
Earnings per share (nominal value of equity shares of ₹ 10 each, fully paid-up)	40		
Basic [in ₹]		5.11	9.41
Diluted [in ₹]		5.11	9.40
Weighted average number of equity shares used in computing earnings per share:			
- Basic		55,671,991	55,671,991
- Diluted		55,671,991	55,733,681

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

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

for and on behalf of the Board of Directors of
Dodla Dairy Limited
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D. Sesha Reddy
Chairman
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D. Sunil Reddy
Managing Director
DIN: 00794889

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Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

Ruchita Malpani
Company Secretary
M.No. A32883

Standalone Statement of changes in Equity

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

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

Particulars	Equity share capital	Other equity					Total equity attributable to owners of the Company
		Reserves and surplus					
		Capital redemption reserve	Debenture redemption reserve	Securities premium	Retained earnings	Share options outstanding account	
Balance as at 01 April 2019	**556.72**	**12.00**	**3.30**	**568.28**	**2,810.10**	**18.94**	**3,969.34**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	284.71	-	284.71
Employee share based payment expense	-	-	-	-	-	7.62	7.62
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	(2.38)	-	(2.38)
Dividend	-	-	-	-	(249.33)	-	(249.33)
Dividend distribution tax	-	-	-	-	(40.17)	-	(40.17)
Transfer to Debenture redemption reserve	-	-	12.86	-	(12.86)	-	-
Balance as at 31 March 2020	**556.72**	**12.00**	**16.16**	**568.28**	**2,790.07**	**26.56**	**3,969.79**

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

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

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

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

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

Ruchita Malpani
Company Secretary
M.No. A32883

Standalone Statement of Cash flows

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

For the year ended	31 March 2020	31 March 2019
Cash flows from operating activities		
Profit before tax	478.69	786.57
Adjustments for:		
Depreciation and amortisation expense	463.35	335.91
Changes in fair valuation of biological assets	(2.09)	(4.16)
Loss on sale/ retirement of property, plant and equipment, net	3.19	2.65
Loss on sale/ discard of biological assets, net	1.44	1.78
Interest income	(15.68)	(4.85)
Finance costs	161.03	107.68
Dividend income from non-current investment	(53.96)	-
Employee share based payment expense	7.62	18.34
Profit on sale of current investments in mutual funds, net	(23.68)	(29.95)
Fair value gain on financial assets measured at fair value through profit and loss, net	(9.79)	(7.21)
Government grant income	(2.96)	(3.08)
	1,007.16	**1,203.68**
Change in operating assets and liabilities		
Decrease/ (increase) in trade receivables	0.47	(13.75)
Decrease in inventories	64.26	170.84
Increase in loans and other financial assets	(206.12)	(10.96)
Decrease/ (increase) in other current and non-current assets	71.09	(97.48)
Increase in trade payables and other financial liabilities	90.85	117.82
Increase/ (decrease) in employee benefits obligation	26.53	(7.88)
(Decrease)/ increase in other current and non-current liabilities	(0.04)	5.79
Cash generated from operations	**1,054.20**	**1,368.06**
Income taxes paid, net	(19.56)	(188.25)
Net cash generated from operating activities	**1,034.64**	**1,179.81**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(679.20)	(901.68)
Proceeds from sale of property, plant and equipment	10.53	3.78
Proceeds from sale of biological assets	2.21	3.37
Purchase of shares in subsidiary	(30.00)	-
Dividend income from non-current investment	53.96	-
Inter-corporate deposit given	-	(100.00)
Inter-corporate deposit matured	-	100.00
Purchase of assets and liabilities in slump sale	-	(961.32)
Purchase of mutual funds	(740.00)	(1,431.29)
Proceeds from sale of mutual funds	918.23	1,878.06
Interest/ dividend received	15.35	4.22
Deposits placed (having original maturity of more than three months), net	0.48	(0.12)
Net cash used in investing activities	**(448.44)**	**(1,404.98)**

Standalone Statement of Cash flows (continued)

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

Cash flows from financing activities		
Receipt of long term borrowings from banks	-	499.50
Receipt of long term borrowings from issue of debentures	-	550.00
Repayment of long term borrowings to banks	(163.69)	(100.26)
Receipt of short term borrowings, net	250.00	(225.00)
Lease liability repayment	(18.65)	-
Payment of dividend including dividend distribution tax	(182.01)	-
Finance costs paid	(141.10)	(105.35)
Net cash used in financing activities	**(255.45)**	**618.89**
Net increase in cash and cash equivalents	**330.75**	**393.72**
Cash and cash equivalents at the beginning of the year	(63.43)	(457.15)
Cash and cash equivalents at end of the year	**267.32**	**(63.43)**

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

As at	**31 March 2020**	**31 March 2019**
Cash on hand	20.10	46.76
Balances with banks		
-in current accounts	197.22	53.46
Cash credit and overdraft balances	-	(163.65)
Balances as per statement of cash flows	**267.32**	**(63.43)**

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

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

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

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

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

The standalone financial statements were authorised for issue by the Company's Board of Directors on 15 July 2020.

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

B. Functional and presentation currency

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

C. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Biological assets	Fair value less cost to sell
Share based payment	Fair value
Lease liability	Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of initial application.
Right-to-use asset	Right-to-use asset has been measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Practical expedient on transition to exclude initial direct costs from ROU asset measurement is considered.
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligation

D. Use of estimates and judgements

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

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

Judgements

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

- Note 48- leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

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

- Note 6 - determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 22 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 38 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(a) - useful life of property, plant and equipment
- Note 3(d) - impairment of intangible assets
- Note 44 - 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, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability falls into the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

- Note 6 - Biological assets other than bearer plants
- Note 44 - Financial instruments
- Note 17(e) - Share based payment arrangement
- Note 49 - Business combination

2 Basis of preparation (continued)

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 the 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 the 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.

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

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, 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 and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

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

Asset*	Useful life	Useful life prescribed under Schedule II
Laboratory equipment	3 years	10 years
Temporary Structures	1 years	3 years
Freezers and Coolers	3 years	8 Years

* for these class of assets, the Management believes, based on technical evaluation carried out by them internally, that the useful life as given above best represent the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as in Schedule II of the Act.

Freehold land is not depreciated.

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

iv. Capital work-in-progress

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

(b) Intangible assets

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

Amortisation

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

The estimated useful lives are as follows:

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

(c) Biological assets

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

(d) Impairment

i. Financial assets

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

ii. Non -financial assets

Intangible assets and property, plant and equipment

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

(e) Leases

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Company with effect from 01 April 2019.

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained below. On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind

AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

(i) Leases as lessee

Policy applicable from 01 April 2019

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Company decided to apply recognition exemptions to short-term leases. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, or changed, on or after 1 April 2019. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments included in the measurement of the lease liability comprise:

a. Fixed payments including in-substance fixed payments

b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

c. Amounts expected to be payable under a residual value guarantee

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'Financial liabilities' in the balance sheet.

Policy applicable before 1 April 2019

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals in respect of an asset taken on operating lease are generally recognised as an expense in the statement of profit and loss on a straight line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii. Leases as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

(f) Inventories

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

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

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

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

(g) Financial instruments

i. Recognition and initial measurement

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

ii. Classification and subsequent measurement

Financial Assets

Financial assets carried at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Investment in subsidiary and associate

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associate, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(g) Financial instruments (continued)

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

(h) Revenue recognition

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

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

Dividend income and interest income

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

(i) Earnings per share (EPS)

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

(j) Business Combination

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

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

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

(k) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of 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 statement of profit and 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 statement of profit and loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(m) Income taxes:

Income-tax expense for the year comprise of current and deferred tax. It is recognised in statemet of profit and 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.

iii. Onerous contracts

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

(p) Employee benefits

i. Short-term employee benefits

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

ii. Share based payment transactions

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

iii. Defined contribution plans

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

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

vi. Other long-term employee benefits

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

(q) Cash and cash equivalents

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

(r) Cash flow statement

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

(s) Recent accounting pronouncements

There are no new accounting pronouncements that are applicable from 01 April 2020.

Notes to the Standalone Financial Statements

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

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

Reconciliation of carrying amount

Descriptiona	Gross carrying amount					Accumulated depreciation				Carrying amounts (net)
	As at 01 April 2019	Acquisitions through business combination	Additions	Disposals	As at 31 March 2020	As at 01 April 2019	Depreciation for the year	Disposals	As at 31 March 2020	As at 31 March 2020
Freehold land	639.56	-	27.63	-	667.19	-	-	-	-	667.19
Buildings	1,193.47	-	171.41	0.17	1,364.71	74.73	48.78	0.17	123.34	1,241.37
Plant and equipments	2,191.45	-	255.22	15.12	2,431.55	308.86	181.78	10.17	480.47	1,951.08
Electrical installations	111.16	-	5.32	2.27	114.21	27.76	12.16	1.93	37.99	76.22
Electronic data processors	41.26	-	5.14	2.51	43.89	20.14	11.56	2.41	29.29	14.60
Office equipments	28.39	-	7.02	0.77	34.64	11.47	6.29	0.71	17.05	17.59
Furniture and fixtures	98.37	-	16.55	0.45	114.47	14.00	12.37	0.32	26.05	88.42
Laboratory equipments	478.54	-	70.45	11.31	537.68	256.39	127.94	11.10	373.23	164.45
Leasehold improvements	-	-	16.99	-	16.99	-	0.56	-	0.56	16.43
Right-of-use assets (refer note (iv) below)	-	-	105.17	-	105.17	-	16.52	-	16.52	88.65
Vehicles	61.03	-	2.61	9.57	54.07	9.43	9.29	2.55	16.17	37.90
Total	**4,843.23**	**-**	**683.51**	**42.17**	**5,484.57**	**722.78**	**427.25**	**29.36**	**1,120.67**	**4,363.90**
Add: Capital work-in-progress										84.97
										4,448.87

Description	Gross carrying amount					Accumulated depreciation				Carrying amounts (net)
	As at 01 April 2018	Acquisitions through business combination (refer note 49)	Additions	Disposals	As at 31 March 2019	As at 01 April 2018	Depreciation for the year	Disposals	As at 31 March 2019	As at 31 March 2019
Freehold land	483.08	103.30	53.18	-	639.56	-	-	-	-	639.56
Buildings	786.82	212.65	194.11	0.11	1,193.47	42.74	32.02	0.03	74.73	1,118.74
Plant and equipments	1,525.15	244.49	428.42	6.61	2,191.45	182.68	128.41	2.23	308.86	1,882.59
Electrical installations	91.98	0.86	18.57	0.25	111.16	16.91	11.09	0.24	27.76	83.40
Electronic data processors	32.37	1.35	7.92	0.38	41.26	9.46	11.04	0.36	20.14	21.12
Office equipments	24.65	0.66	3.41	0.33	28.39	6.57	5.15	0.25	11.47	16.92
Furniture and fixtures	58.36	25.46	15.41	0.86	98.37	7.53	6.95	0.48	14.00	84.37
Laboratory equipments	325.89	14.85	145.71	7.91	478.54	150.55	113.25	7.41	256.39	222.15
Vehicles	30.80	18.65	13.26	1.68	61.03	4.89	5.24	0.70	9.43	51.60
Total	**3,359.10**	**622.27**	**879.99**	**18.13**	**4,843.23**	**421.33**	**313.15**	**11.70**	**722.78**	**4,120.45**
Add: Capital work-in-progress										109.84
										4,230.29

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

(i) Capital work-in-progress

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

(ii) Contractual obligations

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

(iii) Carrying amount of property, plant and equipment (included in above) pledged as securities for borrowings as at 31 March 2020 is ₹ 4,043.36 (31 March 2019: ₹ 4,120.45).

(iv) Right-of-use assets

Description	Gross carrying amount					Accumulated depreciation				Carrying amounts (net)
	As at 01 April 2019	Acquisitions through business combination	Additions	Disposals	As at 31 March 2020	As at 01 April 2019	Depreciation for the year	Disposals	As at 31 March 2020	As at 31 March 2020
Land	-	-	5.72	-	5.72	-	0.64	-	0.64	5.08
Buildings	-	-	79.70	-	79.70	-	12.09	-	12.09	67.61
Plant and equipments	-	-	19.75	-	19.75	-	3.79	-	3.79	15.96
Total	**-**	**-**	**105.17**	**-**	**105.17**	**-**	**16.52**	**-**	**16.52**	**88.65**

Notes to the Standalone Financial Statements (Continued)

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

Note 5: Goodwill and other intangible assets

Reconciliation of carrying amount

Description	Goodwill	Other intangible assets			
		Computer softwares	Brands	Non-compete arrangements	Total
Gross carrying amount					
As at 01 April 2019	359.37	74.27	58.80	22.20	155.27
Additions	-	2.78	-	-	2.78
Disposals	-	(0.62)	-	-	(0.62)
As at 31 March 2020	**359.37**	**76.43**	**58.80**	**22.20**	**157.43**
Accumulated amortisation					
As at 01 April 2019	-	24.95	0.84	0.32	26.11
Amortisation expense	-	19.88	11.78	4.44	36.10
Disposals	-	(0.29)	-	-	(0.29)
As at 31 March 2020	-	44.54	12.62	4.76	**61.92**
Carrying amount (net) as at 31 March 2020	**359.37**	**31.89**	**46.18**	**17.44**	**95.51**
Gross carrying amount					
As at 01 April 2018	-	9.42	-	-	9.42
Acquisitions through business combination (refer note 49)	359.37	-	58.80	22.20	81.00
Additions	-	64.85	-	-	64.85
Disposals	-	-	-	-	**-**
As at 31 March 2019	**359.37**	**74.27**	**58.80**	**22.20**	**155.27**
Accumulated amortisation					
As at 01 April 2018	-	3.35	-	-	3.35
Amortisation expense	-	21.60	0.84	0.32	22.76
Disposals	-	-	-	-	-
As at 31 March 2019	-	24.95	0.84	0.32	**26.11**
Carrying amount (net) as at 31 March 2019	**359.37**	**49.32**	**57.96**	**21.88**	**129.16**

Impairment

Refer accounting policy in note 3(d).

Impairment testing for cash generating unit containing goodwill

During the previous year, the Company has acquired assets under a business transfer agreement from K C Dairy Products Private Limited ("K C Dairy") and allocated Goodwill to K C Dairy which represents the lowest level within the Company at which Goodwill is monitored for internal management purposes. The carrying amount of goodwill as at 31 March 2020 is ₹ 359.37 (31 March 2019: ₹ 359.37).

Notes to the Standalone Financial Statements (Continued)

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

The key assumptions used in the estimation of the recoverable amount as set out below. The values assigned to the key assumptions represent Management's assessment of future trends in the relevant industry and have been based on historical data from both internal and external sources.

Annual growth rate for 5 years (Average)	9%
Terminal value growth rate	5%
Budgeted EBITDA growth rate	11%
Weighted average cost of capital % (WACC) post tax	13%

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on the management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Weighted average cost of capital % (WACC) = Risk free return + (Market premium x Beta for the Company).

The Company has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in key assumptions would result in the recoverable amount of the CGU to be less than the carrying value. Accordingly, no impairment charges were recognised for FY 2019-2020.

Note 6: Biological assets other than bearer plants

As at	31 March 2020	31 March 2019
Matured biological assets	19.91	20.60
Immatured biological assets	5.53	6.40
	25.44	**27.00**

Reconciliation of carrying amount:

As at	31 March 2020		31 March 2019	
	Matured biological assets	Immatured biological assets	Matured biological assets	Immatured biological assets
Balance at the beginning of the year	**20.60**	**6.40**	**20.34**	**7.65**
Change in fair value (refer note 30)	(7.05)	9.14	(0.85)	5.01
Cattles matured during the year	10.01	(10.01)	4.35	(4.35)
Cattles sold/ discarded during the year	(3.65)	-	(3.24)	(1.91)
Balance at the end of the year	**19.91**	**5.53**	**20.60**	**6.40**

As at 31 March 2020, there were 192 cattle (31 March 2019: 170 cattle) as immatured biological assets and 318 cattle (31 March 2019: 285 cattle) as matured biological assets. During the current year, the Company has sold/ discarded 55 cattle (31 March 2019: 98 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 (Continued)

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

As at	31 March 2020	31 March 2019

Note 7: Non-current investments

Investment in subsidiaries and associate		
Investment in equity instruments		
Carried at cost less provision for other than temporary impairment		
Unquoted		
Investment in subsidiaries		
Dodla Holding Pte. Limited, Singapore	407.84	407.84
6,606,628 (31 March 2019: 6,606,628) equity shares of face value USD 1.00 each, fully paid-up		
Orgafeed Private Limited	30.00	-
3,000,000 equity shares of face value ₹ 10 each, fully paid-up		
Investment in associate*		
Global VetMed Concepts India Private Limited	38.67	38.67
3,866,923 (31 March 2019: 3,866,923) equity shares of face value ₹ 10 each, fully paid-up		
Less: Provision for impairment for investment in Global VetMed Concepts India Private Limited	(38.67)	(38.67)
	437.84	**407.84**
Other investments		
Investment in quoted mutual funds (carried at fair value through profit and loss (FVTPL))	-	78.63
	437.84	**486.47**
Aggregate value of non-current investments - unquoted	476.51	446.51
Aggregate book/ market value of non-current investments - quoted	-	78.63
Aggregate provision for impairment in value of non-current investments	(38.67)	(38.67)

* The Company holds 47.88% of the shareholding in the associate company. The Company's share of net loss incurred during the year by the associate company is ₹ 3.90. The Company has not recognised these losses in its books of account. The Company has not received dividend from the associate company during the current and previous year.

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 44.

Note 8: Non-current loans		
Unsecured, considered good		
Security deposits	91.33	83.36
Loans to subsidiary (refer note 41)	187.01	-
Unsecured, credit impaired		
Amounts receivable from vendors	5.00	5.00
Less: Provision for doubtful receivables	(5.00)	(5.00)
	278.34	**83.36**

Notes to the Standalone Financial Statements (Continued)

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

As at	31 March 2020	31 March 2019

Note 9: Other non-current assets

Capital advances		
Unsecured, considered good	8.81	5.48
Unsecured, credit impaired	-	0.03
Less : Provision for doubtful advances	-	(0.03)
Advances other than capital advances (Unsecured, considered good)		
Salary advances to key managerial person**	-	0.61
Prepaid expenses	2.49	-
Taxes paid under protest	77.07	77.07
	88.37	**83.16**

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

Note 10: Inventories*

Raw materials and packing materials	730.81	226.80
Work-in-progress	133.85	209.65
Finished goods**	203.29	701.78
Stores and spares	42.25	36.23
	1,110.20	**1,174.46**
Carrying amount of inventories (included in above) pledged as securities for borrowings	1,110.20	1,174.46

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

**includes goods-in-transit amounting to ₹ 33.76 (31 March 2019: ₹ 39.90).

The write down of inventories to net realisable value during the period amounted to ₹ 0.50 (31 March 2019: ₹ 1.66). The write down are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress.

Note 11: Current investments

Investment in quoted mutual funds (carried at FVTPL)	115.22	181.35
	115.22	**181.35**
Carrying amount of investments (included in above) pledged as securities for borrowings (refer note 19 and note 23).	-	-
Aggregate book/ market value of current investments - quoted	115.22	181.35
Aggregate amount of impairment in value of current investments	-	-

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in note 44.

Notes to the Standalone Financial Statements (Continued)

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

As at	31 March 2020	31 March 2019

Note 12: Trade receivables

Unsecured, considered good	36.70	37.17
Unsecured, credit impaired	1.93	0.64
	38.63	**37.81**
Less: Provision for doubtful receivables	(1.93)	(0.64)
	36.70	**37.17**
Carrying amount of receivables (included in above) pledged as securities for borrowings	36.70	37.17

The Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in note 44.

Note 13: Current loans

Unsecured, considered good		
Amounts receivable from vendors	36.87	156.93
Loan to subsidiary (refer note 41)	11.00	-
	47.87	**156.93**

Note 14: Cash and bank balances

(a)	Cash and cash equivalents:		
	Cash on hand	20.10	46.76
	Balances with banks		
	- in current accounts	197.22	53.46
	- in deposit accounts (with original maturity of less than three months)	50.00	-
		267.32	**100.22**
(b)	Other bank balances*	0.34	0.82
		0.34	**0.82**

* Represents margin money deposits against bank guarantees.

Note 15: Other current financial assets

Unsecured, considered good		
Interest accrued	2.59	2.26
Amount paid under protest	0.14	-
	2.73	**2.26**

Notes to the Standalone Financial Statements (Continued)

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

As at	31 March 2020	31 March 2019

Note 16: Other current assets

Advances other than capital advances:

Unsecured, considered good:		
Salary advance to employees	3.68	3.99
Salary advance to key managerial person**	0.94	2.40
Prepaid expenses	26.31	33.07
Advance to suppliers	6.01	6.17
Share issue expenses (refer note (i) below)	-	69.15
Other advances**	12.08	8.87
Balance with government authorities	23.88	22.22
Unsecured, considered doubtful:		
Other advances**	44.80	47.47
Less : Provision for doubtful advances	(44.80)	(47.47)
	72.90	**145.87**

Note (i): During the year ended 31 March 2019, the Company was in the process of filing Red Herring Prospectus with SEBI in connection with the proposed Initial Public Offer ('IPO') of equity shares of the Company by way of fresh issue and an offer for sale by the existing shareholders. Accordingly, expenses incurred by the Company aggregating to ₹ 69.15 in connection with filing of Red Herring Prospectus have been shown under "other current assets" as it was supposed to be partly recovered from the existing shareholders (to the extent of shares offered for sale by them) and partly to be adjusted towards the securities premium. During the year ended 31 March 2020, the Company has decided not to proceed with the Initial Public Offer and accordingly, the advances paid could not be recovered from the shareholders and charged off as expenses in the statement of profit and loss along with other expenses of similar nature incurred in the current year.

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

Note 17: Equity share capital

Authorised		
75,000,000 (31 March 2019: 75,000,000) equity shares of ₹ 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and paid-up share capital		
55,671,991 (31 March 2019: 55,671,991) equity shares of ₹ 10 each fully paid-up	556.72	556.72
	556.72	**556.72**

Notes to the Standalone Financial Statements (Continued)

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

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

As at	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	55,671,991	556.72	3,274,823	32.75
Issued during the period (refer note (d) below)	-	-	52,397,168	523.97
Outstanding at the end of the year	**55,671,991**	**556.72**	**55,671,991**	**556.72**

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

The Company has a single class of equity shares as at 31 March 2020 having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, TPG Dodla Dairy Holdings Pte. Ltd ("the Investor") shall be paid from the distributable proceeds, an amount (hereafter referred to as the "investor liquidation amount") which is the higher of:

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

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

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

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

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

As at	31 March 2020		31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹10 each, fully paid-up				
Mr. D. Sunil Reddy	4,011,519	7.21%	14,857,479	26.69%
Mrs. D. Deepa Reddy	845,517	1.52%	7,845,517	14.09%
Mr. D. Sesha Reddy	556,716	1.00%	556,716	1.00%
Dodla Family Trust	16,144,877	29.00%	16,144,877	29.00%
Sunil Reddy (HUF)	10,845,960	19.48%	-	-
Mylktree Consultants LLP	7,000,000	12.57%	-	-
TPG Dodla Dairy Holdings Pte. Ltd.	15,031,434	27.00%	15,031,434	27.00%

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

(d) During the five years immediately preceding the balance sheet date, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued other than the issuance of 52,397,168 equity shares of ₹ 10 each, fully paid-up as bonus shares on 17 July 2018 in the ratio of 16:1 (sixteen equity shares of ₹ 10 each for every one equity share of ₹ 10 each held in the Company as on the record date i.e. 05 July 2018) by capitalisation of securities premium account.

(e) Share based payment arrangement

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

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

Movement in the options under the plan

As at	No. of options	
	31 March 2020	**31 March 2019**
Options outstanding at the beginning of the period	49,122	49,122
Options granted during the period	-	-
Options exercised during the period	-	-
Options exercisable at the end of the period	**49,122**	**49,122**

Fair value measurement

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

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

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

Notes to the Standalone Financial Statements (Continued)

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

Note 18: Other equity

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

Particulars	Capital redemption reserve	Debenture Redemption Reserve	Securities premium	Retained earnings	Share options outstanding account	Total
Balance as at 01 April 2019	**12.00**	**3.30**	**568.28**	**2,810.10**	**18.94**	**3,412.62**
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	(2.38)	-	(2.38)
Employee share based payment expense	-	-	-	-	7.62	7.62
Transfer to debenture redemption reserve	-	12.86	-	(12.86)	-	-
Dividend	-	-	-	(249.33)	-	(249.33)
Dividend distribution tax	-	-	-	(40.17)	-	(40.17)
Net profit after tax transferred from the statement of profit and loss	-	-	-	284.71	-	284.71
Balance as at 31 March 2020	**12.00**	**16.16**	**568.28**	**2,790.07**	**26.56**	**3,413.07**

Notes to the Standalone Financial Statements (Continued)

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

Nature and purpose of the reserve

Capital redemption reserve

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

Debenture redemption reserve

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

Securities Premium

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

Share options outstanding account

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

Note 19: Non-current borrowings

As at	31 March 2020	31 March 2019
Secured		
Debentures		
550,000 (31 March 2019: 550,000) Redeemable non-convertible debentures of ₹ 1,000 each, fully paid-up	501.23	542.24
Term loans		
- from banks (refer below)	366.02	560.14
	867.25	**1,102.38**

Terms of repayment of Debentures:

During the financial year 2018-19, the company has issued 550,000 Redeemable non convertible debentures of ₹ 1,000 each, fully paid up to International Finance Corporation (IFC) which carries interest rate of IFC's cost of funding plus 2.25%, currently 9.00% p.a. and is secured by the first charge on movable plant, machinery, equipment and all other movable assets (both present and future) pertaining to specified plants and second pari passu charge on current assets (both present and future) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. The debentures are getting matured by 2026-27, outstanding amount (including current maturities) as at 31 March 2020 is ₹ 543.53 (31 March 2019 is ₹ 542.24).

Terms of repayment for secured term loans from banks:

a) 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 i.e., 9.45% per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 4.06 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 is ₹ 28.44 (31 March 2019 is ₹ 44.69).

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

b) 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 i.e., 9.45% per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 6.25 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 is ₹ 43.75 (31 March 2019 is ₹ 68.75).

c) 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 i.e., 9.45% per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 3.13 millions 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 (includes current maturities) as at 31 March 2020 is ₹ Nil (31 March 2019 is ₹ 15.63).

d) 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 i.e.,9.45% per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 1.56 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 ₹ 10.94 (31 March 2019 is ₹ 17.18).

e) 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 i.e., 9.45% per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 3.75 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy Outstanding amount (including current maturities) as at 31 March 2020 ₹ 26.25 (31 March 2019 is ₹ 41.25).

f) 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 i.e.,9.45% per annum as on 31 March 2020. 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 2020 ₹ 17.50 (31 March 2019 is ₹ 35.00).

g) Term loan of ₹ 250 was taken from HSBC Bank during the financial year 2018-2019 which carries interest rate equal to MCLR plus 1.00% per annum i.e., 8.95% per annum as on 31 March 2020. It is repayable in 18 equal quarterly installments of ₹ 13.89 each commencing from November 2019. The term loan is secured by first paripassu charge on identified properties, movable and immovable (present and future) and second pari passu charge on current assets, present and future and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 ₹ 222.22 (31 March 2019 is ₹ 250.00).

h) Term loan of ₹ 249.50 was taken from ICICI Bank during the financial year 2018-2019 which carries interest rate equal to MCLR plus 0.60% per annum i.e., 8.80% per annum as on 31 March 2020. It is repayable in total 10 quarterly installments. For 9 quarterly installments of ₹ 13.86 each and balance of ₹ 124.75 for final installment commencing from September 2019. The term loan is secured by first paripassu charge on identified properties, movable and immovable (present and future) and second pari passu charge on current assets, present and future and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 is ₹ 207.92 (31 March 2019 is ₹ 249.50).

Aggregate amount of loans (including current maturities) guaranteed by the directors of the Company outstanding as at 31 March 2020 is ₹ 1,100.54 (31 March 2019 is ₹ 1,264.24).

Notes to the Standalone Financial Statements (Continued)

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

The Company has not complied with the requirements of maintenance of current ratio (calculated as current assets to current liabilities) and prospective debt service coverage ratio (calculated as EBITDA to outstanding debt) associated with redeemable non convertible debentures issued to IFC for the year ended 31 March 2020. Subsequent to the year end i.e. on 02 June 2020, IFC has waived the compliance with the current ratio and prospective debt service coverage ratio for the financial year ended 31 March 2020.

The Company has not complied with the requireemnt of maintenance of interest coverage service ratio (calculated as earnings before interest and tax to interest cost) associated with a term loan obtained from HDFC bank for the year ended 31 March 2020. Subsequent to the year end i.e. on 09 July 2020, HDFC has waived the non-compliance with the interest coverage service ratio for the financial year ended 31 March 2020.

Information about the Company's exposure to interest rate and liquidity risks is included in note 44.

As at	31 March 2020	31 March 2019
Note 20: Deferred tax liabilities, net		
The balance comprises temporary differences attributable to:		
Deferred tax liabilities		
On account of property, plant and equipment (PPE), goodwill and other intangible assets	406.00	287.84
Fair value changes in mutual funds	6.35	3.09
Others	5.49	5.21
Deferred tax assets		
Provision for employee benefits	(54.11)	(40.32)
Lease Liability	(33.04)	-
Provision for impairment of receivables, advances and other assets, net	(19.99)	(18.35)
Net deferred tax liabilities	**310.70**	**237.47**
Also refer note 37, for tax expense.		

Movement in deferred tax liabilities/ (assets)

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

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

	On account of PPE, goodwill and other intangible assets	Fair value changes in mutual funds	Provision for employee benefits	Provision for impairment of receivables, advances and other assets, net	Others	Total
Balance as at 01 April 2019	**287.84**	**3.09**	**(40.32)**	**(18.35)**	**5.21**	**237.47**
Charged/ (credited):						
- to profit or loss	118.16	3.26	(12.51)	(1.64)	(32.76)	74.51
- to other comprehensive income	-	-	(1.28)	-	-	(1.28)
Balance as at 31 March 2020	**406.00**	**6.35**	**(54.11)**	**(19.99)**	**(27.55)**	**310.70**

Note 21: Government grants

As at	31 March 2020	31 March 2019
Non-current	28.38	31.34
Current	2.96	2.96
	31.34	**34.30**

Movement of government grants:

As at	31 March 2020	31 March 2019
Balance at the beginning of the year	**34.30**	**37.38**
Add: Received during the year	-	-
Less: Released to statement of profit and loss (refer note 30)	(2.96)	(3.08)
Balance at the end of the period	**31.34**	**34.30**

Note 22: Non-current provisions

As at	31 March 2020	31 March 2019
Provision for employee benefits		
Compensated absences	76.16	64.40
Gratuity (refer note (ii) below)	18.63	0.60
	94.79	**65.00**

(i) Post retirement benefit - Defined contribution plans

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

Notes to the Standalone Financial Statements (Continued)

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

(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.

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

As at	31 March 2020			31 March 2019		
	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)	**79.00**	**(69.21)**	**9.79**	**57.63**	**(35.81)**	**21.82**
Current service cost	14.84	-	14.84	11.67	-	11.67
Interest cost	5.86	-	5.86	4.41	-	4.41
Expected returns	-	(5.13)	(5.13)	-	(2.72)	(2.72)
Total amount recognised in profit or loss (B)	**20.70**	**(5.13)**	**15.57**	**16.08**	**(2.72)**	**13.36**
Remeasurements						
(Gain)/ loss from change in demographic assumptions	(6.63)	-	(6.63)	-	-	-
(Gain)/ loss from change in financial assumptions	10.28	-	10.28	1.08	-	1.08
Experience losses/ (gains)	(0.78)	0.79	0.01	1.36	(0.65)	0.71
Total amount recognised in other comprehensive income (C)	**2.87**	**0.79**	**3.66**	**2.44**	**(0.65)**	**1.79**
Contributions (D)	-	(7.05)	(7.05)	-	(34.06)	(34.06)
Benefits paid (E)	(6.86)	6.86	-	(4.03)	4.03	-
Acquisition adjustment (F)		-	-	6.88	-	6.88
Closing balance (A+B+C+D+E+F)	**95.71**	**(73.74)**	**21.97**	**79.00**	**(69.21)**	**9.79**

b) Significant estimates: actuarial assumptions

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

As at	31 March 2020	31 March 2019
Discount rate	6.00%	7.40%
Salary escalation rate	10.00%	10.00%
Employee attrition rate	16.00%	12.00%
Retirement age	58 years	58 years

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

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

Notes to the Standalone Financial Statements (Continued)

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

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 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	90.12	101.99	73.59	85.20
Salary escalation rate (1% movement)	101.60	90.34	84.88	73.76
Employee attrition rate (1% movement)	87.86	112.92	74.05	88.26

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 2020	31 March 2019
Funds managed by Life Insurance Corporation of India	73.74	69.21
Total	**73.74**	**69.21**

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

e) Risk exposure

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

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

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

f) Maturity profile of defined benefit obligation:

As at	31 March 2020	31 March 2019
1st following year	14.73	9.19
2nd following year	12.70	10.05
3rd following year	11.44	8.72
4th following year	10.86	8.10
5th following year	10.04	7.79
Thereafter	88.74	112.57

g) The Company expects to contribute a sum of ₹ 36.99 to the plan for the next annual accounting period.

h) As at 31 March 2020, the weighted average duration of the defined benefit obligation was 6 years.

Notes to the Standalone Financial Statements (Continued)

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

As at	31 March 2020	31 March 2019
Note 23: Current borrowings		
Loans repayable on demand from banks		
Secured		
Cash credit and overdraft	-	163.65
Other loans from banks		
Secured		
Working capital demand loans	400.00	150.00
	400.00	**313.65**

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 9.05% per annum and working capital demand loan carries an interest rate of 7.95% to 8.70% 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 first charge on entire current asset of the Company, second paripassu charge on entire fixed assets of the Company, both present and future(excepting assets specifically charged to banks) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.70% to 9.00% 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 pari-passu charge on all the movable fixed assets of the Company including equitable mortgage on the specified property of the Company, both present and future (other than assets exclusively charged to term lenders) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.80% to 8.35% per annum.

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.

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 pari-passu charge on the fixed assets of the Company and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.60% to 8.50% per annum.

Aggregate amount of loans guaranteed by the directors of the Company outstanding as at 31 March 2020 is ₹ 400.00 (31 March 2019: ₹ 313.65).

Information about the Company's exposure to interest rate and liquidity risks is included in Note 44

Notes to the Standalone Financial Statements (Continued)

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

Note 24: Trade payables

As at	31 March 2020	31 March 2019
Total outstanding dues of micro enterprises and small enterprises (refer note below)	7.76	2.74
Total outstanding dues of creditors other than micro enterprises and small enterprises **	681.30	695.89
	689.06	**698.63**

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

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

i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
	- Principal	7.76	2.74
	- Interest	-	-
ii)	The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under Section 23 of the MSMED Act.	-	-

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

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 44.

Notes to the Standalone Financial Statements (Continued)

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

Note 25: Other financial liabilities

As at	31 March 2020	31 March 2019
Current maturities of long term debt from banks (refer note 19)	233.30	161.86
Interest accrued but not due on borrowings	4.14	4.38
Capital creditors	27.31	161.24
Dividend payable	67.32	-
Employee payables**	107.43	97.07
Security deposits	166.58	141.55
	606.08	**566.10**

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

The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 44.

Note 26: Current provisions

Provision for employee benefits

Compensated absences	17.88	11.63
Gratuity (refer note 22)	3.34	9.19
	21.22	**20.82**

Note 27: Income-tax assets and current tax liabilities

Current tax liability	230.58	177.06
Dividend distribution tax payable	40.17	-
Current tax asset	(18.09)	(36.48)
	252.66	**140.58**

Also refer note 37, for tax expense.

Note 28: Other current liabilities

Advance from customers	32.76	25.69
Statutory dues (including provident fund and tax deducted at source)	16.82	23.93
	49.58	**49.62**

Notes to the Standalone Financial Statements (Continued)

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

Note 29: Revenue from operations

For the year ended	31 March 2020	31 March 2019
Sale of goods		
- Finished goods	19,844.97	15,969.82
Sale of services		
- Conversion service charges	23.91	6.14
Other operating revenue		
- Sale of scrap	7.28	6.40
	19,876.16	**15,982.36**

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

Contract price	20,337.50	16,374.20
Less: Discounts and incentives	(461.34)	(391.84)
	19,876.16	**15,982.36**

Note 30: Other income

Interest income		
- on deposits	0.14	0.06
- on others	15.54	4.79
Amortisation of government grants (refer note (i) below and note 21)	2.96	3.08
Changes in fair value of biological assets (refer note 6)	2.09	4.16
Fair value gain on financial assets measured at fair value through profit and loss	9.79	7.21
Dividend income from non-current investment	53.96	-
Profit on sale of investments in mutual funds, net	23.68	29.95
Gain on account of foreign exchange fluctuations, net	0.05	-
Other non-operating income	15.40	26.31
	123.61	**75.56**

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

Note 31: Cost of materials consumed

Inventory of materials at the beginning of the period	226.80	211.42
Add: Purchases	15,532.70	11,885.48
Less: Inventory of materials at the end of the period	730.81	226.80
	15,028.69	**11,870.10**

Note 32: Changes in inventories of finished goods and work-in-progress

a) Finished goods		
Opening stock	701.78	593.43
Acquisition from business combination	-	6.17
Closing stock	(203.29)	(701.78)
	498.49	**(102.18)**

Notes to the Standalone Financial Statements (Continued)

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

For the year ended	31 March 2020	31 March 2019
b) Work-in-progress		
Opening stock	209.65	455.92
Acquisition from business combination	-	4.12
Closing stock	(133.85)	(209.65)
	75.80	**250.39**
	574.29	**148.21**

Note 33: Employee benefits expense

Salaries, wages and bonus	757.04	626.32
Employee share based payment expenses (refer notes 17(e) and 18)	7.62	18.34
Contribution to provident and other funds	55.37	49.21
Expenses related to post-employment defined benefit plans (refer note 22)	15.57	13.36
Staff welfare expense	8.09	7.22
	843.69	**714.45**

Note 34: Depreciation and amortisation expense

Depreciation on property, plant and equipment (refer note 4)	427.25	313.15
Amortisation of intangible assets (refer note 5)	36.10	22.76
	463.35	**335.91**

Note 35: Finance costs

Interest expense on loan from banks	141.94	106.51
Other interest costs	12.17	0.67
Other borrowing costs	6.92	0.50
	161.03	**107.68**

Note 36: Other expenses

For the year ended	31 March 2020	31 March 2019
Power and fuel	346.53	284.04
Consumption of stores and spare parts	149.86	188.22
Milk procurement expenses	29.47	14.49
Freight inward and handling	410.16	495.02
Repairs and maintenance:		
- building	15.91	18.55
- machinery	13.48	9.37
- other assets	4.17	3.75
Rent	41.70	58.09
Rates and taxes	18.33	17.80
Communication	10.40	10.83
Printing and stationery	14.05	10.27
Travelling and conveyance	69.41	55.53

Notes to the Standalone Financial Statements (Continued)

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

For the year ended	31 March 2020	31 March 2019
Vehicle hire charges	8.57	8.09
Bank charges	7.39	3.57
Legal and professional fees (refer note (i) below)	68.45	55.32
Security expenses	40.02	33.19
Bad debts written off	0.49	0.70
Loss on account of foreign exchange fluctuations, net	-	0.14
Provision for doubtful debts	1.29	0.19
Provision for doubtful advances	(2.70)	(6.17)
Insurance	19.72	13.85
Loss on sale/ retirement of property, plant and equipment, net	3.19	2.65
Loss on sale/ discard of biological assets, net	1.44	1.78
Corporate social responsibility (refer note (ii) below and note 41(ii))	2.00	0.80
Carriage outwards	978.70	692.88
Advertisement	75.44	89.72
Share issue expenses written off	72.73	-
Miscellaneous	49.83	32.32
	2,450.03	**2,094.99**

Note: (i) Auditor's remuneration (included in legal and professional fees, excluding tax)*

Audit fees		
Audit services	4.30	4.00
Out-of-pocket expenses	0.19	0.32
	4.49	**4.32**

* During the year ended 31 March 2020, the Company has incurred ₹ 1.00 (31 March 2019: ₹ 19.32) towards service received from the auditors of the Company in relation to the proposed Initial Public Offering (IPO). The same was not charged off to the statement of profit and loss and was disclosed in "Other current assets" in the previous year as it was supposed to be recoverd from shareholders or adjusted from securities premium in proportion of shares being offered or fresh shares issued (refer note 16).

(ii) Corporate social responsibility

Gross amount required to be spent by the Company during the year amounts to ₹ 14.58 (31 March 2019: ₹ 14.33)

Amount spent during the year ended 31 March 2020 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	**-**
Purposes other than construction or acquisition of assets	2.00	-	**2.00**
Amount spent during the year ended 31 March 2019 on	**In cash**	**Yet to be paid in cash**	**Total**
Construction or acquisition or of assets	-	-	**-**
Purposes other than construction or acquisition of assets	0.80	-	**0.80**

Notes to the Standalone Financial Statements (Continued)

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

For the year ended	31 March 2020	31 March 2019

Note 37: Income tax expense

(a) Amounts recognised in profit or loss

Current tax	119.47	233.23
Deferred tax	74.51	29.58
	193.98	**262.81**

(b) Amounts recognised in other comprehensive income

Current tax	-	-
Deferred tax	(1.28)	(0.63)
	(1.28)	**(0.63)**

(c) Reconciliation of effective tax rate

For the year ended	**31 March 2020**		**31 March 2019**	
Profit before tax		**478.69**		**786.57**
Tax using the Company's domestic tax rate	34.94%	167.27	34.94%	274.86
Tax effect of:				
Tax exempt income	-2.28%	(10.93)	-2.95%	(23.22)
Adjustment for items taxed at a lower rate	-2.02%	(9.65)	(0.00)	(0.53)
Others	9.88%	47.29	1.49%	11.70
	40.52%	**193.98**	**33.41%**	**262.81**

Note 38: Contingent liabilities

As at	**31 March 2020**	**31 March 2019**
i) Claims against the Company not acknowledged as debts :		
Income tax matters	0.99	0.99
Indirect tax matters	113.80	2.35

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before tax authorities and including matters mentioned above. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Company, as the case may be, and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defence of the proceedings and accordingly, no further provision is required.

ii) On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, the Company has re-computed its liability towards PF for the month of March 2019 and has made a provision for it in the books of account. In respect of the earlier periods/years, the Company has been legally advised that there are numerous interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same. Necessary adjustments, if any, will be made to the books as more clarity emerges on this subject.

Notes to the Standalone Financial Statements (Continued)

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

Note 39: Commitments

Capital commitments:

As at	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances)	170.37	80.58

Note 40: Earnings per share ('EPS')

For the year ended	31 March 2020	31 March 2019
Earnings		
Profit attributable to equity shareholders (A)	284.71	523.76
Calculation of weighted average number of equity shares - Basic		
Number of equity shares at the beginning of the year	55,671,991	3,274,823
Add: Effect of bonus issue (refer note 17(d))	-	52,397,168
Revised number of equity shares at the beginning of the year	55,671,991	55,671,991
Weighted average number of equity shares outstanding during the year (B)	**55,671,991**	**55,671,991**
Calculation of weighted average number of equity shares - Diluted		
Number of potential equity shares at the beginning of the year	55,671,991	3,274,823
Add: Effect of bonus issue (refer note 17(d))	-	52,397,168
Add: Dilutive effect of employee stock options	-	61,690
Revised number of potential equity shares at the end of the year	55,671,991	55,733,681
Weighted average number of potential equity shares outstanding during the year (C)	**55,671,991**	**55,733,681**
Basic earnings per share of face value of ₹10 (A/B)	5.11	9.41
Diluted earnings per share of face value of ₹10 (A/C)	5.11	9.40

Notes to the Standalone Financial Statements (Continued)

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

Note 41: Related party transactions

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

(i) Names of related parties and description of relationship:

Nature of relationship	Name of the related party
Entity exercising significant influence over the Company	TPG Dodla Dairy Holdings Pte. Ltd.
Subsidiaries (including step down subsidiary)	Dodla Holdings Pte Limited, Singapore
	Orgafeed Private Limited
	Lakeside Dairy Limited, Uganda
	Dodla Dairy Kenya Limited
Associate	Global VetMed Concepts India Private Limited ('GVC')
Key management personnel ('KMP')	Mr. Sunil Reddy, Managing Director
	Mr. B.V.K. Reddy, Chief Executive Officer (CEO) Mr. Hemanth Kundavaram, Chief Financial Officer (CFO) (w.e.f. 13 July 2018) Mr. A. Madhusudhana Reddy, Whole-time Director (w.e.f. 03 May 2018)
Relatives of KMP	Mr. Sesha Reddy, Father of Mr. Sunil Reddy
	Mrs. Surekha Reddy, Sister of Mr. Sunil Reddy
	Mrs. Deepa Reddy, Wife of Mr. Sunil Reddy
	Ms. Shilpa Reddy, Daughter of Mr. Sunil Reddy
	Ms. Girija Reddy, Mother of Mr. Sunil Reddy
	Mr. Subba Reddy, Brother of Mr. Sunil Reddy
Enterprise over which KMP have significant influence	Dodla Dairy, Vinjimuru
	D Soft India Private Limited
	Surekha Milk Chilling Centre
	Tropical Bovine Genetics Private Limited
	Hanslot Pile foundation
	Mylktree Consultants LLP
	Dodla Family Trust
	Dodla Sunil Reddy HUF
	Dodla Nutri Feeds LLP Dodla Foundation (from 20 February 2018)

Notes to the Standalone Financial Statements (Continued)

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

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

Transactions	For the year ended 31 March 2020	For the year ended 31 March 2019
Lease rent paid		
- Dodla Dairy, Vinjimuru	1.20	1.20
- Surekha Milk Chilling Centre	0.92	0.90
- Hanslot Pile foundation	0.30	-
Rent paid		
- Dodla Nutri Feeds LLP	1.14	0.54
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	55.65	50.43
- Post employment benefits	3.00	2.53
Purchase of raw material		
- GVC	10.89	9.74
Dividend received		
- Dodla Holdings Pte. Limited	53.96	-
Expenditure incurred on behalf of		
- GVC	8.19	2.05
- Dodla Singapore Pte Limited, Singapore	-	-
- Orgafeed Private Limited	9.67	-
- Lakeside Dairy Limited, Uganda	0.82	1.25
- Dodla Dairy Kenya Limited	0.85	1.03
Consultancy expense		
- Oremus Corporate Services Private Limited	-	0.99
- Mr. Sesha Reddy	3.60	3.60
- Ms. Shilpa Reddy	0.85	0.60
Interest income		
- Orgafeed Private Limited	8.82	-

Notes to the Standalone Financial Statements (Continued)

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

Note 41: Related party transactions

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

Transactions	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchase of goods		
- Tropical Bovine Genetics Private Limited	1.54	1.02
- Orgafeed Private Limited	97.20	-
Interim dividend paid		
- Dodla Family Trust (Dodla Sesha Reddy)	72.31	-
- TPG Dodla Dairy Holdings Pte. Ltd.	67.32	-
- D Sunil Reddy Huf	48.57	-
- Dodla Sunil Reddy	17.97	-
- Deepa Reddy Dodla	3.79	-
- B V K Reddy	3.04	-
- Surekhareddy Bomnireddy	2.49	-
- Sesha Reddy Dodla	2.49	-
- Dodla Girija Reddy*	0.00	-
- Dodla Subbareddy*	0.00	-
- Mylktree Consultants	31.35	-
Corporate social responsibility expenditure incurred		
- Dodla Foundation	2.00	0.80

* Below rounding off norm adopted by the company. The actual amounts in ₹ are:

Interim dividend paid to Dodla Girija Reddy - ₹ 76

Interim dividend paid to Dodla Subbareddy - ₹ 76

(iii) Balances with related parties:

As at	31 March 2020	31 March 2019
Other current and non-current assets		
- GVC - Other advances	44.80	47.47
- GVC – Provision for doubtful advances	(44.80)	(47.47)
- Orgafeed Private Limited - Loan	198.01	-
- Orgafeed Private Limited - Rent receivable	0.01	-
- Mr. B.V.K. Reddy – Advance given against salary, net	0.61	3.01
- Mr. A. Madhusudhana Reddy – Advance given against salary, net	0.33	-
- Lakeside Dairy Limited – Other advances**	0.00	-

Notes to the Standalone Financial Statements (Continued)

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

As at	31 March 2020	31 March 2019
Other financial liabilities and trade payables		
- Oremus Corporate Services Private Limited – Consultancy fees payable	-	0.09
- Dodla Nutri Feeds LLP – Trade payable	0.15	0.20
- Tropical Bovine Genetics Private Limited	0.34	0.37
- Dodla Dairy, Vinjimuru	0.10	0.10
- Surekha Milk Chilling Centre	0.07	0.07
- D Soft India Private Limited	0.05	0.05
- Orgafeed Private Limited	2.22	-
- Mrs. Shilpa Reddy – Consultancy fees payable	0.07	0.05
- Mr. Sesha Reddy – Consultancy fees payable	0.27	0.27
- Mr. Sunil Reddy - Remuneration payable, net	0.60	1.27
- Mr. B.V.K Reddy - Remuneration payable, net	0.96	-
- Mr. A. Madhusudhana Reddy - Remuneration payable, net	0.15	0.07
- Mr. Hemanth Kundavaram - Remuneration payable, net	0.35	0.21

** Below rounding off norm adopted by the Company. The actual amounts in ₹ are:

other advances to Lakeside Dairy Limited - ₹ 1,438

Notes:

a. The borrowings of the Company are secured by personal guarantees given by the director of the Company, Mr. Sunil Reddy as detailed in note 19 and 23.

b. As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above. Share-based compensation expense allocable to key management personnel ₹ 7.62 (31 March 2019 - ₹ 18.34) is also not included in the remuneration disclosed above.

Note 42: Segment reporting

The Company is in the business of processing and selling milk and milk products. The Company's Chief Operating Decision Maker (CODM) reviews the performance of the Company on the basis of economic performance for Liquid Milk, Products and Curd. For the purpose of reporting the operating segments, all the three segments have been aggregated as a single reporting segment under the provisions of Ind AS 108 'Operating Segments' as the nature of products, the production and distribution process, class of customers and the regulatory environment is similar for all the segment. Thus, the segment revenue, segment profit, total segment assets and liabilities are all as reflected in the standalone financial statements as at and for the years ended 31 March 2020 and 31 March 2019.

Note 43: Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The Management is of the opinion that its international 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 the Standalone Financial Statements (Continued)

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

Note 44: Financial instruments - fair values and risk management

Accounting classification and fair values

As at	31 March 2020		31 March 2019		Fair value level
Financial instruments by category	**Amortised cost**	**FVTPL**	**Amortised cost**	**FVTPL**	
Financial assets					
Investments in mutual funds (refer note (a) below)	-	115.22	-	259.98	Level 1
Investment in subsidiary and associate	437.84	-	407.84	-	-
Trade receivables	36.70	-	37.17	-	-
Cash and cash equivalents	267.32	-	100.22	-	-
Bank balances other than above	0.34	-	0.82	-	-
Non-current loans receivable	278.34	-	83.36	-	-
Current loans receivable	47.87	-	156.93	-	-
Other current financial assets	2.73	-	2.26	-	-
Total financial assets	**1,071.14**	**115.22**	**788.60**	**259.98**	
Financial liabilities					
Borrowings (current and non-current)	1,500.55	-	1,577.89	-	-
Lease liabilities	94.55	-	-	-	-
Trade payables	689.06	-	698.63	-	-
Interest accrued but not due on borrowings	4.14	-	4.38	-	-
Capital creditors	27.31	-	161.24	-	-
Employee payables	107.43	-	97.07	-	-
Dividend payable	67.32	-	-	-	-
Security deposits	166.58	-	141.55	-	-
Total financial liabilities	**2,656.94**	**-**	**2,680.76**	**-**	

Measurement of fair values

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

(a) The fair valuation of investments in mutual funds is classified as level 1 in the fair value hierarchy as they are determined based on their quoted prices.

Fair value method

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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

A. Financial assets

1. The Company has not disclosed the fair values for investment in subsidiary and associate, trade receivables, cash and cash equivalents including other bank balances, loans receivable, and other financial assets because the carrying amounts are a reasonable approximation of the fair values.
2. Investment in mutual funds: Fair value of quoted mutual funds units is based on quoted market price at the reporting date.

B. Financial liabilities

1. Non-convertible debentures: The fair values of the Company's interest bearing debentures are determined by using Discounted cash flow ("DCF") method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The Company has not disclosed the fair values because its carrying amount is a reasonable approximation of its fair value.
2. Borrowings: It includes term loans from banks, cash credit and overdraft facilities and working capital loans. These borrowings are classified and subsequently measured in the standalone financial statements at amortised cost. Considering that the interest rate on the loan is reset on a monthly/ quarterly/ half yearly/ yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.
3. Lease liabilities: The fair values of the Company's lease liabilities are determined by using discounting the future cashflows at discount rate that reflects the inremental borrowing rate of the Company. The Company has not disclosed the fair value because its carrying amount is a reasonable approximation of its fair value.
4. Trade payables and other financial liabilities: Fair values of trade payables and other financial liabilities are measured at carrying value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the carrying values.

Note 44: Financial instruments - fair values and risk management (continued)

Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. A summary of the risks have been given below.

Credit risk

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

Trade and other receivable

Credit risk is managed by Head (Sales) of the Company. Usually, the business is carried on cash and carry basis. However, for institutional customers credit is provided after a detailed background check and credit analysis.

The accounts receivable team along with sales team will evaluate all new customers to determine payment terms and methods to be required, and what level of credit will be established. The accounts 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.

Notes to the Standalone Financial Statements (Continued)

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

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The default in collection as a percentage to total receivable is low. Refer below for the expected credit loss for trade receivables.

Reconciliation of expected credit loss- trade receivables

	Amount
Expected credit loss on 01 April 2018	(0.45)
Changes in loss allowance	(0.19)
Expected credit loss on 31 March 2019	**(0.64)**
Changes in loss allowance	(1.29)
Expected credit loss on 31 March 2020	**(1.93)**

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, process and policies related to such risks are overseen by the senior management.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Particulars	As at 31 March 2020				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	689.06	689.06	689.06	-	-
Borrowings	1,500.55	1,507.01	633.29	339.49	534.23
Lease liabilities	94.55	94.59	25.71	41.81	27.07
Other financial liabilities	372.78	372.78	372.78	-	-
	2,656.94	**2,663.44**	**1,720.84**	**381.30**	**561.30**

Notes to the Standalone Financial Statements (Continued)

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

Particulars	As at 31 March 2019				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	698.63	698.63	698.63	-	-
Borrowings	1,577.89	1,977.05	587.42	330.19	1,059.44
Other financial liabilities	404.24	404.24	404.24	-	-
	2,680.76	**3,079.92**	**1,690.29**	**330.19**	**1,059.44**

As disclosed in note 19, the Company has loans that contains loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreements.

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Note 44: Financial instruments - fair values and risk management (continued)

Financial risk management (continued)

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 2020	31 March 2019
Variable rate borrowings	1,500.55	1,577.89
Total	**1,500.55**	**1,577.89**

Sensitivity

The profit or loss is sensitive to higher/ lower interest expense and interest income as a result of changes in interest rates.

Interest rate - increases by 50 basis points	(7.50)	(7.89)
Interest rate - decreases by 50 basis points	7.50	7.89

Currency risk

The Company has no material foreign exchange exposure as at 31 March 2020 and 31 March 2019.

The particulars of unhedged foreign currency exposure as at balance sheet date is as under:

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

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million
Capital creditors	Euro	-	-	30,900	2.41
Cash on hand	USD	-	-	402	0.03
Cash on hand	Ringgit	-	-	687	0.01

Sensitivity:

The profit or loss is sensitive to foreign exchange gain/ loss as a result of changes in foreign exchange rates:

Impact on profit after tax	31 March 2020	31 March 2019
Foreign exchange rate - Increases by 5%	-	(0.12)
Foreign exchange rate - Decreases by 5%	-	0.12

Note 45: 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 2020	31 March 2019
Net debt	1,500.55	1,577.89
Total equity	3,969.79	3,969.34
Total debt to equity ratio	**37.80%**	**39.75%**

(b) Dividends

During the year, the Company has declared an interim dividend of ₹ 249.33 i.e. ₹ 5.2 per share (31 March 2019: Nil).

Note 46: During the year ended 31 March 2020, no material foreseeable losses (year ended 31 March 2019: Nil) was incurred for any long-term contract including derivative contracts.

Note 47: Details of the loan given under Section 186 of the Companies Act, 2013

Persuant to approval of slump purchase by way of business acquisition of K C Dairy Products Private Limited, the Board has approved an Inter-corporate deposit to K C Dairy Products Private Limited, carrying an interest rate of 12% p.a. The said loan was repaid during the year ended 31 March 2019.

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

Movement in the balance is as below:

Particulars	Amount
As at 01 April 2018	**-**
Given during the financial year 2018-19	100.00
Repaid during the financial year 2018-19	(100.00)
As at 31 March 2019	**-**
Given during the financial year 2019-20	-
Repaid during the financial year 2019-20	-
As at 31 March 2020	**-**

Persuant to incorporation of a subsidiary Orgfeed Private Limited, the Board has approved an unsecured loan to Orgafeed Private Limited, carrying an interest rate of 9% p.a. The repayment of the loan will commence from the financial year 2020-21. The loan was given for the general business purpose.

Movement in the balance is as below:

Particulars	Amount
As at 01 April 2018	**-**
Given during the financial year 2018-19	-
Repaid during the financial year 2018-19	-
As at 31 March 2019	**-**
Given during the financial year 2019-20	198.01
Repaid during the financial year 2019-20	-
As at 31 March 2020	**198.01**

Note 48: Change in significant accounting policies

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Company with effect from 01 April 2019.

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

Under Ind AS 116

The Company has elected the practical expedient and therefore is permitted not to re-assess whether existing contracts contains a lease as defined under Ind AS 116 at the initial application date.

On transition to Ind AS 116, the Company has recognised right-of-use assets amounting to ₹ 105.16 and lease liabilities amounting to ₹ 105.16. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 01 April 2019. The rate applied ranges from 9.00% p.a. to 9.62% p.a.

The following tables summarise the impacts of adopting Ind AS 116 on the Company's standalone statement of financial position as at 31 March 2020 and its standalone statement of profit and loss and OCI for the year then ended for each of the line items affected. Interest on lease liability & repayment of lease have been presented in Cash flows from financing activities in Cash flow statement

Notes to the Standalone Financial Statements (Continued)

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

Lease liabilities	**As at 31 March 2020**
Maturity analysis – contractual undiscounted cash flows	
Less than one year	25.71
One to two years	41.81
More than two years	27.07
Total undiscounted lease liabilities at 31 March 2020	**94.59**

Amounts recognised in Statement of Profit and loss	**For the year ended 31 March 2020**
Interest on lease liabilities	8.07
Expenses relating to short term leases and low-value assets	-
	8.07
Amounts recognised in Statement of Cashflows	
Payment of lease liabilities	18.65
	18.65

Note 49: Business combination

During the previous year, the Company has acquired assets under a business transfer agreement from K C Dairy Products Private Limited. Refer below for the summary of acquisition.

a. Summary of acquisition

Name and description of the Acquiree	K C Dairy Products Private Limited, located in Dindugal District, Tamilnadu
Nature of business	Processor of milk and milk products
Date of control	06 March 2019
Type of Acquisition	Slump sale of assets
Primary reason for business combination	The acquisition was made to increase the Company base in certain areas through inorganic growth.

For the year ended 31 March 2019, K C Dairy contributed the revenue of ₹ 104.68 and a loss of ₹ 24.84 to the Company's results. Management estimates that if the acquisition had occurred on 1 April 2018, total revenue and total profit for the year would have been ₹ 1,729 and ₹ 44.3 respectively. Management has determined these amount on the basis of the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2018.

b. Details of purchase consideration, net assets acquired and goodwill

(i) Purchase consideration

Particulars	**Amount**
Purchase consideration	1,084.16

Acquisition-related cost

The Company has incurred acquisition related cost of ₹ 4.45 that are included in other expenses in the statement of profit and loss and in operating cash flows in the statement of cash flows. (refer note 36).

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

(ii) Identifiable assets and liabilities acquired

The following table summaries the recognised amounts of assets assets and liabilities acquired at the date of acquisition

Particulars	Amount
Property, plant and equipment	622.27
Brands (other intangible assets)	58.80
Non-compete arrangements (other intangible assets)	22.20
Trade receivables	4.07
Inventory	49.50
Other non-current assets	15.53
Trade payables	(13.40)
Other current liabilities	(27.30)
Provision for employee benefits	(6.88)
	724.79

(iii) Goodwill

Particulars	Amount
Consideration transferred	1,084.16
Less: Net identifiable assets acquired	724.79
Goodwill/(Capital reserve)	359.37

The goodwill on acquisition can be attributable to the available processing infrastructure, running operations, profitability and opportunities to expand the market in the present area of operations and contiguous areas.

c. Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Sales comparision approach and cost approach:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Multi period excess earnings method and Differential cash flow method :* Multi-period excess earnings method considers the present value of net cash flows expected to be generated by excluding any cash flows related to contributory assets. Differential cash flow method assumes that the value of intangible asset is equal to the difference between the present value of the prospective cash flows with the intangibel asset in place and the present value of the prospective cash flows without the intangible asset.

Notes to the Standalone Financial Statements (Continued)

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

Note 50: Impact of COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The Government of India imposed lockdown from 25 March 2020 to curb spread of virus. The nationwide lockdown temporarily impacted the operations of various industries due to non-availability of labour, transportation and supply chain disruptions.

However, the Government classified Dairy business as “Essential Commodity” and granted certain relaxations and guidelines so that production, processing and distribution of Milk and milk products will not be effected. The Company’s production, processing and supply chain facilities remain in operation during lockdown period, following safety measures as per guidelines issued by Government. Thus, the impact of COVID-19 on the Company is minimal at this point of time. The Company has assessed the recoverability of receivables, inventories, certain investments and other financial assets considering the available internal and external information up to the date of approval of financial statements and made adjustments wherever necessary. Considering the nature of these assets, the Company expects to recover the carrying amount of these assets.

The actual impact of global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

As per our Report of even date attached

for B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration no: 116231W/ W-100024

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

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

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

Ruchita Malpani
Company Secretary
M.No. A32883

INDEPENDENT AUDITORS' REPORT

To the Members of Dodla Dairy Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dodla Dairy Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associate, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associate as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and the Board of Directors.
- Conclude on the appropriateness of the Management's and the Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matters

We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of INR 2,841.39 million as at 31 March 2020, total revenues of INR 1,279.42 million and net cash inflows amounting to INR 305.16 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of INR Nil for the year ended 31 March 2020, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of 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 in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associate as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31 March 2020 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, its subsidiary company and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associate, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group and its associate. Refer Note 38 to the consolidated financial statements.

ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company and its associate company incorporated in India during the year ended 31 March 2020.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company and associate company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary company and associate company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company and associate company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Sulabh Kumar Kedia
Partner
Membership No.: 066380
ICAI UDIN: 20066380AAAAAK3556

Place: Hyderabad
Date: 15 July 2020

Annexure A to the Independent Auditor's Report on the standalone financial statements of Dodla Dairy Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Dodla Dairy Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary company and its associate company, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary company and its associate company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 the respective 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company and associate company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

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

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231W/ W-100024

Sulabh Kumar Kedia
Partner
Membership No.: 066380
ICAI UDIN: 20066380AAAAAK3556

Place: Hyderabad
Date: 15 July 2020

Consolidated Balance Sheet

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

As at	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,822.62	4,401.91
Capital work-in-progress	4	112.44	112.20
Goodwill	5	441.70	359.37
Other intangible assets	5	98.66	133.69
Biological assets other than bearer plants			
Matured biological assets	6	19.91	20.60
Immatured biological assets	6	5.53	6.40
Financial assets			
Investments	7	3.42	78.63
Loans	8	93.73	84.95
Income-tax assets	27	87.58	36.48
Deferred tax assets (net)	20	0.21	3.20
Other non-current assets	9	88.37	137.04
Total non-current assets		**5,774.17**	**5,374.47**
Current assets			
Inventories	10	1,201.70	1,248.53
Financial assets			
Investments	11	115.22	181.35
Trade receivables	12	72.03	73.23
Loans	13	37.61	156.93
Cash and cash equivalents	14 (a)	686.73	214.48
Bank balances other than above	14 (b)	0.34	0.82
Other financial assets	15	6.48	2.26
Other current assets	16	108.80	183.41
Total current assets		**2,228.91**	**2,061.01**
Total assets		**8,003.08**	**7,435.48**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	556.72	556.72
Other equity	18	3,778.24	3,511.67
Equity attributable to owners of the Company		**4,334.96**	**4,068.39**
Non-controlling interest		-	-
Total equity		**4,334.96**	**4,068.39**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	867.25	1,102.38
Lease Liabilities		70.69	-
Deferred tax liabilities (net)	20	365.13	260.75
Government grants	21	28.38	31.34
Provisions	22	94.91	65.00
Total non-current liabilities		**1,426.36**	**1,459.47**
Current liabilities			
Financial liabilities			
Borrowings	23	400.00	313.65
Lease Liabilities		26.45	-
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	24	7.91	2.74
Total outstanding dues of creditors other than micro enterprises and small enterprises	24	780.99	760.86
Other financial liabilities	25	611.33	568.56
Government grants	21	2.96	2.96
Provisions	26	21.22	20.82
Current tax liabilities	27	337.89	178.49
Other current liabilities	28	53.01	59.54
Total current liabilities		**2,241.76**	**1,907.62**
Total liabilities		**3,668.12**	**3,367.09**
Total equity and liabilities		**8,003.08**	**7,435.48**

Significant accounting policies 3

See accompanying notes to consolidated financial statements

As per our Report of even date attached

for B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration no: 116231W/ W-100024

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

Sulabh Kumar Kedia
Partner
Membership number: 066380

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

Place: Hyderabad
Date: 15 July 2020

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

Ruchita Malpani
Company Secretary
M.No. A32883

Consolidated Statement of Profit and Loss

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

For the Year ended	Note	31 March 2020	31 March 2019
Revenue from operations	29	21,393.73	16,916.73
Other income	30	62.76	77.86
Total income		**21,456.49**	**16,994.59**
Expenses			
Cost of materials consumed	31	15,830.77	12,425.15
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	575.01	140.74
Employee benefits expense	33	911.15	766.61
Depreciation and amortisation expense	34	491.92	356.02
Finance costs	35	161.39	107.68
Other expenses	36	2,667.54	2,261.77
Total expenses		**20,637.78**	**16,057.97**
Profit before tax		**818.71**	**936.62**
Income tax expense			
- Current tax	37	211.35	238.15
- Deferred tax	37	108.65	68.46
Total tax expense		**320.00**	**306.61**
Profit for the year (A)		**498.71**	**630.01**
Other comprehensive income			
Items that will be reclassified subsequently to the statement of profit or loss			
Foreign currency translation reserve		52.12	23.61
Items that will not be reclassified subsequently to the statement of profit or loss			
Remeasurement of the net defined benefit obligation		(3.66)	(1.79)
Income tax relating to these items	37	1.28	0.63
Other comprehensive income for the year (B)		**49.74**	**22.45**
Total comprehensive income for the year (A+B)		**548.45**	**652.46**
Profit attributable to:			
Owners of the Company		498.71	630.01
Non-controlling interest		-	-
Profit for the year		**498.71**	**630.01**
Other comprehensive income attributable to:			
Owners of the Company		49.74	22.45
Non-controlling interest		-	-
Other comprehensive income for the year		**49.74**	**22.45**
Total comprehensive income attributable to:			
Owners of the Company		548.45	652.46
Non-controlling interest		-	-
Total comprehensive income for the year		**548.45**	**652.46**
Earnings per share (nominal value of equity shares of ₹ 10 each, fully paid-up)	40		
Basic [in ₹]		8.96	11.32
Diluted [in ₹]		8.96	11.30
Weighted average number of equity shares used in computing earnings per share:			
- Basic		55,671,991	55,671,991
- Diluted		55,671,991	55,733,681

Significant accounting policies 3

See accompanying notes to consolidated financial statements

As per our Report of even date attached

for B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration no: 116231W/ W-100024

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

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

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

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						Total equity attributable to owners of the Company	Attributable to non-controlling interest	Total
		Reserves and surplus								
		Capital redemption reserve	Debenture Redemption Reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account			
Balance as at 01 April 2018	**32.75**	**12.00**	**-**	**1,092.25**	**(74.23)**	**2,334.22**	**0.60**	**3,397.59**	**-**	**3,397.59**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	630.01	-	630.01	-	630.01
Employee share based payment expense	-	-	-	-	-	-	18.34	18.34	-	18.34
Foreign currency translation reserve	-	-	-	-	23.61	-	-	23.61	-	23.61
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	(1.16)	-	(1.16)	-	(1.16)
Issue of bonus shares (refer note 1 below)	523.97	-	-	(523.97)	-	-	-	-	-	-
Transfer to Debenture redemption reserve	-	-	3.30	-	-	(3.30)	-	-	-	-
Balance as at 31 March 2019	**556.72**	**12.00**	**3.30**	**568.28**	**(50.62)**	**2,959.77**	**18.94**	**4,068.39**	**-**	**4,068.39**

Particulars	Equity share capital	Other equity						Total equity attributable to owners of the Company	Attributable to non-controlling interest	Total
		Reserves and surplus								
		Capital redemption reserve	Debenture Redemption Reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account			
Balance as at 01 April 2019	**556.72**	**12.00**	**3.30**	**568.28**	**(50.62)**	**2,959.77**	**18.94**	**4,068.39**	**-**	**4,068.39**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	498.71	-	498.71	-	498.71
Employee share based payment expense	-	-	-	-	-	-	7.62	7.62	-	7.62
Foreign currency translation reserve	-	-	-	-	52.12	-	-	52.12	-	52.12
Dividend	-	-	-	-	-	(249.33)	-	(249.33)	-	(249.33)
Dividend distribution tax	-	-	-	-	-	(40.17)	-	(40.17)	-	(40.17)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	(2.38)	-	(2.38)	-	(2.38)
Transfer to Debenture Redemption reserve	-	-	12.86	-	-	(12.86)	-	-	-	
Balance as at 31 March 2020	**556.72**	**12.00**	**16.16**	**568.28**	**1.50**	**3,153.74**	**26.56**	**4,334.96**	**-**	**4,334.96**

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

See accompanying notes to consolidated 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

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

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

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

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 2020	31 March 2019
Cash flows from operating activities		
Profit before tax	818.71	936.62
Adjustments for:		
Depreciation and amortisation expense	491.92	356.02
Changes in fair valuation of biological assets	(2.08)	(4.16)
Loss on sale/ retirement of property, plant and equipment, net	10.23	5.70
Loss on sale/ discard of biological assets, net	1.44	1.78
Interest income	(6.87)	(4.85)
Finance costs	161.39	107.68
Employee share based payment expense	7.62	18.34
Profit on sale of current investments in mutual fund, net	(23.68)	(29.95)
Fair value loss on financial assets measured at fair value through profit and loss, net	(9.79)	(7.21)
Government grant income	(2.96)	(3.08)
	1,445.93	**1,376.89**
Change in operating assets and liabilities		
Decrease/ (increase) in trade receivables	4.19	(32.07)
Decrease in inventories	51.14	144.58
Increase in loans and other financial assets	(6.51)	(6.09)
Decrease/ (increase) in other current and non-current assets	98.13	(102.69)
Increase in trade payables and other financial liabilities	158.03	140.25
Increase/ (decrease) in employee benefits obligation	26.65	(7.88)
(Decrease)/ increase in other current and non-current liabilities	(6.53)	9.29
Cash generated from operations	**1,771.03**	**1,522.28**
Income taxes paid, net	(115.22)	(185.40)
Net cash generated from operating activities	**1,655.81**	**1,336.88**
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(953.04)	(974.49)
Proceeds from sale of property, plant and equipment	2.88	4.29
Proceeds from sale of biological assets	2.20	3.37
Inter-corporate deposit given	-	(100.00)
Inter-corporate deposit matured	-	100.00
Purchase of assets and liabilities in slump sale	-	(961.32)
Purchase of mutual funds	(740.00)	(1,431.29)
Proceeds from sale of mutual funds	914.81	1,878.06
Interest/ dividend received	2.79	4.22
Deposits placed (having original maturity of more than three months), net	0.48	(0.12)
Net cash used in investing activities	**(769.88)**	**(1,477.28)**

Consolidated Statement of Cash Flows

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

For the Year ended	31 March 2020	31 March 2019
Cash flows from financing activities		
Receipt of long term borrowings from banks	-	499.50
Receipt of long term borrowings from issue of debentures	-	550.00
Repayment of long term borrowings to banks	(163.69)	(100.26)
Receipt/ (repayment) of short term borrowings, net	250.00	(225.00)
Payment of dividend	(182.01)	-
Lease liability payment	(19.46)	-
Finance costs paid	(141.46)	(105.35)
Net cash (used in)/ generated from financing activities	**(256.62)**	**618.89**
Net increase in cash and cash equivalents	**629.31**	**478.49**
Cash and cash equivalents at the beginning of the period	50.83	(428.96)
Effect of exchange rate fluctuations on cash held	6.59	1.30
Cash and cash equivalents at end of the period	**686.73**	**50.83**

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

As at	31 March 2020	31 March 2019
Cash on hand	20.60	46.94
Balances with banks		
- in current accounts	255.19	167.54
- in deposit accounts (with original maturity of less than three months)	410.94	-
Cash credit and overdraft balances	-	(163.65)
Balances as per statement of cash flows	**686.73**	**50.83**

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 consolidated 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

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

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

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

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' or 'the Holding 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 (collectively referred to as the 'Group') and the Group's interest in associate. 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 consolidated financial statements of the Group and its associate have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 15 July 2020.

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 Group'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 payment	Fair value
Lease liability	Lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.
Right-to-use asset	Right-to-use asset has been measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Practical expedient on transition to exclude initial direct costs from ROU asset measurement is considered.
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligation

D. Use of estimates and judgements

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

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

Judgements

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

- Note 50 - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

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

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

E. Measurement of fair values

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

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

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

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

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

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

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

- Note 6 - Biological assets other than bearer plants
- Note 45 - Financial instruments
- Note 17(e) - Share based payment arrangement
- Note 47 (c) - Business combination

F. Current versus non-current classification

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

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

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

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

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

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

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

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

G. Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Non - controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the special purpose consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(v) Transactions eliminated on consolidation

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries and associate companies considered in the special purpose consolidated financial statements:

Name of the Company	Country of incorporation	Ownership interest (in %)	Ownership interest (in %)
		As at 31 March 2020	As at 31 March 2019
Subsidiary companies:			
Dodla Holdings Pte Limited	Singapore	100.00	100.00
Lakeside Dairy Limited	Uganda	100.00	100.00
Dodla Dairy Kenya Limited	Kenya	99.90	99.90
Orgafeed Private Limited	India	99.99	-
Associates:			
Global VetMed Concepts Private Limited	India	47.94	47.94

(vii) Principles of consolidation

These consolidated financial statements have been prepared by consolidation of the financial statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-company transactions.

(All amounts are in Indian Rupees (₹) 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. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

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

Asset*	Useful life	Useful life prescribed under Schedule II
Laboratory equipment	3 years	10 years
Temporary Structures	1 year	3 years
Freezers and Coolers	3 years	8 Years

* for these class of assets, the Management believes, based on technical evaluation carried out by them internally, that the useful life as given above best represent the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as in Schedule II of the Act.

Freehold land is not depreciated.

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

iv. *Capital work-in-progress*

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

(b) Intangible assets

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

Amortisation

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

The estimated useful lives are as follows:

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

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

(c) Biological assets

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

(d) Impairment

i. *Financial assets*

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

ii. *Non -financial assets*

Intangible assets and property, plant and equipment

(a) Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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

(e) Leases

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Group with effect from 01 April 2019.

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained below. On transition to Ind AS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 01 April 2019.

Under IndAS 116

Policy applicable from 01 April 2019

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Group decided to apply recognition exemptions to short-term leases. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 01 April 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, or changed, on or after 01 April 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments included in the measurement of the lease liability comprise:

a. Fixed payments including in-substance fixed payments

b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

c. Amounts expected to be payable under a residual value guarantee

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'Financial liabilities' in the Balance sheet.

Policy applicable before 01 April 2019

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals in respect of an asset taken on operating lease are generally recognised as an expense in the Statement of Profit and Loss on a straight line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii. Leases as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116.

(f) Inventories

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

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

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

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

(g) Financial instruments

i. Recognition and initial measurement

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

ii. Classification and subsequent measurement

Financial Assets

Financial assets carried at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Investment in subsidiaries and associates

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

(h) Revenue recognition

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

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

(i) Dividend income and interest income

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

(j) Earnings per share (EPS)

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

(k) Business Combination

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

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

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

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

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

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

(l) Foreign currencies

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

(m) Government grants

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

(n) Income taxes:

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

i. Current tax

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

ii. Deferred tax

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

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

(o) Borrowing costs

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

(p) Provisions and contingent liabilities

i. General

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

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

ii. Contingent liabilities

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

iii. Onerous contracts

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

(q) Employee benefits

i. Short-term employee benefits

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

ii. *Share based payment transactions*

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

iii. *Defined contribution plans*

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

iv. *Defined benefit plans*

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

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

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

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

v. **Compensated absences**

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

vi. *Other long-term employee benefits*

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

(r) Cash and cash equivalents

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

(s) Cash flow statement

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

(t) Recent accounting pronouncements

There are no new accounting pronouncements that are applicable from 01 April 2020.

Notes to Consolidated Financial Statements (continued)

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

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

Reconciliation of carrying amount

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2019	Acquired through Business Combination (Note 47)	Additions	Disposals	Forex adjustment	As at 31 March 2020	As at 01 April 2019	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2020	As at 31 March 2020
Freehold land	639.56	17.19	34.39	-	-	691.14	-	-	-	-	-	691.14
Buildings	1,264.14	34.82	200.96	0.17	(6.17)	1,505.92	81.37	52.97	0.17	(0.64)	134.81	1,371.11
Plant and equipment	2,442.00	17.63	300.94	15.12	(7.59)	2,753.04	345.59	201.93	10.17	0.17	537.18	2,215.86
Electrical installation	111.16	2.56	5.34	2.27	-	116.79	27.76	12.33	1.93	-	38.16	78.63
Electronic data processors	41.66	0.09	5.57	2.51	(0.03)	44.84	20.31	11.80	2.41	(0.01)	29.71	15.13
Office equipment	29.11	0.25	7.68	0.75	(0.05)	36.34	11.61	6.46	0.71	(0.01)	17.37	18.97
Furniture and fixtures	99.09	1.36	17.12	0.45	(0.05)	117.17	14.16	12.59	0.32	(0.01)	26.44	90.73
Laboratory equipment	481.21	0.10	70.86	11.31	(0.18)	541.04	257.54	128.54	11.10	(0.09)	375.07	165.97
Right-of-use assets (refer note (iv) below)	-	-	135.06	-	(1.02)	136.08	-	17.27	-	(0.02)	17.29	118.79
Leasehold Improvements	-	-	16.99	-	-	16.99	-	0.56	-	-	0.56	16.43
Vehicles	61.92	-	4.25	9.57	0.37	56.23	9.60	9.48	2.55	0.16	16.37	39.86
Total	**5,169.85**	**74.00**	**799.16**	**42.15**	**(14.72)**	**6,015.58**	**767.94**	**453.93**	**29.36**	**(0.45)**	**1,192.96**	**4,822.62**
Add: Capital work-in-progress												112.44
												4,935.06

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2018	Acquisitions through business combination (Note 47)	Additions	Disposals	Forex adjustment	As at 31 March 2019	As at 01 April 2018	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2019	As at 31 March 2019
Freehold land	483.08	103.30	53.18	-	-	639.56	-	-	-	-	-	639.56
Buildings	852.06	212.65	195.53	0.11	(4.01)	1,264.14	46.57	34.48	0.03	(0.35)	81.37	1,182.77
Plant and equipment	1,716.05	244.49	480.98	11.27	(11.75)	2,442.00	203.17	144.17	3.34	(1.59)	345.59	2,096.41
Electrical installation	91.98	0.86	18.57	0.25	-	111.16	16.91	11.09	0.24	-	27.76	83.40
Electronic data processors	32.74	1.35	7.92	0.38	(0.03)	41.66	9.50	11.17	0.36	-	20.31	21.35
Office equipment	25.10	0.66	3.62	0.30	(0.03)	29.11	6.61	5.22	0.22	-	11.61	17.50
Furniture and fixtures	59.00	25.46	15.45	0.86	(0.04)	99.09	7.60	7.03	0.48	(0.01)	14.16	84.93
Laboratory equipment	328.38	14.85	145.74	7.91	(0.15)	481.21	151.13	113.79	7.41	(0.03)	257.54	223.67
Vehicles	33.12	18.65	13.26	3.26	(0.15)	61.92	6.40	5.38	2.28	(0.10)	9.60	52.32
Total	**3,621.51**	**622.27**	**934.25**	**24.34**	**(16.16)**	**5,169.85**	**447.89**	**332.33**	**14.36**	**(2.08)**	**767.94**	**4,401.91**
Add: Capital work-in-progress												112.20
												4,514.11

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

(i) Capital work-in-progress

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

(ii) Contractual obligations

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

(iii) Carrying amount of property, plant and equipment (included in above) pledged as securities for borrowings as at 31 March 2020 - ₹ 4,043.36 (31 March 2019 - ₹ 4,120.45)

(iv) Right-of-use assets

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2019	Acquisitions through business combination (Note 47)	Additions	Disposals	Forex adjustment	As at 31 March 2020	As at 01 April 2019	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2020	As at 31 March 2020
Land	-	-	5.72	-	-	5.72	-	0.64	-	-	0.64	5.08
Buildings	-	-	109.60	-	(1.02)	110.62	-	12.84	-	(0.02)	12.86	97.76
Plant and equipments	-	-	19.74	-	-	19.74	-	3.79	-	-	3.79	15.95
Total	**-**	**-**	**135.06**	**-**	**(1.02)**	**136.08**	**-**	**17.27**	**-**	**(0.02)**	**17.29**	**118.79**

Notes to Consolidated Financial Statements (continued)

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

Note 5: Goodwill and other intangible assets

Description	Goodwill	Other intangible assets			
		Computer software	Brands	Non-compete arrangements	Total
Gross carrying amount					
As at 01 April 2019	359.37	79.77	58.80	22.20	160.77
Acquisitions through business combination (Note 47)	82.33	-	-	-	-
Additions	-	2.78	-	-	2.78
Disposals	-	(0.66)	-	-	(0.66)
Forex adjustment	-	0.62	-	-	0.62
As at 31 March 2020	**441.70**	**82.51**	**58.80**	**22.20**	**163.51**
Accumulated amortization					
As at 01 April 2019	-	25.92	0.84	0.32	27.08
Amortisation expense	-	21.76	11.78	4.45	37.99
Disposals	-	(0.34)	-	-	(0.34)
Forex adjustment	-	0.12	-	-	0.12
As at 31 March 2020	**-**	**47.46**	**12.62**	**4.77**	**64.85**
Carrying amounts (net) as at 31 March 2020	**441.70**	**35.05**	**46.18**	**17.43**	**98.66**
Gross carrying amount					
As at 01 April 2018	-	10.34	-	-	10.34
Acquisitions through business combination (Note 47)	359.37	-	58.80	22.20	81.00
Additions	-	69.75	-	-	69.75
Disposals	-	(0.39)	-	-	(0.39)
Forex adjustment	-	0.07	-	-	0.07
As at 31 March 2019	**359.37**	**79.77**	**58.80**	**22.20**	**160.77**
Accumulated amortization					
As at 01 April 2018	-	3.73	-	-	3.73
Amortisation expense	-	22.53	0.84	0.32	23.69
Disposals	-	(0.38)	-	-	(0.38)
Forex adjustment	-	0.04	-	-	0.04
As at 31 March 2019	**-**	**25.92**	**0.84**	**0.32**	**27.08**
Carrying amounts (net) as at 31 March 2019	**359.37**	**53.85**	**57.96**	**21.88**	**133.69**

Notes to Consolidated Financial Statements (continued)

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

Impairment

Refer accounting policy in note 3(d).

Impairment testing for cash generating unit containing goodwill

During the previous year, the Group has acquired assets under a business transfer agreement from K C Dairy Products Private Limited ("K C Dairy") and allocated Goodwill to K C Dairy which represents the lowest level within the Group at which Goodwill is monitored for internal management purposes. The carrying amount of goodwill as at 31 March 2020 is ₹ 359.37 (31 March 2019: ₹ 359.37).

The Group has also acquired Bharathi Feedmixing Plant through its subsidiary Orgafeed Private Limited ("Orgafeed") in the current year under slump sale of assets and allocated goodwill to Orgafeed which represents the lowest level within the the Group at which Goodwill is monitored for internal management purposes. The carrying amount of goodwill of Orgafeed as at 31 March 2020 is ₹ 82.33 (31 March 2019: Nil).

The key assumptions used in the estimation of the recoverable amount are as set out below. The values assigned to the key assumptions represent Management's assessment of future trends in the relevant industry and have been based on historical data from both internal and external sources.

	K C Dairy	Orgafeed
Annual growth rate for 5 years (Average)	9%	8%
Terminal value growth rate	5%	3%
Budgeted EBITDA growth rate	11%	14%
Weighted average cost of capital % (WACC) post tax	13%	12%

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on the management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Weighted average cost of capital % (WACC) = Risk free return + (Market premium x Beta for the Company).

The Group has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in key assumptions would result in the recoverable amount of the CGU to be less than the carrying value. Accordingly, no impairment charges were recognised for FY 2019-2020.

Note 6: Biological assets other than bearer plants

As at	**31 March 2020**	**31 March 2019**
Matured biological assets	19.91	20.60
Immatured biological assets	5.53	6.40
	25.44	**27.00**

Reconciliation of carrying amount:

As at	**31 March 2020**		**31 March 2019**	
	Matured biological assets	**Immatured biological assets**	**Matured biological assets**	**Immatured biological assets**
Balance at the beginning of the year	**20.60**	**6.40**	**20.34**	**7.65**
Change in fair value (refer note 30)	(7.05)	9.14	(0.85)	5.01
Cattles matured during the year	10.01	(10.01)	4.35	(4.35)
Cattles sold/ discarded during the year	(3.65)	-	(3.24)	(1.91)
Balance at the end of the year	**19.91**	**5.53**	**20.60**	**6.40**

Notes to Consolidated Financial Statements (continued)

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

As at 31 March 2020, there were 192 cattle (31 March 2019: 170 cattle) as immatured biological assets and 318 cattle (31 March 2019: 285 cattle) as matured biological assets. During the current year, the Group has sold/ discarded 55 cattle (31 March 2019: 98 cattle).

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

Note 7: Non-current investments

As at	31 March 2020	31 March 2019
Investment in equity instruments		
Carried at cost less provision for other than temporary impairment		
Unquoted		
Investment in associate*		
Global VetMed Concepts India Private Limited	38.67	38.67
3,866,923 (31 March 2019: 3,866,923) equity shares of face value ₹ 10 each, fully paid-up		
Less: Provision for impairment for investment in Global VetMed Concepts India Private Limited	(38.67)	(38.67)
	-	-
Other investments		
Investment in quoted mutual funds (carried at fair value through profit and loss (FVTPL))	3.42	78.63
	3.42	**78.63**

* The Group holds 47.88% of the shareholding in the associate company. The Group's share of net loss incurred during the year by the associate company is ₹ 3.90 million. The Group has not recognised these losses in its books of account. The Group has not received dividend from the associate company during the current and previous year.

Aggregate value of non-current investments - unquoted	38.67	38.67
Aggregate book/ market value of non-current investments - quoted	3.42	78.63
Aggregate provision for impairment in value of non-current investments	(38.67)	(38.67)

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

Note 8: Non-current loans

As at	31 March 2020	31 March 2019
Unsecured, considered good		
Security deposits	93.73	84.95
Unsecured, credit impaired		
Amounts receivable from vendors	5.00	5.00
Less: Provision for doubtful receivables	(5.00)	(5.00)
	93.73	**84.95**

Notes to Consolidated Financial Statements (continued)

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

Note 9: Other non-current assets

Capital advances		
Unsecured, considered good	8.81	33.96
Unsecured, credit impaired	-	0.03
Less : Provision for doubtful advances	-	(0.03)
Advances other than capital advances (Unsecured, considered good)		
Prepaid operating lease rent	-	25.40
Salary advances to key managerial person**	2.49	0.61
Taxes paid under protest	77.07	77.07
	88.37	**137.04**

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

Note 10: Inventories*

Raw materials and packing materials	783.16	266.31
Work-in-progress	134.29	211.14
Finished goods**	212.76	712.88
Stock-in-trade	17.09	13.74
Stores and spares	54.40	44.46
	1,201.70	**1,248.53**
Carrying amount of inventories (included in above) pledged as securities for borrowings	1,110.20	1,174.46

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

**include goods-in-transit amounting to ₹ 49.07 (31 March 2019: ₹ 39.90).

The write down of inventories to net realisable value during the year amounted to ₹ 0.90 (31 March 2019: ₹ 1.66). The write down are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress.

Note 11: Current investments

Investment in quoted mutual funds (carried at FVTPL)	115.22	181.35
	115.22	**181.35**
Carrying amount of investments (included in above) pledged as securities for borrowings (refer note 23)	-	-
Aggregate book/ market value of current investments - quoted	115.22	181.35
Aggregate amount of impairment in value of current investments	-	-

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

Notes to Consolidated Financial Statements (continued)

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

As at	31 March 2020	31 March 2019

Note 12: Trade receivables

Unsecured, considered good	72.03	73.23
Unsecured, credit impaired	1.93	0.64
	73.96	**73.87**
Less: Provision for doubtful debts	(1.93)	(0.64)
	72.03	**73.23**
Carrying amount of receivables (included in above) pledged as securities for borrowings	36.70	37.17

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

Note 13: Current loans

Unsecured, considered good		
Amounts receivable from vendors	36.87	156.93
Deposits	0.74	-
	37.61	**156.93**

Note 14: Cash and bank balances

(a) Cash and cash equivalents:

Cash on hand	20.60	46.94
Balances with banks		
-in current accounts	255.19	167.54
-in deposit accounts (with original maturity of less than three months)	410.94	-
	686.73	**214.48**

(b) Other bank balances*

	0.34	0.82
	0.34	**0.82**

* Represents margin money deposits against bank guarantees.

Note 15: Other current financial assets

Unsecured, considered good		
Interest accrued	6.34	2.26
Amount paid under protest	0.14	-
	6.48	**2.26**

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

Note 16: Other current assets

Advances other than capital advances:		
Unsecured, considered good:		
Salary advances to employees	3.94	4.59
Salary advances to key managerial person**	0.94	2.40
Prepaid expenses	30.54	35.96
Advance to suppliers	7.99	8.99
Share issue expenses (refer note (i) below)	-	69.15
Other advances	12.65	9.21
Prepaid operating lease rent	-	0.54
Balance with government authorities	52.74	52.57
Unsecured, credit impaired:		
Other advances**	44.80	47.47
Less : Provision for doubtful advances	(44.80)	(47.47)
	108.80	**183.41**

Note (i): During the year ended 31 March 2019, the Company was in the process of filing Red Herring Prospectus with SEBI in connection with the proposed Initial Public Offer ('IPO') of equity shares of the Company by way of fresh issue and an offer for sale by the existing shareholders. Accordingly, expenses incurred by the Group aggregating to ₹ 69.15 in connection with filing of Red Herring Prospectus have been shown under "other current assets" as it was supposed to be partly recovered from the existing shareholders (to the extent of shares offered for sale by them) and partly to be adjusted towards the securities premium. During the year ended 31 March 2020, the Group has decided not to proceed with the Initial public offer and accordingly, the advances paid could not be recovered from the shareholders and charged off as expenses in the statement of profit and loss along with other expenses of similar nature incurred in the current year.

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

Note 17: Equity share capital

As at	31 March 2020	31 March 2019
Authorised		
75,000,000 (31 March 2019: 75,000,000) equity shares of ₹ 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and paid-up share capital		
55,671,991 (31 March 2019: 55,671,991) equity shares of ₹ 10 each, fully paid-up	556.72	556.72
	556.72	**556.72**

(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 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	55,671,991	556.72	3,274,823	32.75
Issued during the year (refer note (d) below)	-	-	52,397,168	523.97
Outstanding at the end of the year	**55,671,991**	**556.72**	**55,671,991**	**556.72**

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

The Company has a single class of equity shares as at 31 March 2020 having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, TPG Dodla Dairy Holdings Pte. Ltd. ("the Investor") shall be paid from the distributable proceeds, an amount (hereafter referred to as the "investor liquidation amount") which is the higher of:

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

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

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

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

As at	31 March 2020		31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹10 each, fully paid-up				
Mr. D. Sunil Reddy	4,011,519	7.21%	14,857,479	26.69%
Mrs. D. Deepa Reddy	845,517	1.52%	7,845,517	14.09%
Mr. D. Sesha Reddy	556,716	1.00%	556,716	1.00%
Dodla Family Trust	16,144,877	29.00%	16,144,877	29.00%
Sunil Reddy (HUF)	10,845,960	19.48%	-	-
Mylktree Consultants LLP	7,000,000	12.57%	-	-
TPG Dodla Dairy Holdings Pte. Ltd.	15,031,434	27.00%	15,031,434	27.00%

Notes to Consolidated Financial Statements (continued)

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

(d) During the five years immediately preceding the balance sheet date, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued other than the issuance of 52,397,168 equity shares of ₹ 10 each fully paid-up as bonus shares on 17 July 2018 in the ratio of 16:1 (sixteen equity shares of ₹ 10 each for every one equity share of ₹ 10 each held in the Company as on the record date i.e. 05 July 2018) by capitalisation of securities premium account.

(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.

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

Movement in the options under the Plan

As at	No. of options	
	31 March 2020	**31 March 2019**
Options outstanding at the beginning of the year	49,122	49,122
Options granted during the year	-	-
Options exercised during the year	-	-
Options exercisable at the end of the year	**49,122**	**49,122**

Fair value measurement

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

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

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

Notes to Consolidated Financial Statements (continued)

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

Note 18: Other equity

	Attributable to owners of the company						
	Capital redemption reserve	Debenture Redemption Reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account	Total
Balance as at 01 April 2018	**12.00**	**-**	**1,092.25**	**(74.23)**	**2,334.22**	**0.60**	**3,364.84**
Additions:	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	23.61	-	-	23.61
Issue of bonus shares	-	-	(523.97)	-	-	-	(523.97)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	(1.16)	-	(1.16)
Employee share based payment expense	-	-	-	-	-	18.34	18.34
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	630.01	-	630.01
Transfer to debenture redemption reserve	-	3.30	-	-	(3.30)	-	-
Balance as at 31 March 2019	**12.00**	**3.30**	**568.28**	**(50.62)**	**2,959.77**	**18.94**	**3,511.67**

	Capital redemption reserve	Debenture Redemption Reserve	Securities premium	Foreign currency translation reserve	Retained earnings	Share options outstanding account	Total
Balance as at 01 April 2019	**12.00**	**3.30**	**568.28**	**(50.62)**	**2,959.77**	**18.94**	**3,511.67**
Additions:							
Foreign currency translation difference	-	-	-	52.12	-	-	52.12
Dividend	-	-	-	-	(249.33)	-	(249.33)
Dividend distribution tax	-	-	-	-	(40.17)	-	(40.17)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	(2.38)	-	(2.38)
Employee share based payment expense	-	-	-	-	-	7.62	7.62
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	498.71	-	498.71
Transfer to debenture redemption reserve	-	12.86	-	-	(12.86)	-	-
Balance as at 31 March 2020	**12.00**	**16.16**	**568.28**	**1.50**	**3,153.74**	**26.56**	**3,778.24**

Notes to Consolidated Financial Statements (continued)

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

Nature and purpose of the reserve

Capital redemption reserve

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

Debenture redemption reserve

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

Securities premium

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

Foreign currency translation reserve

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.

Share options outstanding account

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

Note 19: Non-current borrowings

As at	31 March 2020	31 March 2019
Secured		
Debentures		
550,000 (31 March 2019: 550,000) Redeemable non-convertible debentures of ₹ 1,000 each, fully paid-up	501.23	542.24
Term loans		
- from banks (refer below)	366.02	560.14
	867.25	**1,102.38**

Terms of repayment of Debentures taken by Holding Company:

During the financial year 2018-19, the Company has issued 550,000 Redeemable non convertible debentures of ₹ 1,000 each, fully paid up to International Finance Corporation (IFC) which carries interest rate of IFC's cost of funding plus 2.25%, currently 9.00% p.a. and is secured by the first charge on movable plant, machinery, equipment and all other movable assets (both present and future) pertaining to specified plants and second pari passu charge on current assets (both present and future) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. The debentures are getting matured by 2026-27, outstanding amount (including current maturities) as at 31 March 2020 is ₹ 543.53 (31 March 2019 is ₹ 542.24).

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

Terms of repayment for secured term loans from banks taken by the Holding Company:

a) 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 i.e., 9.45 % per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 4.06 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 is ₹ 28.44 (31 March 2019 is ₹ 44.69).

b) 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 i.e., 9.45 % per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 6.25 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 is ₹ 43.75 (31 March 2019 is ₹ 68.75).

c) Term loan of Rs 50 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum i.e., 9.45% per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 3.13 millions 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 (includes current maturities) as at 31 March 2020 is ₹ Nil (31 March 2019 is ₹ 15.63).

d) 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 i.e.,9.45% per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 1.56 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 ₹ 10.94 (31 March 2019 is ₹ 17.18).

e) 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 i.e., 9.45% per annum as on 31 March 2020. It is repayable in 16 equal quarterly installments of ₹ 3.75 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy Outstanding amount (including current maturities) as at 31 March 2020 ₹ 26.25 (31 March 2019 is ₹ 41.25).

f) 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 i.e.,9.45% per annum as on 31 March 2020. 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 2020 ₹ 17.50 (31 March 2019 is ₹ 35.00).

g) Term loan of ₹ 250 was taken from HSBC Bank during the financial year 2018-2019 which carries interest rate equal to MCLR plus 1.00% per annum i.e., 8.95% per annum as on 31 March 2020. It is repayable in 18 equal quarterly installments of ₹ 13.89 each commencing from November 2019. The term loan is secured by first paripassu charge on identified properties, movable and immovable (present and future) and second pari passu charge on current assets, present and future and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 ₹ 222.22 (31 March 2019 is ₹ 250.00).

h) Term loan of ₹ 249.50 was taken from ICICI Bank during the financial year 2018-2019 which carries interest rate equal to MCLR plus 0.60% per annum i.e., 8.80% per annum as on 31 March 2020. It is repayable in total 10 quarterly installments. For 9 quarterly installments of ₹ 13.86 each and balance of ₹ 124.75 for final installment commencing

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from September 2019. The term loan is secured by first paripassu charge on identified properties, movable and immovable(present and future) and second pari passu charge on current assets, present and future and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 31 March 2020 is ₹ 207.92 (31 March 2019 is ₹ 249.50).

Aggregate amount of loans (including current maturities) guaranteed by the directors of the Company outstanding as at 31 March 2020 is ₹ 1,100.54 (31 March 2019 is ₹ 1,264.24).

The Company has not complied with the requirements of maintenance of current ratio (calculated as current assets to current liabilities) and prospective debt service coverage ratio (calculated as EBITDA to outstanding debt) associated with redeemable non convertible debentures issued to IFC for the year ended 31 March 2020. Subsequent to the year end i.e. on 02 June 2020, IFC has waived the compliance with the current ratio and prospective debt service coverage ratio for the financial year ended 31 March 2020.

The Company has not complied with the requireemnt of maintenance of interest coverage service ratio (calculated as earnings before interest and tax to interest cost) associated with a term loan obtained from HDFC bank for the year ended 31 March 2020. Subsequent to the year end i.e. on 09 July 2020, HDFC has waived the non-compliance with the interest coverage service ratio for the financial year ended 31 March 2020.

Information about the Group's exposure to interest rate and liquidity risks is included in note 45.

Note 20: Deferred tax liabilities, net

As at	31 March 2020	31 March 2019
The balance comprises temporary differences attributable to:		
Deferred tax liabilities		
On account of property, plant and equipment (PPE), Goodwill and other intangible assets	460.32	329.15
Fair value changes in mutual funds	6.35	3.09
Others	5.60	5.21
Deferred tax assets		
Provision for employee benefits	(54.11)	(40.32)
Lease liability	(33.04)	-
Provision for impairment of receivables, advances and other assets, net	(19.99)	(18.35)
Others	(0.21)	(21.23)
Net deferred tax liability	**364.92**	**257.55**
Deferred tax assets	(0.21)	(3.20)
Deferred tax liabilities	365.13	260.75
Net deferred tax liability	**364.92**	**257.55**

Also refer note 37, for tax expense.

Notes to Consolidated Financial Statements (continued)

(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, goodwill and other intangible assets	Fair value changes in mutual funds	Provision for employee benefit	Provision for impairment of receivables, advances and other assets, net	Others	Total
Balance as at 01 April 2018	**(22.88)**	**268.58**	**16.99**	**(39.40)**	**(20.34)**	**(13.23)**	**189.72**
Charged/ (credited):							
- to profit or loss	22.88	60.57	(13.90)	(0.29)	1.99	(2.79)	68.46
- to other comprehensive income	-	-	-	(0.63)	-	-	(0.63)
Balance as at 31 March 2019	**-**	**329.15**	**3.09**	**(40.32)**	**(18.35)**	**(16.02)**	**257.55**

	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 01 April 2019	**-**	**329.15**	**3.09**	**(40.32)**	**(18.35)**	**(16.02)**	**257.55**
Charged/ (credited):							
- to profit or loss	-	131.17	3.26	(12.51)	(1.64)	(11.63)	108.65
- to other comprehensive income	-	-	-	(1.28)	-	-	(1.28)
Balance as at 31 March 2020	**-**	**460.32**	**6.35**	**(54.11)**	**(19.99)**	**(27.65)**	**364.92**

Note 21: Government grants

As at	**31 March 2020**	**31 March 2019**
Non-current	28.38	31.34
Current	2.96	2.96
	31.34	**34.30**

Movement of government grants:

As at	**31 March 2020**	**31 March 2019**
Balance at the beginning of the year	34.30	37.38
Add: Received during the year	-	-
Less: Released to statement of profit and loss (refer note 30)	(2.96)	(3.08)
Balance at the end of the year	**31.34**	**34.30**

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

As at	31 March 2020	31 March 2019

Note 22: Non-current provisions

Provision for employee benefits		
Compensated absences	76.28	64.40
Gratuity (refer note (ii) below)	18.63	0.60
	94.91	**65.00**

(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 (refer note 33).

(ii) Post retirement benefit - Defined benefit plans

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

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

As at	31 March 2020			31 March 2019		
	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)	**79.00**	**(69.21)**	**9.79**	**57.63**	**(35.81)**	**21.82**
Current service cost	14.84	-	14.84	11.67	-	11.67
Interest cost	5.86	-	5.86	4.41	-	4.41
Expected returns	-	(5.13)	(5.13)	-	(2.72)	(2.72)
Total amount recognised in profit or loss (B)	**20.70**	**(5.13)**	**15.57**	**16.08**	**(2.72)**	**13.36**
Remeasurements						
Gain from change in demographic assumptions	(6.63)	-	(6.63)	-	-	-
Loss from change in financial assumptions	10.28	-	10.28	1.08	-	1.08
Experience losses/ (gains)	(0.78)	0.79	0.01	1.36	(0.65)	0.71
Total amount recognised in other comprehensive income (C)	**2.87**	**0.79**	**3.66**	**2.44**	**(0.65)**	**1.79**
Contributions (D)	-	(7.05)	(7.05)	-	(34.06)	(34.06)
Benefits paid (E)	(6.86)	6.86	-	(4.03)	4.03	-
Acquisition Adjustment (F)	-	-	-	6.88	-	6.88
Closing balance (A+B+C+D+E+F)	**95.71**	**(73.74)**	**21.97**	**79.00**	**(69.21)**	**9.79**

(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 2020	31 March 2019
Discount rate	6.00%	7.40%
Salary escalation rate	10.00%	10.00%
Employee attrition rate	16.00%	12.00%
Retirement age	58 years	58 years

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

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

c) Sensitivity analysis

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

As at	31 March 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	90.12	101.99	73.59	85.20
Salary escalation rate (1% movement)	101.60	90.34	84.88	73.76
Employee attrition rate (1% movement)	87.86	112.92	74.05	88.26

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 2020	31 March 2019
Funds managed by Life Insurance Corporation of India	73.74	69.21
Total	**73.74**	**69.21**

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.

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

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

f) Maturity profile of defined benefit obligation:

As at	31 March 2020	31 March 2019
1st following year	14.73	9.19
2nd following year	12.70	10.05
3rd following year	11.44	8.72
4th following year	10.86	8.10
5th following year	10.04	7.79
Thereafter	88.74	112.57

g) The Group expects to contribute a sum of ₹ 36.99 to the plan for the next annual accounting period.

h) As at 31 March 2020, the weighted average duration of the defined benefit obligation was 6 years.

Note 23: Current borrowings

As at	31 March 2020	31 March 2019
Loans repayable on demand from banks		
Secured		
Cash credit and overdraft	-	163.65
Other loans from banks		
Secured		
Working capital demand loans	400.00	150.00
	400.00	**313.65**

Terms of repayment of current borrowings from banks taken by the Company:

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 9.00% per annum and working capital demand loan carries an interest rate of 7.95% to 8.70% 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 first charge on entire current asset of the Company, second paripassu charge on entire fixed assets of the Company, both present and future(excepting assets specifically charged to banks) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.70% to 9.00% 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 pari-passu charge on all the movable fixed assets of the Company including equitable mortgage on the specified property of the Company, both present and future (other than assets exclusively charged to term lenders) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.80% to 8.35% per annum.

(All amounts are in Indian Rupees (₹) 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.

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 pari-passu charge on the fixed assets of the Company and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.60% to 8.50% per annum.

Aggregate amount of loans guaranteed by the directors of the Company outstanding as at 31 March 2020 is ₹ 400.00 (31 March 2019: ₹ 313.65).

Information about the Group's exposure to interest rate and liquidity risks is included in note 45.

Note 24: Trade payables

Total outstanding dues of micro enterprises and small enterprises (refer note below)	7.91	2.74
Total outstanding dues of creditors other than micro enterprises and small enterprises **	780.99	760.86
	788.90	**760.86**

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.

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	7.91	2.74
	- Interest	-	-
ii)	The amount of interest paid by the Group in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed date during the year	-	-

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

iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under Section 23 of the MSMED Act.	-	-
		7.91	**2.74**

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

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

Note 25: Other financial liabilities

Current maturities of long term debt from banks (refer note 19)	233.30	161.86
Interest accrued but not due on borrowings	4.14	4.38
Capital creditors	28.39	161.57
Dividend payable	67.32	-
Employee payables**	111.48	99.08
Security deposits	166.70	141.67
	611.33	**568.56**

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

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

Note 26: Current provisions

Provision for employee benefits		
Compensated absences	17.88	11.63
Gratuity (refer note 22)	3.34	9.19
	21.22	**20.82**

Note 27: Income tax assets and current tax liabilities

Current tax liability	297.72	178.49
Dividend distribution tax payable	40.17	-
Current tax asset	(87.58)	(36.48)
	250.31	**142.01**

Also refer note 37, for tax expense.

Note 28: Other current liabilities

Advance from customers	33.97	31.08
Statutory dues (including provident fund and tax deducted at source)	18.95	28.46
Other payables	0.09	-
	53.01	**59.54**

Notes to Consolidated Financial Statements (continued)

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

Note 29: Revenue from operations

For the Year ended	31 March 2020	31 March 2019
Sale of goods		
- Finished goods	20,056.12	16,166.55
- Traded goods	1,305.52	737.33
Sale of services		
- Conversion service charges	24.07	6.14
Other operating revenue		
- Sale of scrap	8.02	6.71
	21,393.73	**16,916.73**

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

Contract price	21,868.89	17,338.34
Less: Discounts and incentives	(475.16)	(421.61)
	21,393.73	16,916.73

Note 30: Other income

Interest income		
- on deposits	0.14	0.06
- on others	6.73	4.79
Amortisation of government grants (refer note (i) below and note 21)	2.96	3.08
Changes in fair value of biological assets (refer note 6)	2.08	4.16
Fair value gain on financial assets measured at fair value through profit and loss	9.79	7.21
Profit on sale of investments in mutual funds, net	23.68	29.95
Other non-operating income	17.38	28.61
	62.76	**77.86**

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

Notes to Consolidated Financial Statements (continued)

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

Note 31: Cost of materials consumed

For the Year ended	31 March 2020	31 March 2019
Inventory of materials at the beginning of the year	266.31	233.60
Add: Purchases	16,346.35	12,456.53
Less: Inventory of materials at the end of the year	783.16	266.31
Foreign currency translation adjustment	1.27	1.32
	15,830.77	**12,425.15**

Note 32: Changes in inventories of finished goods, work-in-progress and stock-in-trade

a) Finished goods		
Opening stock	712.88	602.28
Acquisition from business combination	-	6.17
Closing stock	(212.76)	(712.88)
	500.12	**(104.43)**
b) Work-in-progress		
Opening stock	211.14	456.46
Acquisition from business combination	-	4.12
Closing stock	(134.29)	(211.14)
	76.85	**249.44**
c) Stock-in-trade		
Opening stock	13.74	8.30
Closing stock	(17.09)	(13.74)
	(3.35)	**(5.44)**
d) Foreign currency translation adjustment	**1.39**	**1.17**
	575.01	**140.74**

Note 33: Employee benefits expense

Salaries, wages and bonus	814.58	671.73
Employee share based payment expenses (refer notes 17(e) and 18)	7.62	18.34
Contribution to provident and other funds	58.58	51.70
Expenses related to post-employment defined benefit plans (refer note 22)	15.57	13.36
Staff welfare expense	14.80	11.48
	911.15	**766.61**

Note 34: Depreciation and amortisation expense

Depreciation on property, plant and equipment (refer note 4)	453.93	332.33
Amortisation of intangible assets (refer note 5)	37.99	23.69
	491.92	**356.02**

Notes to Consolidated Financial Statements (continued)

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

Note 35: Finance costs

For the Year ended	31 March 2020	31 March 2019
Interest expense on loan from banks	142.30	106.51
Other interest costs	12.17	0.67
Other borrowing costs	6.92	0.50
	161.39	**107.68**

Note 36: Other expenses

Power and fuel	375.42	304.86
Consumption of stores and spare parts	181.11	202.27
Milk procurement expenses	29.47	14.49
Freight inward and handling	427.72	504.23
Repairs and maintenance:		
- building	19.78	19.44
- machinery	17.18	12.25
- other assets	4.73	4.13
Rent	49.23	62.88
Rates and taxes	22.50	19.49
Communication	12.03	12.07
Printing and stationery	15.21	10.50
Travelling and conveyance	76.53	64.83
Vehicle hire charges	11.74	8.55
Bank charges	8.69	5.85
Legal and professional fees (refer note (i) below)	77.41	61.51
Security expenses	42.30	34.61
Bad debts written off	0.49	0.70
Provision for impairment of receivables	1.29	0.19
Provision for doubtful advances	(2.70)	(6.17)
Insurance	20.18	14.54
Loss on sale/ retirement of property, plant and equipment, net	10.23	5.70
Loss on sale/ discard of biological assets, net	1.44	1.78
Corporate social responsibility (refer note (ii) below and note 41(ii))	2.00	0.80
Carriage outwards	1,038.79	766.05
Loss on account of foreign exchange fluctuation, net	13.23	3.29
IPO Expenses written off	72.73	-
Advertisement	77.41	92.39
Miscellaneous	61.40	40.54
	2,667.54	**2,261.77**

Notes to Consolidated Financial Statements (continued)

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

Note:

(i) Auditor's remuneration (included in legal and professional fees, excluding tax)*

Audit fees		
Audit services	4.30	4.00
Other auditors	1.40	2.52
Out-of-pocket expenses	0.22	0.32
	5.92	**6.84**

* During the year ended 31 March 2020, the Group has incurred ₹ 1.00 (31 March 2019: ₹ 19.32) towards service received from the auditors of the Company in relation to the proposed Initial Public Offering (IPO). The same was not charged off to the statement of profit and loss and was disclosed in "Other current assets" in the previous year as it was supposed to be recoverd from shareholders or adjusted from securities premium in proportion of shares being offered or fresh shares issued (refer note 16).

(ii) Corporate social responsibility

Gross amount required to be spent by the Group during the year amounts to ₹ 14.58 (31 March 2019: ₹ 14.33)

Amount spent during the year ended 31 March 2020 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	**-**
Purposes other than construction or acquisition of assets	2.00	-	**2.00**

Amount spent during the year ended 31 March 2019 on	In cash	Yet to be paid in cash	Total
Construction or acquisition of assets	-	-	**-**
Purposes other than construction or acquisition of assets	0.80	-	**0.80**

Note 37: Income tax expense

For the Year ended	31 March 2020	31 March 2018
(a) Amounts recognised in profit or loss		
Current tax	211.35	238.15
Deferred tax	108.65	68.46
	320.00	**306.61**
(b) Amounts recognised in other comprehensive income		
Current tax	-	-
Deferred tax	(1.28)	(0.63)
	(1.28)	**(0.63)**

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

(c) Reconciliation of effective tax rate

For the Year ended	31 March 2020		31 March 2019	
Profit before tax		**818.71**		**936.62**
Tax using the Group's domestic tax rate	34.94%	286.09	34.94%	327.29
Tax effect of:				
Tax exempt income	-3.52%	(28.79)	-2.48%	(23.22)
Lower tax rate in the subsidiary	0.76%	6.20	-0.84%	(7.90)
Adjustment for items taxed at a lower rate	-0.06%	(0.53)	-0.06%	(0.53)
Others	0.36%	2.97	1.17%	10.97
	32.48%	**320.00**	**32.74%**	**306.61**

Note 38: Contingent liabilities

As at	31 March 2020	31 March 2019
Claims against the Group not acknowledged as debts :		
Income tax matters	0.99	0.99
Indirect tax matters	113.80	2.35

The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before tax authorities and including matters mentioned above. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the claimants or the Group, as the case may be, and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes. The Management believes that it has a reasonable case in its defence of the proceedings and accordingly, no further provision is required.

ii) On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, the Group has re-computed its liability towards PF for the month of March 2019 and has made a provision for it in the books of account. In respect of the earlier periods/years, the Group has been legally advised that there are numerous interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same. Necessary adjustments, if any, will be made to the books as more clarity emerges on this subject.

Note 39: Commitments

Capital commitments:

As at	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances)	170.37	80.58

Notes to Consolidated Financial Statements (continued)

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

Note 40: Earnings per share ('EPS')

For the Year ended	31 March 2020	31 March 2019
Earnings		
Profit attributable to equity shareholders (A)	498.71	630.01
Shares		
Calculation of weighted average number of equity shares - Basic		
Number of equity shares at the beginning of the year	55,671,991	3,274,823
Add: Effect of bonus issue (refer note 17(d))	-	52,397,168
Revised number of equity shares at the beginning of the year	55,671,991	55,671,991
Weighted average number of equity shares outstanding during the year (B)	**55,671,991**	**55,671,991**
Calculation of weighted average number of equity shares - Diluted		
Number of potential equity shares at the beginning of the year	55,671,991	3,274,823
Add: Effect of bonus issue (refer note 17(d))	-	52,397,168
Add: Dilutive effect of employee stock options	-	61,690
Revised number of potential equity shares at the end of the year	55,671,991	55,733,681
Weighted average number of potential equity shares outstanding during the year (C)	**55,671,991**	**55,733,681**
Basic earnings per share of face value of ₹10 (A/B)	8.96	11.32
Diluted earnings per share of face value of ₹10 (A/C)	8.96	11.30

Note 41: 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., Singapore
Associate	Global VetMed Concepts India Private Limited ('GVC')
Key management personnel ('KMP')	Mr. Sunil Reddy, Managing Director
	Mr. B.V.K. Reddy, Chief Executive Officer (CEO)
	Mr. Hemanth Kundavaram, Chief Financial Officer (CFO) (w.e.f. 13 July 2018)
	Mr. A. Madhusudhana Reddy, Whole-time Director (w.e.f. 03 May 2018)
Relatives of KMP	Mr. Sesha Reddy, Father of Mr. Sunil Reddy
	Mrs. Deepa Reddy, Wife of Mr. Sunil Reddy
	Ms. Girija Reddy, Mother of Mr. Sunil Reddy
	Mr. Subba Reddy, Brother of Mr. Sunil Reddy
	Mrs. Surekha Reddy, Sister of Mr. Sunil Reddy
	Ms. Shilpa Reddy, Daughter of Mr. Sunil Reddy

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

Nature of relationship	Name of the party
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
	Hanslot Pile foundation
	Mylktree Consultants LLP
	Dodla Family Trust
	Dodla Sunil Reddy HUF

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

For the year ended	31 March 2020	31 March 2019
Lease rent		
- Dodla Dairy, Vinjimuru	1.20	1.20
- Surekha Milk Chilling Centre	0.92	0.90
- Hanslot Pile foundation	0.30	-
Rent paid		
- Dodla Nutri Feeds LLP	1.14	0.54
Software maintenance expenses		
- D Soft India Private Limited	0.60	0.60
Remuneration paid to Key Managerial Personnel (refer note b below)		
- Short-term employee benefits	55.65	50.43
- Post employment benefits	3.00	2.53
Sitting fee		
- Mr. B.V.K. Reddy	1.86	3.74
Purchase of raw material		
- GVC	10.89	9.74
Expenditure incurred on behalf of		
- GVC	8.19	2.05
Consultancy expense		
- Oremus Corporate Services Private Limited	-	0.99
- Mr. Sesha Reddy	3.60	3.60
- Ms. Shilpa Reddy	0.85	0.60
Purchase of goods		
- Tropical Bovine Genetics Private Limited	1.54	1.02

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

Interim dividend paid		
- Dodla Family Trust (Dodla Sesha Reddy)	72.31	-
- TPG Dodla Dairy Holdings Pte. Ltd.	67.32	-
- D Sunil Reddy HUF	48.57	-
- Dodla Sunil Reddy	17.97	-
- Deepa Reddy Dodla	3.79	-
- B V K Reddy	3.04	-
- Surekhareddy Bomnireddy	2.49	-
- Sesha Reddy Dodla	2.49	-
- Dodla Girija Reddy*	0.00	-
- Dodla Subbareddy*	0.00	-
- Mylktree Consultants	31.35	-
Corporate social responsibility incurred		
-Dodla Foundation	2.00	0.80

* Below rounding off norm adopted by the company. The actual amounts in ₹ are:

Interim dividend paid to Dodla Girija Reddy - ₹ 76

Interim dividend paid to Dodla Subbareddy - ₹ 76

(iii) Balances with related parties:

As at	31 March 2020	31 March 2019
Other current and non-current assets		
- GVC - Other advances	44.80	47.47
- GVC – Provision for doubtful advances	(44.80)	(47.47)
- Mr. B.V.K. Reddy – Advance given against salary, net	0.61	2.15
- Mr. A. Madhusudhana Reddy – Advance given against salary, net	0.33	-
Other financial liabilities and trade payable		
- Oremus Corporate Services Private Limited – Consultancy fees payable	-	0.09
- Ms. Shilpa Reddy – Consultancy fees payable	0.07	0.05
- Mr. Sunil Reddy - Remuneration payable, net	0.60	1.27
- Mr. Sesha Reddy- Consultancy fees payable	0.27	0.27
- Mr. B.V.K Reddy - Remuneration payable, net	0.96	-
- Mr. A. Madhusudhana Reddy - Remuneration payable, net	0.15	0.07
- Mr. Hemanth Kundavaram - Remuneration payable	0.35	0.21
- Dodla Dairy, Vinjimuru	0.10	0.10
- Tropical Bovine Genetics Private Limited	0.34	0.37
- Surekha Milk Chilling Centre	0.07	0.07
- D Soft India Private Limited	0.05	0.05
- Dodla Dairy, Vinjimuru	0.10	0.10
- Dodla Nutri Feeds LLP	0.15	0.20

Notes to Consolidated Financial Statements (continued)

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

Notes:

a. The borrowings of the Group are secured by personal guarantees given by the director of the Company, Mr. Sunil Reddy as detailed in note 19 and 23.

b. As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above. Share-based compensation expense allocable to key management personnel ₹ 7.62 (31 March 2019 - ₹ 18.34) is also not included in the remuneration disclosed above.

Note 42: Segment reporting

The Group is in the business of processing and selling milk and milk products. The Group's Chief Operating Decision Maker (CODM) reviews the performance of the Group on the basis of economic performance for Liquid Milk, Products and Curd. For the purpose of reporting the operating segments, all the three segments have been aggregated as a single reporting segment under the provisions of Ind AS 108 'Operating Segments' as the nature of products, the production and distribution process, class of customers and the regulatory environment is similar for all the segment. Thus, the segment revenue, segment profit, total segment assets and liabilities are all as reflected in the Financial Statements as at and for the year ended 31 March 2020 and 31 March 2019.

The geographical information analyses the Group's revenues and non-current assets by the Holding 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 2020	For the year ended 31 March 2019
India	19,876.16	15,953.29
Outside India	1,517.57	934.37
Total	**21,393.73**	**16,887.66**

(ii) Non-current assets *

	As at 31 March 2020	As at 31 March 2019
India	5,207.68	4,865.46
Outside India	562.86	345.43
Total	**5,770.54**	**5,210.89**

* Non-current assets excludes financial instruments.

Note 43: Transfer pricing

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The Management is of the opinion that its international 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 (continued)

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

Note 44: Details of the loan given under Section 186 of the Companies Act, 2013

Persuant to approval of slump purchase by way of business acquisition of K C Dairy Products Private Limited, the Board has approved an Inter-corporate deposit to K C Dairy Products Private Limited, carrying an interest rate of 12% p.a. The said loan was repaid during the year ended 31 March 2019.

Movement in the balance is as below:

Particulars	**Amount**
As at 01 April 2018	**-**
Given during the financial year 2018-19	100.00
Repaid during the financial year 2018-19	(100.00)
As at 31 March 2019	**-**
Given during the financial year 2019-20	-
Repaid during the financial year 2019-20	-
As at 31 March 2020	**-**

Persuant to incorporation of a subsidiary Orgfeed Private Limited, the Board has approved an unsecured loan to Orgafeed Private Limited, carrying an interest rate of 9% p.a. The repayment of the loan will commence from the financial year 2020-21. The loan was given for the general business purpose.

Movement in the balance is as below:

Particulars	**Amount**
As at 01 April 2018	**-**
Given during the financial year 2018-19	-
Repaid during the financial year 2018-19	-
As at 31 March 2019	**-**
Given during the financial year 2019-20	198.01
Repaid during the financial year 2019-20	-
As at 31 March 2020	**198.01**

Notes to Consolidated Financial Statements (continued)

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

Note 45: Financial instruments - fair values and risk management

Accounting classification and fair values

As at	31 March 2020		31 March 2019		Fair value level
Financial instruments by category	**Amortised Cost**	**FVTPL**	**Amortised Cost**	**FVTPL**	
Financial Assets					
Investments in mutual funds (refer note (a) below)	-	118.64	-	259.98	Level 1
Trade receivables	72.03	-	73.23	-	-
Cash and cash equivalents	686.73	-	214.48	-	-
Bank balances other than above	0.34	-	0.82	-	-
Non-current loans	93.73	-	84.95	-	-
Current loans	37.61	-	156.93	-	-
Other current financial assets	6.48	-	2.26	-	-
Total Financial Assets	**896.92**	**118.64**	**532.67**	**259.98**	
Financial Liabilities					
Borrowings (current and non-current)	1,500.55	-	1,577.89	-	-
Lease liabilities	97.14	-	-	-	-
Trade payables	788.90	-	763.60	-	-
Interest accrued but not due on borrowings	4.14	-	4.38	-	-
Capital creditors	28.39	-	161.57	-	-
Employee payables	111.48	-	99.08	-	-
Dividend payable	67.32	-	-	-	-
Security deposits	166.70	-	141.67	-	-
Total Financial Liabilities	**2,764.62**	-	**2,748.19**	**-**	**-**

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.

A. Financial assets

1. The Group has not disclosed the fair values for trade receivables, cash and cash equivalents including other bank balances, loans receivable, and other financial assets because the carrying amounts are a reasonable approximation of the fair values.

2. Investment in mutual funds: Fair value of quoted mutual funds units is based on quoted market price at the reporting date.

B. Financial liabilities

1. Non-convertible debentures: The fair values of the Company's interest bearing debentures are determined by using Discounted cash flow ("DCF") method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The Company has not disclosed the fair values because its carrying amount is a reasonable approximation of its fair value.

2. Borrowings: It includes term loans from banks, cash credit and overdraft facilities and working capital loans. These borrowings are classified and subsequently measured in the consolidated financial statements at amortised cost. Considering that the interest rate on the loan is reset on a monthly/ quarterly/ half yearly/ yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

3. Lease liabilities: The fair values of the Group's lease liabilities are determined by using discounting the future cashflows at discount rate that reflects the inremental borrowing rate of the Group. The Group has not disclosed the fair value because its carrying amount is a reasonable approximation of its fair value.

4. Trade payables and Other financial liabilities: Fair values of trade payables and other financial liabilities are measured at carrying value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the carrying values.

Financial risk management

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. A summary of the risks have been given below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans given. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivable

Credit risk is managed by Head (Sales) of the Group. Usually, the business is carried on cash and carry basis. However, for institutional customers credit is provided after a detailed background check and credit analysis.

The accounts receivable team along with sales team will evaluate all new customers to determine payment terms, and 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.

Notes to Consolidated Financial Statements (continued)

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

Reconciliation of expected credit loss- trade receivables

	Amount
Expected credit loss on 01 April 2018	**(0.45)**
Changes in loss allowance	(0.19)
Expected credit loss on 31 March 2019	**(0.64)**
Changes in loss allowance	(1.29)
Expected credit loss on 31 March 2020	**(1.93)**

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, process and policies related to such risks are overseen by the senior management.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Particulars	As at 31 March 2020				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	788.90	780.99	780.99	-	-
Borrowings	1,500.55	1,507.01	633.29	339.49	534.23
Lease liabilities	97.14	98.04	26.84	42.88	28.32
Other financial liabilities	378.03	378.03	378.03	-	-
	2,764.62	**2,764.08**	**1,819.16**	**382.37**	**562.55**

Particulars	As at 31 March 2019				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
Financial liabilities					
Trade payables	763.60	763.60	763.60	-	-
Borrowings	1,577.89	1,977.05	587.42	330.19	1,059.44
Other financial liabilities	406.70	406.70	406.70	-	-
	2,748.19	**3,147.35**	**1,757.72**	**330.19**	**1,059.44**

(All amounts are in Indian Rupees (₹) 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 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.

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 2020	31 March 2019
Variable rate borrowings	1,500.55	1,577.89
Total	**1,500.55**	**1,577.89**

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 for the year ended 31 March 2020:	31 March 2020	31 March 2019
Interest rate - increases by 50 basis points	(7.50)	(7.89)
Interest rate - decreases by 50 basis points	7.50	7.89

Currency risk

The particulars of un-hedged foreign currency exposure as at balance sheet date is as under:

Particulars	Currency	As at 31 March 2020		As at 31 March 2019	
		Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million
Capital Creditor	Euro	-	-	30,900	2.41
	USD	14,745	1.11	-	-
Cash on hand	USD	-	-	299,031	20.68
	Ringgit	-	-	687	0.01
Bank Balance	USD	995	0.07	-	-
Trade and other receivables	USD	728,544	54.91	14,260	0.99
Trade and other payable	USD	908,091	68.44	174,583	12.07
	EUR	4,000	0.33	-	-
	Ksh	354,536	0.25	-	-

The profit or loss is sensitive to foreign exchange gain/ loss as a result of changes in foreign exchange rates.

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

Sensitivity

The profit or loss is sensitive to foreign exchange gain/ loss as a result of changes in foreign exchange rates.

Impact on profit after tax	31 March 2020	31 March 2019
Foreign exchange rate - increases by 5%	(0.76)	0.36
Foreign exchange rate - decreases by 5%	0.76	(0.36)

Note 46: Capital management

(a) Risk management

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure, the Group monitors the return on capital, as well as the level of dividends to equity shareholders. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves and debt.

The Group monitors capital on the basis of the following:

As at	31 March 2020	31 March 2019
Total debt	1,500.55	1,577.79
Total equity	4,334.96	4,068.39
Total debt to equity ratio	**34.62%**	**38.78%**

(b) Dividends

During the year, the Company has declared an interim dividend of ₹ 249.33 i.e. ₹ 5.2 per share (31 March 2019: Nil).

Note 47: Business combination

Acquisition of Bharathi Feed Mixing Plant during the year:

During the year, the Company has acquired assets under a business transfer agreement from Bharathi Feed Mixing Plant. Refer below for the summary of acquisition.

a. Summary of acquisition

Name and description of the Acquiree

Bharathi Feed Mixing Plant, located in Kadapa District, Andhra Pradesh

Nature of business	Manufacturing of Cattle Feed
Date of control	28-Aug-19
Type of Acquisition	Slump sale of assets
Primary reason for business combination	The acquisition was made to internally increase the feed procurement capacity of Dodla dairy limited majorly for captive consumption

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

For the year ended 31 March 2020, Orgafeed Private Limited (Erstwhile Bharathi Feed Mixing Plant) contributed the revenue of ₹ 97.72 and a loss of ₹ 15.21 to the Groups's results. The acquisiton took place in August 2019 and management estimates that necessary profit shall be available from the FY 2020-21 onwards.

b. Details of purchase consideration, net assets acquired and goodwill

(i) Purchase consideration

Particulars	Amount
Purchase consideration	**160.00**

(ii) Identifiable assets and liabilities acquired

The following table summaries the recognised amounts of assets assets and liabilities acquired at the date of acquisition

Particulars	Amount
Property, plant and Equipment	74.00
Trade receivables	1.23
Inventory	26.15
Trade payables	(23.71)
	77.67

(iii) Goodwill

Particulars	Amount
Consideration transferred	160.00
Less: Net identifiable assets acquired	77.67
Goodwill/(Capital Reserve)	82.33

The goodwill on acquisition can be attributable to the available processing infrastructure, running operations, profitability and opportunities to expand the market in the present area of operations & contiguous areas.

c. Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Sales comparision approach and cost approach:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

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

Acquisition of K C Dairy Products Private Limited during the previous year:

During the previous year, the Company has acquired assets under a business transfer agreement from K C Dairy Products Private Limited. Refer below for the summary of acquisition.

a. Summary of acquisition

Name and description of the Acquiree	K C Dairy Products Private Limited, located in Dindugal District, Tamilnadu
Nature of business	Processor of milk and milk products
Date of control	06 March 2019
Type of Acquisition	Slump sale of assets
Primary reason for business combination	The acquisition was made to increase the Company base in certain areas through inorganic growth.

For the year ended 31 March 2019, K C Dairy contributed the revenue of ₹ 104.68 and a loss of ₹ 24.84 to the Group's results. Management estimates that if the acquisition had occurred on 1 April 2018, total revenue and total profit for the year would have been ₹ 1,729 and ₹ 44.3 respectively. Management has determined these amount on the basis of the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2018.

b. Details of purchase consideration, net assets acquired and goodwill

(i) Purchase consideration

Particulars	**Amount**
Purchase consideration	1,084.16
Acquisition-related cost	

The Group has incurred acquisition related cost of ₹ 4.45 that are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows. (Refer Note 36)

(ii) Identifiable assets and liabilities acquired

The following table summaries the recognised amounts of assets assets and liabilities acquired at the date of acquisition

Particulars	**Amount**
Property, plant and Equipment	622.27
Brands (Other intangible assets)	58.80
Non-compete arrangements (Other intangible assets)	22.20
Trade receivables	4.07
Inventory	49.50
Other non-current assets	15.53
Trade payables	(13.40)
Other current liabilities	(27.30)
Provision for employee benefits	(6.88)
	724.79

(iii) Goodwill

Particulars	**Amount**
Consideration transferred	1,084.16
Less: Net identifiable assets acquired	724.79
Goodwill/(Capital Reserve)	359.37

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

The goodwill on acquisition can be attributable to the available processing infrastructure, running operations, profitability and opportunities to expand the market in the present area of operations & contiguous areas.

c. Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Sales comparision approach and cost approach:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Multi period excess earnings method and Differential cash flow method :* Multi-period excess earnings method considers the present value of net cash flows expected to be generated by excluding any cash flows related to contributory assets. Differential cash flow method assumes that the value of intangible asset is equal to the difference between the present value of the prospective cash flows with the intangibel asset in place and the present value of the prospective cash flows without the intangible asset.

Note 48: Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

	As at and for the year ended 31 March 2020							
Name of the Entity	Net assets (i.e. total assets minus total liabilities)		Share in profit		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	91.58%	3,969.81	57.09%	284.72	-4.77%	(2.38)	51.48%	282.34
Subsidiaries								
Dodla Holdings Pte Limited	10.07%	436.55	1.07%	5.35	-	-	0.98%	5.35
Lakeside Dairy Limited	8.54%	370.24	54.24%	270.50	-	-	49.32%	270.50
Dodla Dairy Kenya Limited	0.02%	0.69	2.02%	10.05	-	-	1.83%	10.05
Orgafeed Private Limited	0.34%	14.79	-3.05%	(15.21)	-	-	-2.77%	(15.21)
Non-controlling interest	-	-	-	-	-	-	-	-
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-10.54%	(457.12)	-11.37%	(56.69)	104.77%	52.12	-0.83%	(4.58)
Total	**100.00%**	**4,334.96**	**100.00%**	**498.71**	**100.00%**	**49.74**	**100.00%**	**548.45**

*The group has not recognised any share of losses of the associate as it exceeds the carrying amount of the investment.

(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 2019							
	Net assets (i.e. total assets minus total liabilities)		Share in profit		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	97.57%	3,969.34	83.14%	523.76	-5.17%	(1.16)	80.10%	522.60
Subsidiaries								
Dodla Holdings Pte Limited	11.13%	452.73	2.20%	13.88	-	-	2.13%	13.88
Lakeside Dairy Limited	2.06%	83.75	14.61%	92.04	-	-	14.11%	92.04
Dodla Dairy Kenya Limited	-0.21%	(8.39)	-0.29%	(1.81)	-	-	-0.28%	(1.81)
Non-controlling interest	-	-	-	-	-	-	-	-
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-10.55%	(429.04)	0.34%	2.14	105.17%	23.61	3.95%	25.75
Total	**100.00%**	**4,068.39**	**100.00%**	**630.01**	**100.00%**	**22.45**	**100.00%**	**652.46**

Note 49: During the year ended 31 March 2020, no material foreseeable losses (year ended 31 March 2019: Nil) was incurred for any long-term contract including derivatives.

Note 50: Change in significant accounting policies

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Company with effect from 01 April 2019.

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

Under Ind AS 116

The Company has elected the practical expedient and therefore is permitted not to re-assess whether existing contracts contains a lease as defined under Ind AS 116 at the initial application date.

On transition to Ind AS 116, the Company has recognised right-of-use assets amounting to ₹ 137.73 and lease liabilities amounting to ₹ 137.73. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 01 April 2019. The rate applied ranges from 9.00% p.a. to 17% p.a.

The following tables summarise the impacts of adopting Ind AS 116 on the Group's consolidated statement of financial position as at 31 March 2020 and its consolidated statement of profit and loss and OCI for the year then ended for each of the line items affected. Interest on lease liability & repayment of lease have been presented in Cash flows from financing activities in Cash flow statement.

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

Lease liabilities	As at 31 March 2020
Maturity analysis – contractual undiscounted cash flows	
Less than one year	26.84
One to two years	42.88
More than two years	28.32
Total undiscounted lease liabilities at 31 March 2020	**98.04**

Amounts recognised in Statement of Profit and loss	For the year ended 31 March 2020
Interest on lease liabilities	8.43
Expenses relating to short term leases and low-value assets	-
	8.43
Amounts recognised in Statement of Cashflows	
Payment of lease liabilities	19.46
	19.46

Note 51: Impact of COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The Government of India imposed lockdown from 25 March 2020 to curb spread of virus. The nationwide lockdown temporarily impacted the operations of various industries due to non-availability of labour, transportation and supply chain disruptions.

However, the Government classified Dairy business as "Essential Commodity" and granted certain relaxations and guidelines so that production, processing and distribution of Milk and milk products will not be effected. The Group's production, processing and supply chain facilities remain in operation during lockdown period, following safety measures as per guidelines issued by Government. Thus, the impact of COVID-19 on the Group is minimal at this point of time. The Group has assessed the recoverability of receivables, inventories, certain investments and other financial assets considering the available internal and external information up to the date of approval of financial statements and made adjustments wherever necessary. Considering the nature of these assets, the Group expects to recover the carrying amount of these assets.

The actual impact of global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

As per our Report of even date attached

for B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration no: 116231W/ W-100024

Sulabh Kumar Kedia
Partner
Membership number: 066380

Place: Hyderabad
Date: 15 July 2020

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

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 15 July 2020

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

Ruchita Malpani
Company Secretary
M.No. A32883

Advisory, Content & Visualization
Corp Comm Studio

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