



**GROWING
HEALTHY**



DODLA DAIRY LIMITED

ANNUAL REPORT

2015 - 16



Vision

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



Mission

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

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Value Based Approach

Sesha Reddy Dodla, Chairman

Dear Patron

The year 2016 has been yet another successful year for Dodla. Our revenue increased to Rs. 120,114 Lakh from Rs. 118,238 Lakh in the previous year. We also made commendable stride in terms of market penetration, increase in number of operating units and strengthening our product portfolio. Our new process unit in Hyderabad is going to be a major milestone in our history. By the time this report reaches you, the Hyderabad unit would have commenced production. We are also moving to our new spacious corporate office in Jubilee Hills, Hyderabad. There is no doubt that having a well-designed work environment that focuses on employee comfort and ease of usability will have a hugely positive effect on the overall output of the business.



We remain committed to our corporate values, governance, which we consider to be essential to support sustainable growth and to protect stakeholder value. The product stewardship and adherence to governance norms of your company is strictly monitored by the board of directors and the senior management. We continue to maintain our board diversity, leadership, and mix of human resource skills. In order to discharge our corporate responsibilities successfully.

Milk comes from farmers and they are the very foundation of our industry. Fair price, transparency, on time payment and handholding them to improve productivity is essential to make this sector sustainable. At Dodla we are committed in our responsibility towards dairy farmers.

One of the key initiatives during the last year has been implementation of GPRS enabled electronic milko analysers at our milk procurement points to improve the milk quality and make every transaction with the dairy farmer transparent. This initiative has helped the company to connect directly with the farmers circumventing middlemen. With this technology initiative we are able to generate the milk quality & quantity report at the time of procurement and provide the report instantly to each farmer. Based on the report generated the payment to the farmer is made in every 10-15 days. Routing the payment through the bank, ensures transparency and enables the farmers to derive the benefits of financial inclusion such as savings and obtaining farmer loans. More number of farmers have been bought under this technology enabled milk procurement method and we would expand it to all our procurement points.

I take this opportunity to thank our dairy farmer partners, employees, associates, financial institutions, media and government for their support.

I welcome your feedback and suggestions which may be mailed to corpcomm@dodladairy.com

Regards

D Sesha Reddy
Chairman

Business Model Values

Our functional goals are aligned with our vision, mission and values.

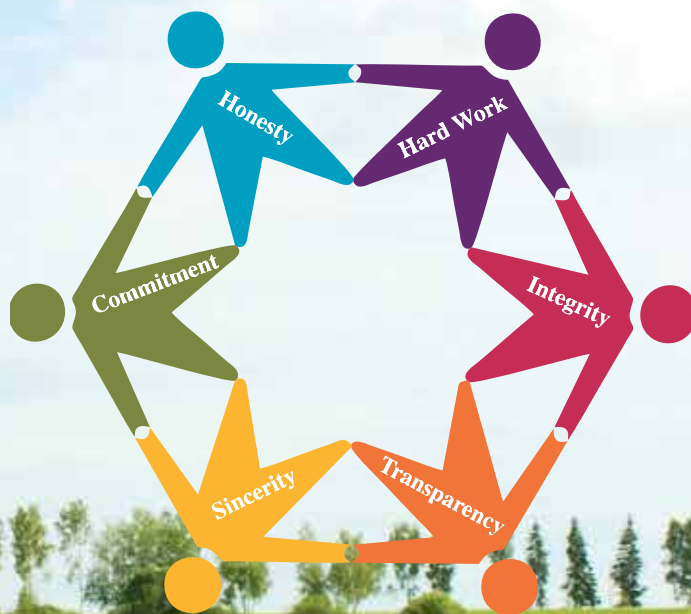
Our operations are organised in such a way that they are close to the markets and customers we serve. The product marketing consists of two dedicated teams focusing on liquid milk and value added dairy products.

All operational decisions are made locally at the locations because, in our experience such kind of calls are most successful when made by the people who has the best understanding of the markets and those who implement them.

The board of directors and senior management aims to provide a framework in which our team leaders have the freedom and decision-making authority to pursue opportunities with entrepreneurial flair. All our functional goals are aligned with our vision, mission and values.

Our values are commitment, sincerity, hard work, transparency, integrity and honesty. These values are our “CORE” and we will display them in all our actions.

We believe in the best quality right from Raw Material to Processing, processing to Distribution and Management of People. We are prudent in guarding and conserving our resources effectively.



Envisioning the future

Sunil Reddy Dodla, Managing Director

Our Performance

Review of our strategies and outcomes in FY16 are in continuation of my review during the previous year, as most of our strategies are long term.

In FY16, we continued to embark on our strategy to increase Dodla's foot prints in terms of milk procurement, operating units and markets in India as well as abroad. We launched our newly acquired plant at Dharmapuri in Tamil Nadu as well as our new plant with a daily capacity of 2.5 lakh liters in Hyderabad is ready to be launched in December, 2016. This new additions give us the much required strategic advantage in our key markets by increasing our capacity to process milk as well as value added dairy products. As a reflection of our key strategies succeeding in a fiercely competitive dairy market, our revenue and gross margins significantly improved during the year. We also improved our performance on all other key performance indicators.

In the pure play dairy segment today Dodla is a leading national player as well as among the top 3 private dairies in South India. Increased revenue, product diversity, focus on state of the art dairy technology, expanded markets and an experienced human resource team provide us the much needed operational agility while going forward. Operational improvement systems such as SOPs, IT & HRM which we have been implementing since last couple of years are resulting in improved efficiency across our business units.

Strategic Environment

The key challenges in our market continue to be increasing inputs costs, seasonal variability, market volatility and complexities in the dairy farming sector. Against this background our key strategies are aimed at improving our process efficiencies, human resource skills, market penetration and doing our bit to make the dairy farming sustainable through farm based R&D and knowledge sharing.

Key Strategies

In dairy business stakeholder relation is vital for strengthening the dairy value chain. Inclusiveness, quality and technology adoption has been the cornerstone of our success and we



“ Another key initiative during the year has been our go-to-market (GTM) strategy to overcome product and market disruptions. Direct accessing and leveraging our sales channels are the key pillars of our GTM strategy ”

continue to invest towards further improving these strategic intents. During the year we further increased our direct access with dairy farmers through one to one contacts and further strengthened it by adopting technology enabled milk procurement processes. We ensured transparency and quality. Among the private dairy companies we are differentiated by our R&D initiatives in the dairy farming sector. Our model dairy farm located inside IGCARL (Indira Gandhi the Centre for Advanced Research) at Pulivendula in Andhra Pradesh has over 500 cows. We have deployed, up-to-date breeding, feeding and healthcare practices in this farm. We also share the tried and tested best farming practices with dairy farmers. At the same facility we are also exploring to develop a bull station with high genetic merit bulls.

Another key initiative during the year has been our go-to-market (GTM) strategy to overcome product and market disruptions. Direct accessing and leveraging our sales channels are the key pillars of our GTM strategy.

Overseas Business

Dodla is among handful of Indian companies with a global footprint. We had acquired a milk

processing asset in Uganda during the last year and had commenced operations. From 15,000 LPD in FY15 the sales have gone up to 20,000 LPD in FY16. Apart from expanding the market in Uganda the key initiative in FY17 is going to be technological upgradation of the acquired plant.

Going Forward ..

Towards further strengthening our key product portfolios we are in the process of expanding our curd packing units and butter cold storage. ESL is fast gaining acceptance in India, especially urban and semi urban consumers. We are also focusing on Extended Shelf Life milk by expanding capacity and market. We are also in the process of adding Ice Cream into our value added product portfolio and initially it will be launched in Hyderabad market.

At the marketing front we are constantly refining our brand strategies and over the last one year our efforts have been to improve the brand recall through outdoor medium. This will help us to increase the brand equity while we increase our retail penetration. In FY17 these efforts will continue with the addition of electronic and social media. Apart from harnessing and reviewing our key strategies, in FY17 and beyond, the management will focus on strengthening human resource pools in terms of harnessing leadership skills among our employees.

Regards

D. Sunil Reddy
Managing Director

Operational Excellence

BVK Reddy, Chief Executive Officer



In a challenging year for dairy business it was important for Dodla Dairy to maintain focus on our long term strategy as well as remain agile to sustain the business in a growing yet, volatile dairy market. Maximising the value of our products through consistent investments and development of our brand equity and customer touch points has been our key focus during FY16.

FY16 has been a year in which we further strengthened our operational capabilities touching upon the entire dairy value chain. At one end of our value chain we improved the procurement process with the additional introduction of milko analysers and thereby provided transparency and quick remunerative price for the farmers. By providing an innovative connection with milk suppliers and investment we ensured sustainable milk supply into the future. On the other end, we improved our customer touch points in terms of increasing the

number of milk and curd retailers as well as exclusive Dodla Retail Points. Today we have over 50,000 retailer and over 3500 distributors across 9 states. In FY 16 we added close to 70 Dodla Retail Points and it has been well accepted in our key markets like Hyderabad & Chennai.

In the process side, we added / commissioned state of the art new plants as well as upgraded process technology in the existing plants. Our newly commissioned 2 Lakh Litre Per Day , state-of-the-art plant, with production lines for Value Added Products (VAP) plant near Hyderabad will enable us to consolidate our operations and increase our revenue from Telangana and surrounding regions in FY17 and beyond. We are also in the process of upgrading our newly acquired plant in Tamil Nadu with new state of the art machineries. We continue to focus on the process quality. Three more Dodla plants were certified during the year under ISO 22000 certification.

In FY16 we aggressively rolled out brand campaign strategies encompassing both above-the-line as well as below-the-line mediums in our key markets. Brand strategies are further extended into FY17.

As an outcome of our all-round efforts to improve our operations, our revenue on a standalone basis increased from 101,842 lakhs in FY15 to 118,288 lakh in FY16. We also improved our margins on a year on year basis. On key ratios, return on fixed assets stands at 21.88% in FY16 as against 13.65% in the previous year. Return on equity for FY16 is 15.43% as against 7.33% in FY15.

On the product front revenue from milk, curd as well as value added products increased on a year on year basis during the year. We could achieve a highest daily sale of 10 Lakh LPD during the year. The revenue from products which saw a dip in FY15 revamped in FY16 with increased sale across VADP.

Our key focus continues to be manufacturing and supplying quality dairy products competitively to our customers in order to generate acceptable returns to all our stakeholders.

Regards

BVK Reddy
Chief Executive Officer

“ In FY16 we aggressively rolled out brand campaign strategies encompassing both above-the-line as well as below-the-line mediums in our key markets. Brand strategies are further extended into FY17 ”

DODLA

Value Chain

Milk collection
Testing for Fat/SNF content



Processing Plant

SHIPMENT

Quality tests

>> Refer Page No. 14 for more details



About Dodla

Dodla Dairy Limited is a Public Limited Company having its Head Quarters at Hyderabad City of Telangana State. The company is established by a well-known family of Nellore district of Andhra Pradesh in the year 1998. The company procures, process and sells milk and milk products across 9 states in India.

Dodla Dairy is an ISO 22000: 2005 and ISO 50001:2011 (EnMS) Certified Organization. The company is having 11 state of art technology Processing Plants, 30 chilling centres, 27 Bulk Milk Chillers and 20 Associate Chilling Centers. The company has a wide distribution network across pan India. The products and services are offered through 30 Sales offices.



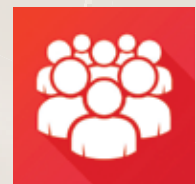
Milk Procurement

900,000 - 1,000,000 LPD
250,000 dairy farmers across
Telangana, Andhra Pradesh,
Karnataka & Tamil Nadu
7200 villages
67 Chilling Centres / BMCs



Processing

11 processing units across
Telangana, Andhra Pradesh,
Karnataka and Tamilnadu states
Total capacity : 14 Lakh LPD
SMP capacity: 22.5 MT



No. of Employees

2000

The company offers wide range of Milk Products Comprising of Fresh Milk, Butter, Ghee, Paneer, Curd, Flavoured Milk, Doodh Peda and Skimmed Milk Powder. These products are conveniently packed to suit various needs of consumers. The company grew rapidly during the past 18 years. Today it is one of the popular dairy companies in India. The consistent growth of the organization reflects the customer confidence on the products and services offered.

The company has gained the competitive advantage over the other players by delivering the highest quality dairy products to the consumers. Now, the company is prepared to face the future challenges through upgrading systems and by infusing new technology.



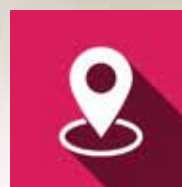
Overseas

20,000 LPD in
Mbarara,
Uganda.



Network

9 States
3500 Distributors
50,000 Retailers
112 Dodla Retail Points
(Parlours)



Plant Locations

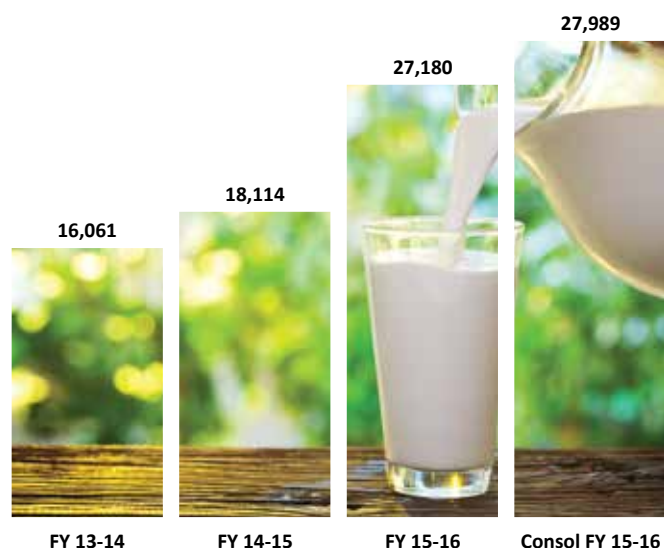
Nellore, Palamaneru, Penumuru,
Sattenapally, Badvel, Kurnool,
Tanuku, Koppal, Tumkur,
Hyderabad and Palacode

Key Performance Indicators

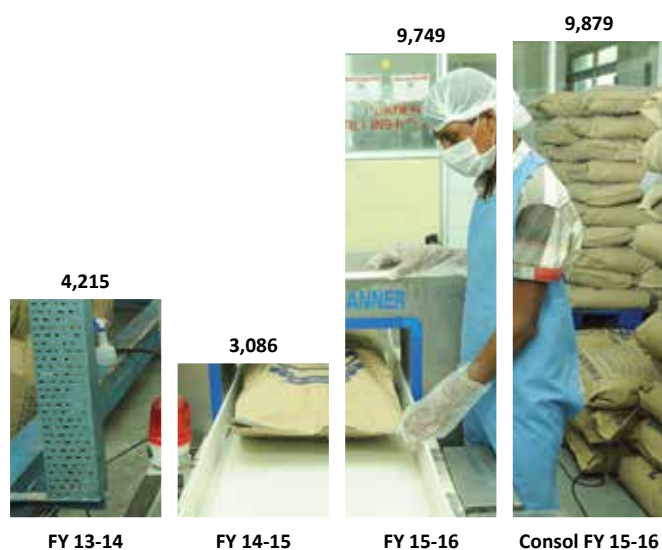
Revenue (Lakhs)



Gross Margin (Lakhs)



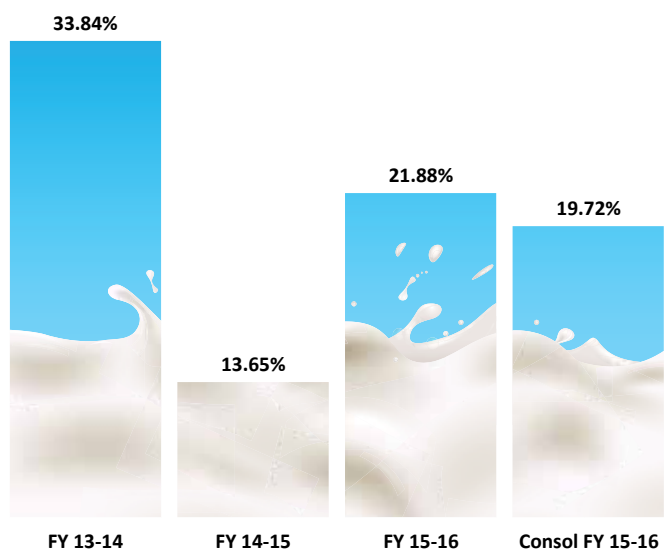
EBITDA (Lakhs)



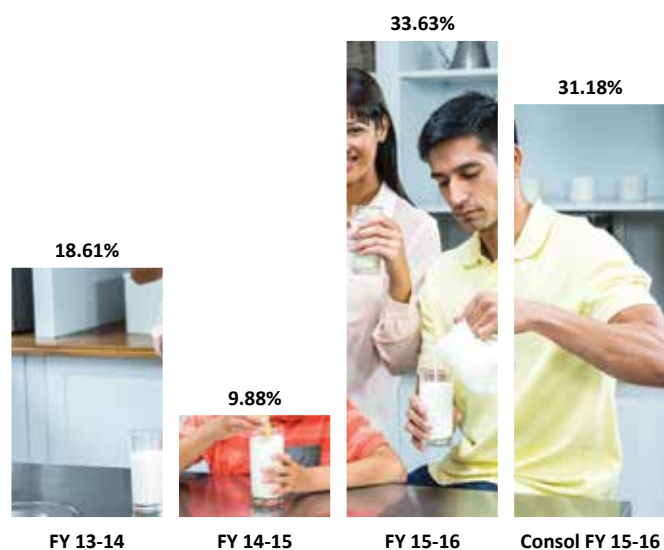
PAT (Lakhs)



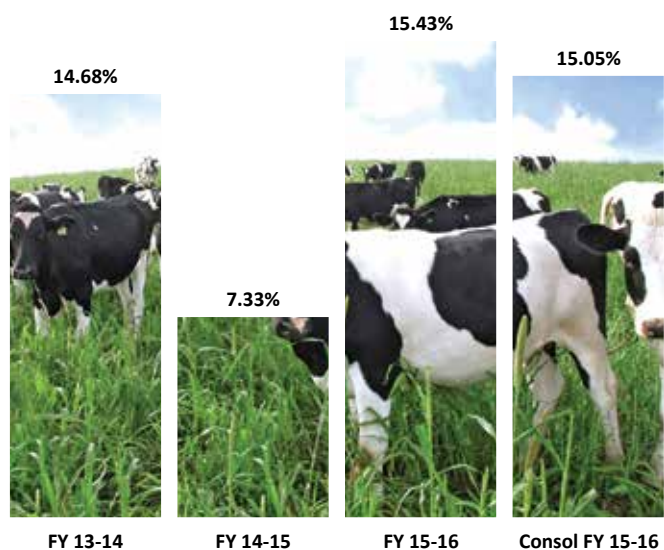
Return on Fixed Assets



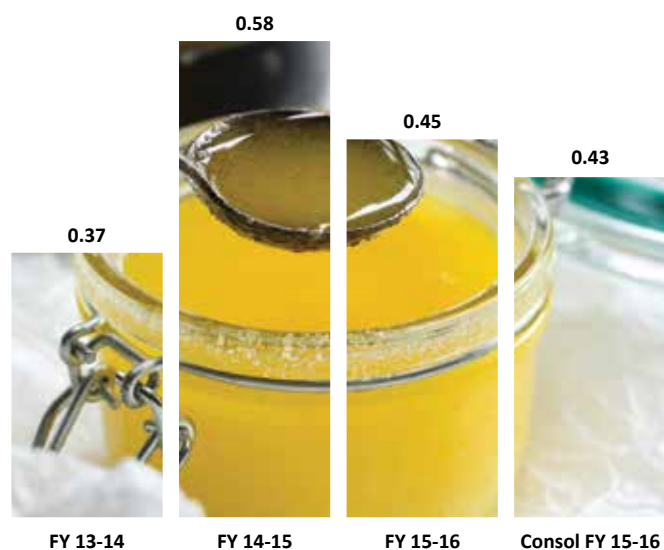
Return on Capital employed



Return on equity



Debt equity ratio



Milk & Milk Products

India: The company is offering a wide range of products in both liquid milk and biproducts categories. The liquid milk comprises of five types of variants and the bi-products comprises of fourteen types of variants. The company is adding new products to its portfolio year on year keeping the consumer needs into consideration. Our Research and Development team (R&D) is working on product development to deliver superior value and taste to the customers. The company is also extending its product line with new flavours, colours, added ingredients and pack sizes at regular intervals.

The company offers wide range of Milk Products Comprising of Fresh Milk, Butter, Ghee, Paneer, Curd, Flavoured Milk, Doodh Peda and Skimmed Milk Powder. These products are conveniently packed to suit various needs of consumers.

Uganda : In Uganda under the brand name Dairy Top the company manufactures liquid milk yogurt with different flavors, Ghee, Paneer, Cheese & ESL milk.



Milk



Curd



Buttermilk & Lassi



Ghee



Cooking Butter



Flavored Milk



Paneer



SMP



Gulab Jamun



Doodh Peda



Junnu



ESL Milk

Review of Operations - Uganda

Lakeside Dairy Ltd., was incorporated by Dodla on 15 July, 2014 to acquire the business of Hillside Dairy & Agriculture Ltd., and to carry on with the business of Dairy and Agriculture. 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. Since its inception the company invested around 6 Million

USD. At present milk is procured from dairy farmers in Uganda through 15 co-operative societies. The company's staff comprises of regular staff and people on contract basis is a 100 member team. There are 4 milk tankers for transporting milk to the processing plant & 2 refrigerated trucks to transport the finished products to the sales depot. Further to transport the products to various sales locations in Uganda there are 9 refrigerated trucks.



A Vision for High Quality Products

Dodla Dairy deploys best practices in quality control throughout the supply chain. Rigorous procedures and analysis are sincerely followed through the supply chain which includes physical, chemistry, microbiology and residue monitoring.

Quality Test Chart

Tests conducted at Collection centers	Tests conducted at Chilling Centers	Tests conducted at processing centers
Test for Fat and SNF content <ul style="list-style-type: none"> GPRS enabled electronic milko analysers are installed at milk procurement points Also makes transaction with the farmers, circumventing middleme 	Methyl blue reduction test <ul style="list-style-type: none"> Quick method to assess the microbiological quality of raw milk Enhances identification of milk contamination, which is one of the major sources for transmission of diseases from animals to human 	Beta lactam test <ul style="list-style-type: none"> Detects beta lactam residues –which has be under maximum residue limits Enables identification of milk contamination, which is one of the major sources for transmission of diseases from animals to human
Organoleptic Test <ul style="list-style-type: none"> Test for appearance, test & smell Enables rapid segregation of poor quality milk at the receiving platform The result of test is obtained instantly and at low costs 	pH Test <ul style="list-style-type: none"> Natural acidity of milk is ~ 0.2% Higher acidity signifies action of bacteria on milk sugar 	FOSS milk screen tests for adulteration Sodium analyzer test for neutralizers



Business Responsibility Report

The business model of Dodla Dairy is based on sustainable approach towards farmers, consumers, employees and environment.

Details of our approach is as below

Farmers

The farmers, since they are the suppliers of the milk - our most important raw material, have always been central to Dodla Dairy. Farmers are an indispensable part of our milk value chain and their milk production is seamlessly connected with our milk processing and marketing. Dodla Dairy collects 9 lakh litres of Milk per day from about 2,00,000 farmers. The company is procuring high quality milk by using electronic milk analyzers which generate the milk quality & quantity report at the time of procurement as well as speedy payment disbursements in a transparent manner. The farmers are taught best farming practices by the company. Dodla dairy is among the few dairy processors in the country having their own dairy farm. Situated in Pulivendula in AP with over 500 animals, this is a state of the art dairy farm which has all modern farming methods. Having own farm gives the company a direct experience in all aspects of dairy farming.



Employees:

Dodla dairy has a team of over 2000 employees across various location in India and Overseas. All the employees are well qualified and trained to execute their jobs in a competent manner. For the past 18 years we have been identified as distinguished dairy company where the employees are treated as family members and there is an admiration among the perspective candidates to join Dodla family. Our average attrition rate is 5 %, which is much lesser than any other dairy company in Southern India. This indicates the employee's satisfaction level with the company. The main driver's for retention includes learning, earning and treatment. We, at Dodla treat the employees with utmost respect and take into consideration their suggestions and ideas.



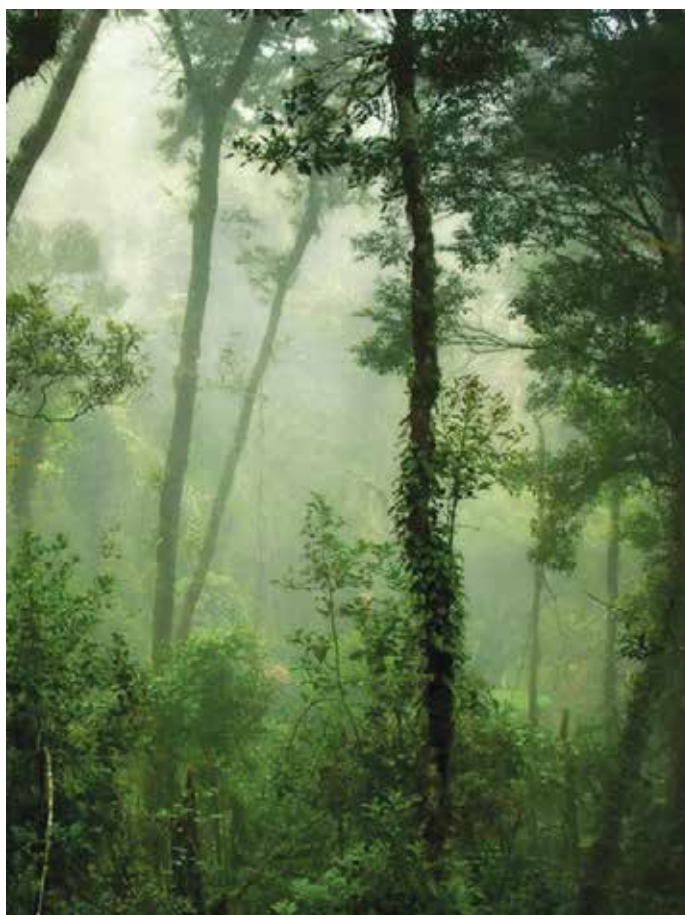
Consumer:

The company is certified for Food Safety Management system-ISO 22000:2005. The company has established stringent quality control measures right from the milk collection level at village to the consumers at urban level. The various screening measures include screening checks for adulteration like urea, sugar, salt, oil and detergent are being conducted before packing milk. Company's R&D has already developed many value added dairy products considering the consumers' demand for various dairy variants. Innovations in the packaging to match with the consumer convenience such as ESL is part of our product responsibility..



Environment:

Dodla Dairy Limited has received ISO 50001:2011 Energy Management System certification by TÜV SÜD South Asia. Dodla is the first dairy company in India which got this certification in Energy Conservation. This certification is an outcome of company's initiatives to introduce process driven alterations in the systems in order to improve energy efficiency, use and consumption, save costs, cut greenhouse gas emissions. This initiative has further helped the company to consolidate its leadership position by means of innovative utilization of funds to improve upon their product offering and consumer outreach.



Board of Directors



D. Sessa Reddy
Chairman

- o 40 years of experience across diverse industries such as paper, construction, software and castings.
- o Also serves on the Board of a listed company, Nelcast.
- o Highly active in CSR activities in the fields of rural education etc. B.A., Osmania University



Deepak Mallik
Director

- o 20 years of experience in the food and Agri industry Managing Director at Proterra Investment Advisors
- o Joined Cargill in 1995 and managed corporate strategies and M&A within petroleum and agro industries
- o M.B.A., Cornell University; M.A. Economics, Delhi School of Economics ; B.A., Economics, Delhi University



P. Divya
Independent Director

- o Managing Director of NC Energy Limited
- o Also serves on the Board of a listed company, Nelcast
- o Started her career as an Analyst in Deutsche Bank
- o M.S., Networked Information Systems, Stevens Institute of Technology, USA; B.E. (Hons.), Computer Engineering.



D. Sunil Reddy
Managing Director

- o 25 years of experience in the dairy industry
- o Member of YPO (Young Presidents Organization) Hyderabad, CII Hyderabad, FAPCCI (Federation of AP Chamber of Commerce & Industry) and EFSI (Employers Federation of South India)
- o B.E., Industrial Engineering, Mangalore University



Jim Sayre
Director

- o Founding Partner, Proterra Investment Advisors
- o Co-heads Black River CPF Food Fund & Black River Food Fund 2
- o Previously associated with Black River Asset Management, Cargill Ventures and Deloitte Consulting
- o Also held a position with the US Department of Agriculture M.B.A., Harvard Business School; B.A., University of California.



Kishore Mirchandani
Independent Director

- o 25 years of experience in finance & accounting
- o Founded Outsource Partners in 2001 which was subsequently sold to EXL Services Holdings in 2011
- o Holds several board positions including at Comply `Global (Singapore), Fareportal Inc., Essar Steel Algoma, etc.
- o C.A.; C.P.A.; B.S., Industrial Chemistry, City University, London

Executive Management Team



D. Sunil Reddy
Managing Director

Responsibilities: Provides the strategic direction to the Company

Experience: 25 years of experience in the dairy industry

Education/Qualification: B.E., Industrial Engineering, Mangalore University



B.V.K. Reddy
Chief Executive Officer

Responsibilities: Leads the management team in all aspects of Company's operations

Joined Dodla Dairy in 1997

Experience: 30 years of experience in the dairy industry

Previously associated with Amul Dairy and Premier Industries

Education/Qualification: B.Tech., Dairy Technology, Osmania University

Attended management and global leadership programs at Cornell University & Indian School of Business

Member of IDA, CII & EFSI



Hemanth Kundavaram
Financial Controller

Responsibilities: Responsible for the corporate finance and planning activities of the Company

Joined Dodla Dairy in 2015

Experience: 14 years of experience in finance & accounts, due diligence, risk advisory, SEZ compliance, corporate funding, M&As etc.

Previously associated with Saint Gobain, Rockwell Collins, Thomson Reuters, IBM and Ford

Education/Qualification: Chartered Accountant
M.B.A., Periyar University



Ramani Thyagarajan
Head - Milk sales

Responsibilities: Functional head of sales & marketing for the milk division. Also responsible for establishment of direct retail points

Joined Dodla Dairy in 2013

Experience: 32 years of experience in FMCG industry

Previously associated with Union Carbide (Eveready), BPL and DS Group

Education/Qualification: PGDBM, Calcutta University

B.Sc., Calcutta University



T. Rama Krishnan
Head - Marketing

Responsibilities: Responsible for expansion of product sales across India

Joined Dodla Dairy in 2005

Experience: 30 years of experience in sales and marketing of FMCG Products

Previously associated with HLL and Emami

Education/Qualification: B.Com



D. Prabhakar Reddy
Head - Production

Responsibilities: Responsible for plant operation, implementation of production budget and optimizing resource utilization

Joined Dodla Dairy in 2005

Experience: 34 years of experience in dairy industry

Previously associated with Vijaya Dairy (Andhra Pradesh Cooperative Society) and Vashinavi Dairy

Education/Qualification: IDD from NDRI, Bangalore



S. David Raj
Head Materials

Responsibilities: Responsible for implementing standards for materials purchase and inventory controls

Joined Dodla Dairy in 2000

Experience: 34 years of experience in handling inventory and purchase management functions

Previously associated with Amul Dairy and Heritage Foods

Education/Qualification: PG Diploma, Material Management

B.A., Economics



V.S.R. Krishna Reddy
Head - Milk Procurement

Responsibilities: Instrumental in building the milk procurement activities

Played a vital role in establishing direct collection centers at the village level. Joined Dodla Dairy in 2012

Experience: 38 years of experience in the field of procurement of milk and animal husbandry activities

Previously associated with National Dairy Development Board (NDDB)

Education/Qualification: B.Com., Acharya Nagarjuna University



Sebastian Joseph
Head - Quality Assurance

Responsibilities: Responsible for quality assurance of milk, products & packaging materials

Responsible for implementation of ISO systems such as ISO 22000 & 50001

Joined Dodla Dairy in 2010

Experience: 28 years of experience in quality assurance and project management functions

Previously associated with National Dairy Development Board (NDDB)

Education/Qualification: M.Tech., IIT Kharagpur

Certified Energy Manager from Bureau of Energy Efficiency (BEE)



A.M.S. Reddy
Head - HR & Administration

Responsibilities: Responsible for acquiring talent pool, developing value based culture

Also handles statutory compliance, legal affairs and public relations

Joined Dodla Dairy in 2006

Experience: 24 years of experience in HR, statutory compliance, administration and legal affairs

Life member of NHRD, Hyderabad chapter, CII, FAPCCI & EFSI

Education/Qualification: M.B.A., Dr. B.R.Ambedkar University

PGDM, HR, Pondicherry University

PGDM, IR, Sri Venkateswara University

L.L.B., Sri Venkateswara University

NOTICE

Notice is hereby given that the **21st Annual General Meeting** of Members of the Company will be held on Thursday, 22 September 2016 at 11 A.M., at the registered office of the Company at 8-2-696, Road No. 12, Banjara Hills, Hyderabad – 500 003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the reports of the Board of Directors and the Auditors thereon.
- 1 (b) The audited Consolidated Financial Statements of the company for the financial year ended 31 March 2016 together with the reports of the Auditors thereon.
2. To appoint a director in place of Mr D. Sunil Reddy (holding DIN 00794889) who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Company hereby ratifies the appointment of M/s. B S R & Associates LLP, Chartered Accountants, Hyderabad, (Firm Registration No. 116231W/ W100024) M/s. A. Ramachandra Rao & Co., Chartered Accountants (Firm Registration No.002857S) as Joint Statutory Auditors of the Company to hold office until the conclusion of the 22nd Annual General Meeting to be held in the Financial year 2016-17, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, as may be mutually agreed between the board of directors of the company and the auditors.”

By Order of the Board

Sd/-

Place: Hyderabad

Ruchita Malpani

Date: 10 August 2016

Company Secretary

Notes:

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

Members are requested to:

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

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

SAVE PAPER . . . SAVE TREES . . .

Form No. MGT-11

Proxy form

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

CIN :

Name of the Company :

Registered Office :

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

I/We, being the member(s) of _____ 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/Extra-Ordinary General Meeting to be held on _____ at the _____ of the Company at _____ and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1.

2.

Signed thisday of 2016

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.

DIRECTOR'S REPORT

Dear Members,

Your Directors take the pleasure in presenting the 21st Annual report on the affairs of the Company for the financial year 2015-16 together with the Audited Financial Statements and the report of the Auditors thereon.

FINANCIAL RESULTS AND OPERATIONS

The Company's performance during the year ended 31 March 2016 as compared to the previous year is summarized below:

(₹ In Lakhs)

PARTICULARS	YEAR ENDED 31 ST MARCH 2016	YEAR ENDED 31 ST MARCH 2015
Income from Operations	1,18,237.57	1,01,842.42
Other Income	5,59.00	616.03
Total Income	1,18,796.58	1,02,458.45
Cost of Material Consumed	87,884.03	92,295.35
Finance Costs	1,217.75	755.81
Depreciation	1,587.16	1,272.37
Profit before Tax	7,405.72	1,559.01
Profit / Loss after Tax	3,557.55	1,533.60

EXTRACT OF THE ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form MGT 9 is appended to this report as **Annexure V**.

MEETINGS OF BOARD OF DIRECTORS

The Board has met Eight (8) times during the financial year i.e., on 15 May 2015, 3 July 2015, 20 August 2015, 7 September 2015, 30 October 2015, 17 December 2015, 22 February 2016, 28 March 2016. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013

DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance of Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had 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 as at 31 March 2016 and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis; and
- the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

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

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

Meetings of Independent Directors

The independent directors met once in the financial year under review i.e., on 31 March 2016 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.

COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

Evaluation of all Board members is done on an annual basis. The evaluation is done by the Board, Nomination and Remuneration committee and Independent Directors with specific focus on the performance and effective functioning of the Board and individual Directors.

Mechanism for evaluation of board

Evaluation of all Board members is done on an annual basis. The evaluation is done by the Board, Nomination and Remuneration committee and Independent Directors with specific focus on the performance and effective functioning of the Board and individual Directors.

Criteria for evaluation of Board of Directors as a whole

- The frequency of meetings;
- The length of meetings;
- The administration of meeting;
- The number of committees and their notes;
- The flow of information to board members and between board members
- The quality and quantity of information; and
- The disclosure of information to the stakeholders

Criteria for evaluation of the Individual Directors

- Ability to contribute and monitor corporate governance practices;
- Ability to contribute by introducing best practices to address top management issues;
- Participation in long term strategic planning;
- Commitment to the fulfilment of director obligations and fiduciary responsibilities;
- Guiding strategy;
- Monitoring management performance and development;
- Statutory compliance & Corporate governance;
- Attendance and contribution at Board/Committee meetings;
- Time spent by each of the member; and
- Core competencies

Nomination and Remuneration Policy

The objectives of the Policy

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.
- To carry out evaluation of the performance of Directors,
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

A detail policy is available on the website of the Company.

EXPLANATION OR COMMENTS BY BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE

- I. By the Statutory Auditor in his report :
 - i. Delay in statutory payments

S. No	Name of the statute	Nature of the dues	Amount in ₹ (excluding interest)	Period to which the amount relates	Due date	Paid subsequent to the year end
a	Tamil Nadu Value Added Tax Act, 2006	Sales tax	2,609,230	July 2012 to November 2012	20th of the subsequent month	Not paid till date

S. No	Name of the statute	Nature of the dues	Amount in Rs* (Paid under protest)	Period to which the amount relates	Forum where the dispute is pending
b	Income-tax Act, 1961	Income tax and interest thereon	1,683,215 (689,893)	Assessment year 2008 - 2009	Deputy Commissioner of Income Tax Hyderabad Circle 1(2)
c	Income-tax Act, 1961	Income tax and interest thereon	30,367,280 (30,322,382)	Assessment year 2012 – 2013	Commissioner of Income Tax (Appeals) V
d	Customs Act, 1962	Custom duty	2,901,295	Financial year 2015-16	Additional Commissioner of Customs (Imports)

Explanation / Comments by the Board

- a. The sales tax department had not called for the assessment for the year 2012-13. The demand for the same shall be nullified accordingly.
- b. The company had filed rectification form u/s 154 of Income Tax Act, 1961 before deputy commissioner of Income Tax. The Company is waiting for further response from the department.
- c. The Company has received demand u/s 143(3) of Income Tax Act, 1961 for ₹ 3 Crore against which the company had filed appeal against said order before CIT V, Hyderabad. The Company has remitted the said amount in the

month of November 2015. The Company has submitted returns with H'ble CIT and the Company is waiting for the final order to which a favourable order is expected.

- d. In Financial year 2015-16 the Company has imported packing machine from China and while importing it was wrongly grouped under Dairy machinery hence the CVD paid was Nil, against which the customs department has issued show cause notice u/s 124 read with Sec. 128 of customs Act, 1962 for payment of CVD @ 12.5% against which the Company has filed a written submission before Additional commissioner of customs (Import I), Mumbai for payment of 6% CVD. We are expecting a favourable order.

II. By Company Secretary in Practice in Secretarial Audit report :

- a. During the financial year 2015-16 the actual CSR amount was spent ₹ 8,35,308/- (comprise of ₹ 7,24,308/- and advance of ₹ 1,11,000/-) as against the budgeted amount of ₹ 66,44,960/- (2% of Average net profit).
- b. The company passed the Special Resolution at its EGM held on 6 July 2015, for approval of Loan amount of ₹ 1.25 Crores to Mr D Sunil Reddy MD and Loan Policy to employees including MD/WTd, for which the company has not filed MGT-14 under Section 117. However the company has filed Compounding application with the Central Government on 17 June 2016 for Condonation, the company yet to receive the Order.
- c. The Company has not obtained the Labour Licence of its registered office under the provisions of AP Shops and Establishments Act, 1988

Explanation or comments by the Board

- a. The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. Hence the Company was in process of identifying the areas where the CSR funds can be spent by the Company. For the above stated reason, during the year, the Company's spend on the CSR activities has been ₹ 7,24,308 against the budgeted amount of ₹ 75,00,000.

The Company has identified the sector i.e., Rural development projects (Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects) where the funds can be spent and accordingly the draft policy was approved by the Board in the financial year 2015 -16. The CSR activities are scalable which coupled with new initiatives that are considered in future, moving forward the Company will endeavour to spend on CSR activities in accordance with the prescribed limits.

- b. The violation of Section 117(1) for filing e-form MGT 14 with ROC is neither wilful nor with malafide intention and it was merely due to inadvertence. Since the Company has come to the knowledge of such non-filing, the Company had suo-moto filed Compounding application with the Central Government on 17 June 2016 for condonation of same. The company is yet to receive the Order.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The company has duly complied with the provisions of section 186 of the Companies Act, 2013 and the relevant information is furnished below:

Particulars	Amount in INR
Secured loans :	
Long Term Borrowings	32,37,91,450
Short Term Borrowings	60,72,67,070
Unsecured loans	10,00,00,000
Current Investments	60,97,91,158
Non-current Investments	32,66,69,630
Guarantees	Nil
Securities extended: Charge on current assets and fixed assets of the company including investments held in mutual funds.	

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of Contracts or Arrangements made with related parties pursuant to Section 188 during the year is appended to this Report as Annexure IV

REVIEW OF OPERATIONS AND STATE OF AFFAIRS

During the year the company has made an income of ₹ 1,18,237.57 Lakhs from its business operations compared to previous year income of ₹ 1,01,842.42 Lakhs with a corresponding Profit after tax of ₹ 3,557.55 Lakhs as compared to previous year of ₹ 1,533.60 Lakhs. Overall business operations of the company are satisfactory.

TRANSFER TO RESERVES

The Company has not proposed to transfer any amount to the general reserve out of the amount available for appropriation.

DIVIDEND

Your Directors have not recommended any dividend for the financial year 2015-16.

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

There are no material changes and commitments affecting financial position of the company between 31 March 2016 and the date of Board's Report. Except the following

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 Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is appended to this Report as **Annexure II**.

RISK MANAGEMENT POLICY

The Company has adopted the following measures concerning the development and implementation of a Risk Management Policy after identifying the following elements of risks which in the opinion of the Board may threaten the very existence of the Company itself.

- a. To ensure there is an embedded, robust process in place throughout the Company to identify, assess, mitigate and report business risks with clear lines of ownership.
- b. To drive and co-ordinate risk management process covering all areas of risk (including operational, strategic, financial, commercial, regulatory, reputational etc.), through an appropriate business risk management organization.
- c. To ensure that the business risk strategy and management processes comply with applicable regulatory requirements and corporate governance principles.
- d. To monitor external developments in the business environment which may have an adverse impact on Company's risk profile, and make recommendations, as appropriate.
- e. To periodically monitor and review Company's key business risks and risk mitigation plans, and advise the Board of business risks which could materially impact Company's delivery of its business plans, strategy, and reputation, if left untreated.

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

A detail policy is available on the website of the Company

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There are no such changes occurred in the nature of business during the financial year under review

CHANGE IN THE DIRECTORS OR KEY MANAGERIAL PERSONNEL

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

Appointments

No Directors were appointed on the Board of the Company during the year under review and as on the date of this report.

The Board of Directors of the Company appointed Ms Ruchita Malpani, as Company Secretary of the company with effect from 1 April 2016 in order to comply with provisions of Section 203 of the Companies Act, 2013

Resignations

None of the Directors or KMPs resigned from the Company during the year under review and as on the date of this report.

Composition of the Board:

Mr Dodla Sesha Reddy	Chairman
Mr Dodla Sunil Reddy	Managing Director
Mr James David Sayre	Director
Mr Deepak Mallik	Director
Mr Kishore Mirchandani	Independent Director
Ms Ponnnavolu Divya	Independent Director

Appointment by Rotation

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company Mr Dodla Sunil Reddy, Director of the Company will retire by rotation at this meeting and being eligible, your Board recommends his reappointment.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES (Form AOC-1 is appended to this report as Annexure VI)

Dodla Holdings Pte. Limited (Wholly-owned Subsidiary)	
Particulars	As on 31 March 2016 (USD)
Revenue	--
Cost of Sales	--
Gross Profit	--
Other Income	161,422
Other Operating Expenses	80,446
Finance Costs	--
Loss before taxation	80,446
Taxation	--
Loss After Tax	80,446

Lakeside Dairy Limited (Step Down Subsidiary)	
Particulars	As on 31 March 2016 (Ush'000)
Revenue	96,36,951
Other Income	6,308
Operating Expenses	(25,25,933)
Finance Costs	(24,45,373)
Profit/Loss Before Tax	(24,34,769)
Taxation	6,91,977
Profit/Loss After Tax	(17,42,792)

Global Vetmed Concepts India Private Limited (Associate Company)	
Particulars	As on 31 March 2016 (INR)
Income from Operations	83,14,935
Other Income	2,452
Total Income	83,17,388
Cost of Material Consumed	5,77,077
Depreciation	31,11,558
Profit / Loss after Tax	6,04,924

NAMES OF THE SUBSIDIARIES WHICH HAVE BEEN LIQUIDATED OR SOLD DURING THE YEAR

Dodla Milk Processing Plc - Ethiopia

During the previous year 2014-15, the Board of directors has decided to wind up the entity since it does not intend to pursue the business opportunities in Ethiopia and it stands dissolved on 11 November 2015. Subsequently, the Company has initiated process of settling the dues and repatriating the funds to India and has received ₹ 13,404,535, which is deposited in Nostro account with Authorised dealer. The Company is required to obtain approval from Reserve Bank of India ('RBI') to utilise these funds.

Accordingly, the Company has made necessary application with RBI, who in turn has issued a letter to the Authorised Dealer seeking certain clarifications. Presently, the Authorised Dealer and the Company are in the process of providing clarification to the RBI.

DETAILS RELATING TO DEPOSITS, COVERING THE FOLLOWING

During the year under review, your Company has neither invited nor accepted any deposits from the Public / Members.

- (a) Accepted during the year: Nil
- (b) Remained unpaid or unclaimed as at the end of the year: Nil
- (c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:
 - i. at the beginning of the year : Nil
 - ii. Maximum during the year: Nil
 - iii. at the end of the year : Nil

DETAILS OF DEPOSITS WHICH ARE NOT IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER V OF THE ACT

NIL

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS, COURTS, TRIBUNALS IMPACTING GOING CONCERN STATUS OR OPERATIONS IN FUTURE

The Company has not received any significant/ material orders from the statutory regulatory bodies/ courts/ tribunals which effect the operations/ status of the Company.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company is well equipped with adequate internal financial controls. The Company has a continuous monitoring mechanism which enables the organisation to maintain with the same standard of the control systems and helps them in managing any default on timely basis because of strong reporting mechanisms followed by the company. The internal financial controls with reference to the Financial Statements, including monthly management reviews apart from statutory audit, internal audit and Standard Operating Procedures for all processes are adequate to the size and operations of the Company.

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

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the Financial Year 2015-16, the Company has received 1 complaint of sexual harassment, out of which 1 complaint have been disposed off by taking appropriate actions.

VIGIL MECHANISM

A Vigil Mechanism for Directors and Employees to report genuine concerns has been established by the Board along with the Whistle Blower Policy. The Company has also provided adequate safeguards against victimization of employees and Directors who expressed their concerns

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

It is informed that M/s. B S R & Associates LLP., and M/s. A. Ramachandra Rao & Co, the Joint Statutory Auditors of the company, retire at the ensuing Annual General Meeting and, being eligible; offer themselves for reappointment for the financial year 2016-17 for auditing the books of Accounts subject to ratification by members at its AGM. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Accordingly it is proposed to reappoint M/s B S R & Associates LLP., and M/s. A. Ramachandra Rao & Co, the Joint Statutory Auditors of the company. The Board recommends their reappointment.

Secretarial Auditors

Mrs M. Sridevi, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The secretarial audit report for Financial Year 2015-16 is appended to this Report as **Annexure I**.

COMMITTEES OF THE BOARD

Currently, the Board has 3 (Three) Committees: the Audit Committee, the Nomination and Remuneration Committee and the CSR Committee. The composition of the committees and compliances, as per the applicable provisions of the Act and Rules, are as follows:

a. Audit Committee

Composition of the committee:

Mr Kishore Mirchandani	Chairman
Mr Dodla Sunil Reddy	Member
Ms Ponnayolu Divya	Member

Meetings:

The Committee had met Two (2) times i.e., on 19 August 2015, 16 December 2015 during the financial year under review.

Highlights of duties, responsibilities & activities

- All recommendations made by the audit committee during the year were accepted by the Board.
- The Company has adopted the Vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's Code of Conduct and Ethics.
- The Company has developed and implemented a risk management framework that includes identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The purpose is to assist the Board in fulfilling its corporate governance with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks efficiently and effectively

b. Nomination and Remuneration committee

Composition of the committee:

Mr James Sayre	Chairman
Mr Dodla Seshu Reddy	Member
Mr Kishore Mirchandani	Member
Ms Ponnayolu Divya	Member

Meetings:

The Committee had met Four (4) times i.e., on 19 August 2015, 7 September 2015, 16 December 2015, 28 March 2016 during the financial year under review.

Highlights of duties, responsibilities & activities:

- The committee oversees and administers executive compensation, operating under a written charter.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

c. Corporate Social Responsibility (CSR) Committee

Composition of the committee:

Mr Dodla Seshu Reddy	Chairman
Mr Deepak Malik	Member
Mr Kishore Mirchandani	Member
Ms Ponnayolu Divya	Member

Meetings:

The Committee had met two (2) times i.e., on 19 August 2015, 16 December 2015 during the financial year under review.

Highlights of duties, responsibilities & activities:

- The Committee annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board if any.
- The Committee ensures that the Company is taking the appropriate measures to undertake and implement CSR projects successfully and monitor the CSR Policy from time to time.

- The Committee identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.
- The Committee coordinate with outside agency for implementing programs and executing initiatives as per CSR policy and review the performance of agency periodically.
- The Committee delegate's authority to subcommittees formed as CSR Sub-Committee.
- The Committee reports to the Board about the progress of various initiatives and make appropriate disclosures on a periodic basis.

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.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : Hyderabad
Date : 10 August 2016

Sd/-
D. Sesa Reddy
Chairman

ANNEXURE INDEX

ANNEXURE NUMBER	DETAILS OF THE ANNEXURE
I	Secretarial Audit Report
II	Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo
III	Annual Report on Corporate Social Responsibility
IV	AOC 2 – Related Party Transactions disclosure
V	Annual Return Extracts in MGT-9
VI	AOC 1 - Statement containing salient features of the financial statement of subsidiaries, associate companies, joint ventures

ANNEXURE I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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
8-2-696, Road # 12
Banjara Hills
Hyderabad- 500 003

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **Dodla Dairy Limited** (hereinafter called the company) bearing **CIN: U15209AP1995PLC020324**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s. **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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2016** 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. **Dodla Dairy Limited** ("the Company"), an **Unlisted Public Company** for the financial year ended on **31st March, 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) Other laws applicable to the company as provided by the management as mentioned below:
 - Employees State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950; Employees
 - Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Funds Scheme, 1952;
 - Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
 - Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
 - Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
 - Factories Act, 1948 and the rules made thereunder;
 - A.P.Shops and Establishment Act, 1988 and various respective State laws;

- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Environment Protection Act, 1986
- Public Liability Insurance Act, 1991
- Indian Boilers Act, 1923
- Explosives Act, 1884
- Legal Metrology
- Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production Supply and Distribution) Act, 1992
- Livestock Importation Act, 1898
- Agricultural Produce (Grading and Marketing) Act, 1937
- Bureau of Indian Standards (BIS) Act, 1986
- Export of Milk Products (Quality Control, Inspection and Monitoring) Rules 2000

I 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 2015-16 the actual CSR amount was spent ₹ 8,35,308/- (comprise of ₹ 7,24,308/- and advance of ₹ 1,11,000/-) as against the budgeted amount of Rs 66,44,960/- (2% of Average net profit).***
2. ***The Company passed the Special Resolution at its EGM held on 6th July, 2015, for approval of Loan amount of ₹ 1.25 Crores to Mr. D Sunil Reddy MD and Loan Policy to employees including MD/WTG, for which the company has not filed MGT-14 under Section 117 of the Act. However the company has filed the Compounding application with the Central Government on 17th June, 2016 for Condonation, the company yet to receive the Order.***
3. ***The Company has not obtained the Labour Licence of its registered office under the provisions of AP Shops and Establishments Act, 1988.***

I 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.

I 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.

I 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.

Sd/-

SRIDEVI MADATI
Practicing Company Secretary
M.No.: F6476
CP No.: 11694

Place: Hyderabad
Dated: 10-08-2016

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. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, I 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.

Sd/-

SRIDEVI MADATI
Practicing Company Secretary
M.No.: F6476
CP No.: 11694

Place: Hyderabad
Dated: 10-08-2016

ANNEXURE II

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and outgo etc.,

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy:

- (i) the steps taken or impact on conservation of energy : NA
- (ii) the steps taken by the company for utilising alternate sources of energy : NA
- (iii) the capital investment on energy conservation equipment's : NA

(B) Technology absorption:

- (i) the efforts made towards technology absorption : NA
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution : NA
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : NA
 - a) the details of technology imported;
 - b) the year of import;
 - c) whether the technology been fully absorbed;
 - d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;

- (iv) the expenditure incurred on Research and Development : NA

Expenditure on R & D

S. No	Particulars	2015-16	2014-15
1	Capital	Nil	Nil
2	Recurring	Nil	Nil
3	Total	Nil	Nil
4	Total R&D expenditure as a percentage of total turnover	Nil	Nil

(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:

Foreign Exchange Earnings and Outgo

	Current Year	Previous Year
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	36,91,727	16,10,077

ANNEXURE III

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

Mr Dodla Sessa Reddy	Chairman
Mr Deepak Malik	Member
Mr Kishore Mirchandani	Member
Ms Ponnnavolu Divya	Member

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

Financial Year	Amount in ₹
2012-13	46,58,60,163
2013-14	37,49,82,785
2014-15	15,59,01,109
Total	99,67,44,057
Average	33,22,48,019
2% of Net Profit	66,44,960

4. Prescribed CSR Expenditure: ₹ 66,44,960/-

5. Details Of CSR Spent During The Financial Year

- Total amount to be spent for the financial year: ₹ 66,44,960/-
- Amount unspent, if any: ₹ 59,20,652/-
- 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	Chittoor and Nellore district of the State of Andhra Pradesh
4	Amount outlay (budget) project or programs wise	₹ 75,00,000 To develop Zilla parishad school in Mahmuddapuram, Nellore District.

5	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	₹ 7,24,308 Nil
6	Cumulative expenditure up to the reporting period	₹ 7,24,308
7	Amount spent: Direct or through implementing agency	Direct

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

The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community.

Hence the Company was in process of identifying the areas where the CSR funds can be spent by the Company. For the above stated reason, during the year, the Company's spend on the CSR activities has been ₹ 7,24,308 against the budgeted amount of ₹ 75,00,000.

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

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

(DODLA SUNIL REDDY)
Managing Director
DIN: 00794889

(DODLA SESA REDDY)
Chairman CSR Committee
DIN: 00739535

ANNEXURE IV

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

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

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

There were contracts or arrangements or transactions entered in to during the year ended March 31, 2016, which were not at arm's length basis

Details of material contracts or arrangement or transactions not at arm's length basis

Name of the Related Party	Nature of Relationship	Salient Terms	Amount in ₹
Dodla Dairy, Vinjumur	Enterprise over which KMP have significant influence	Lease Rent paid	12,00,000
Surekha Milk Chilling Centre	Enterprise over which KMP have significant influence	Lease Rent paid	9,00,000
Global Vetmed Concept Private Limited ('GVC')	Enterprise over which KMP have significant influence	Revenue Sharing	83,11,435
D Sessa Reddy	Relative of KMP	Consultancy Fees	36,00,000

2. Details of contracts or arrangements or transactions at arm's length basis : NIL

(DODLA SSHA REDDY)

Chairman

DIN: 00520448

(DODLA SUNIL REDDY)

Managing Director

DIN: 00794889

ANNEXURE- V

EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.3.2016
[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	U15209AP1995PLC020324
ii.	Registration date	020324
iii.	Name of the Company	Dodla Dairy Limited
iv.	Category / Sub-Category	Company Limited by Shares / Indian Non-Government Company
v.	Address of the Registered office and contact details	8-2-696, Road No. 12, Banjara Hills, Hyderabad - – 500 034, Telangana India; Tel No.: 040-45467777
vi.	Whether listed Company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Karvy Registry House, 8-2-596, St. No. 1, Banjara Hills, Hyderabad - 500 034, Telangana, India ; Tel: +91 40 2331 2454

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The following are the details

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	23,65,000	Nil	23,65,000	72.30	23,65,000	Nil	2,36,5000	72.30	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):-	23,65,000	Nil	23,65,000	72.30	23,65,000	Nil	23,65,000	72.30	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)	23,65,000	Nil	23,65,000	72.30	23,65,000	Nil	23,65,000	72.30	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	7,74,823	Nil	7,74,823	23.7	7,74,823	Nil	7,74,823	23.5	Nil
i) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	7,74,823	Nil	7,74,823	23.6	7,74,823	Nil	7,74,823	23.5	Nil

2. Non Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual shareholders holding nominal share capital excess of ₹ 1 lakh	1,35,000	Nil	1,35,000	4.1	1,35,000	Nil	1,35,000	4.1	Nil
c) Others									
Sub-total (B)(2):-	1,35,000	Nil	1,35,000	4.1	1,35,000	Nil	1,35,000	4.1	Nil
Total Public Shareholding(B) = (B) (1)+ (B)(2)	9,09,823	Nil	9,09,823	27.7	9,09,823	Nil	9,09,823	27.7	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	3,274,823	Nil	3,274,823	100.00	3,274,823	Nil	3,274,823	100.00	Nil

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	D. Sunil Reddy	8,32,124	25.40	0	8,32,124	25	0	NIL
2	D. Girija Reddy	8,22,120	25.10	0	8,22,120	0	0	NIL
3	D. Deepa Reddy	3,63,256	11.10	0	3,63,256	11	0	NIL
4	D. Sessa Reddy	10,001	0.40	0	10,001	0.3	0	NIL
5	D. Subba Reddy	3,37,499	10.30	0	3,37,499	10.30	0	NIL
	TOTAL	23,65,000	72.30	0	23,65,000	72.30	0	NIL

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		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
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus etc)				
	At the end of the year				

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

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd				
	At the beginning of the year	7,74,823	23.65%	7,74,823	23.65%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus etc)	-	-	-	-
	D. Padmavathamma				
	At the beginning of the year	1,35,000	4.1	1,35,000	4.1
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus etc)	-	-	-	-

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No	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
1.	D. Sunil Reddy				
	At the beginning of the year	8,32,124	25.40	8,32,124	25.40
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus etc)	-	-	-	-
	At the End of the year	8,32,124	25.40	8,32,124	25.40
2.	D. Sessa Reddy				
	At the beginning of the year	10,001	0.30	10,001	0.30
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus etc)	-	-	-	-
	At the End of the year	10,001	0.30	10,001	0.30

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans {In ₹}	Deposits	Total Indebtedness {In ₹}
Indebtedness at the beginning of the financial year.				
i) Principal Amount	1,26,27,02,956	0	0	1,26,27,02,956
ii) Interest due but not paid	0	0	0	
iii) Interest accrued but not due	35,18,271	0	0	35,18,271
Total (i+ii+iii)	1,26,62,21,227	0	0	1,26,62,21,227
Change in Indebtedness during the financial year				
Addition	0	10,00,00,000	0	10,00,00,000
Reduction	(26,89,07,732)	0	0	(26,89,07,732)
Net Change	(26,89,07,732)	10,00,00,000	0	
Indebtedness at the end of the financial year			-	
i) Principal Amount	99,19,33,303	10,00,00,000	0	1,09,19,33,303
ii) Interest due but not paid		0	0	0
iii) Interest accrued but not due	53,80,192	0	0	53,80,192
Total (i+ii+iii)	99,73,13,495	10,00,00,000	0	10,97,31,33,495

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
	Managing Director	Whole-time Director	Manager	
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,00,00,000	-	-	2,00,00,000
(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-	-	-
(c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	-	-	-	-
Stock option	-	-	-	-
Sweat Equity	-	-	-	-
Commission				
- as % of profits	-	-	-	-
- others	-	-	-	-
Others, Performance Incentive / Bonus	1,15,35,022	-	-	1,15,35,022
Total (A)	3,15,35,022	-	-	3,15,35,022
Ceiling as per the Act	Paid in accordance with Schedule V of the Act and rules made thereunder			

B. Remuneration to other Directors:

1. Independent Directors

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

2. Other Non-Executive Directors

Particulars of Remuneration	Name of Directors			Total Amount
	D. Sesha Reddy	Deepak Malik	James David Sayre	
Fee for attending board / committee meetings	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Others (Consultancy Fee)	36,00,000	Nil	Nil	Nil
Total (2)	36,00,000	Nil	Nil	36,00,000
Total (B)=(1+2)				54,00,000
Total Managerial Remuneration				
Overall Ceiling as per the Act				NA

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

Particulars of Remuneration	Key Managerial Personnel			Total
	CS	CEO	CFO	
Gross salary				
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1,56,24,000		
b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-		
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
Stock Option	No CS Appointed	-	No CFO Appointed	Nil
Sweat Equity		-		Nil
Commission				
- as % of profit		-		Nil
- others		-		-
Others, Performance Incentive		1,50,00,000		1,50,00,000
Total		30,624,000		Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act 2013	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	295*	Loans to person in which director is interested	20,000	CLB	Nil
	297*	entering into contract in which director is interested	30,000	CLB	Nil
	185	Loans to person in which director is interested	5,00,000	CLB	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	295*	Loans to person in which director is interested	50,000	CLB	Nil
	297*	entering into contract in which director is interested	85,000	CLB	Nil
	185	Loans to person in which director is interested	10,00,000	CLB	Nil
C. Other officers in default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

*Under Companies Act, 1956

(Dodla Sunil Reddy)
Managing Director
DIN: 00794889

(Ruchita Malpani)
Company Secretary
M.No: A32883

ANNEXURE VI

Form AOC-1

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

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

Part "A": Subsidiaries

Sl. No.	Particulars	Details	Details
1.	Name of the subsidiary Limited	Dodla Holdings Pte. Limited	Lakeside Dairy Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD 66.3329	USH 0.01965
4.	Share capital	55,00,000	20,00,000
5.	Reserves & surplus	-32,913	-17,42,792
6.	Total assets	51,65,186	1,67,24,001
7.	Total Liabilities	51,65,186	1,67,24,001
8.	Investments	7,64,899	0
9.	Turnover	0	25,30,229
10.	Profit before taxation	-80,446	-24,34,769
11.	Provision for taxation	0	6,91,977
12.	Profit after taxation	-17,42,792	-17,42,792
13.	Proposed Dividend	0	0
14.	% of shareholding	99.9%	0%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

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

Name of associates/Joint Ventures	Global Vetmed Concepts India Private Limited
1. Latest audited Balance Sheet Date	31 March 2016
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	3,866,923
Amount of Investment in Associates/Joint Venture	38,669,230
Extend of Holding%	48%
3. Description of how there is significant influence	--
4. Reason why the associate/joint venture is not consolidated	It is consolidated as an Associate
5. Net worth attributable to shareholding as per latest audited Balance Sheet	42544147
6. Profit/Loss for the year	(8,193,904)
i. Considered in Consolidation	Yes
ii. Not Considered in Consolidation	NA

- Names of associates or joint ventures which are yet to commence operations. NIL
- Names of associates or joint ventures which have been liquidated or sold during the year: **Dodla Milk Processing Plc – Ethiopia**
: Details of the above company forms part of Board Report

Independent Auditors' Report on the Standalone Financial Statements

TO THE MEMBERS OF DODLA DAIRY LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Dodla Dairy Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'standalone financial statements').

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

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

Opinion

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 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 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

- i. the Company has disclosed the impact of pending litigations as at 31 March 2016 on its financial position in its financial statements – Refer note 2.25 and 2.26(iii) of 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; and
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **A.Ramachandra Rao & Co.**
Chartered Accountants
Firm Registration No.: 002857S

P.S.R.V.V. Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 10 August 2016

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/ W100024

Vikash Somani
Partner
Membership No. 061272

Dodla Dairy Limited

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

The Annexure-A referred to in the Independent Auditors' Report of even date, on the Standalone Financial Statements, to the Members of Dodla Dairy Limited ('the Company') for the year ended 31 March 2016, we report that:

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year, except for certain assets which are in the possession of vendors. The Company has obtained confirmation of these assets from the vendors. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, all the fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 2.9 on fixed assets to the financial statements, are held in the name of the Company.
- (ii) The inventory, except goods-in-transit have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has granted loan to a party covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act'). The Company has not granted any loans, secured or unsecured, to any companies, firms or limited liability partnerships covered in the Register maintained under the Section 189 of the Act.
- (a) In respect of the aforesaid loan, the terms and conditions under which such loan was granted is not prejudicial to the Company's interest.
- (b) In respect of the aforesaid loan, the schedule of repayment of principal and payment of interest has been stipulated and the party is repaying the principal amounts, as stipulated, and is also regular in payment of interest as applicable.
- (c) In respect of the aforesaid loan, there is no amount which is overdue for more than ninety days.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of the loans and investments made. The Company has not provided any guarantees or security to the parties covered under Section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and the Rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable except as mentioned below:

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

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

Name of the statute	Nature of the dues	Amount in ₹*	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income tax and interest thereon	1,683,215 (689,893)	Assessment year 2008 - 2009	Deputy Commissioner of Income Tax Hyderabad Circle 1(2)
Income-tax Act, 1961	Income tax and interest thereon	30,367,280 (30,322,382)	Assessment year 2012 – 2013	Commissioner of Income Tax (Appeals) V
Customs Act, 1962	Custom duty	2,901,295	Financial year 2015-16	Additional Commissioner of Customs (Imports)

* The amounts in parenthesis represent the payment made under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers. The Company does not have any outstanding dues from any financial institution or government, nor has it issued any debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standard.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

for **A.Ramachandra Rao & Co.**
Chartered Accountants
Firm Registration No.: 002857S

P.S.R.V.V. Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 10 August 2016

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/ W100024

Vikash Somani
Partner
Membership No. 061272

Dodla Dairy Limited

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

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

We have audited the internal financial controls over financial reporting of Dodla Dairy Limited ('the Company') as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W/ W100024

Vikash Somani
Partner
Membership No. 061272

for **A.Ramachandra Rao & Co.**
Chartered Accountants
Firm Registration No.: 002857S

P.S.R.V.V. Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 10 August 2016

Balance Sheet

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

	Notes	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	32,748,230	32,748,230
Reserves and surplus	2.2	2,409,200,909	2,136,982,683
		2,441,949,139	2,169,730,913
Government grants		3,452,420	3,671,106
Non-current liabilities			
Long-term borrowings	2.3	323,791,450	80,924,133
Deferred tax liabilities, net	2.29	86,997,302	83,190,810
Long-term provisions	2.4	52,934,360	38,967,165
		463,723,112	203,082,108
Current liabilities			
Short-term borrowings	2.5	707,267,070	1,132,150,090
Trade payables	2.6		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		353,786,145	362,544,861
Other current liabilities	2.7	286,022,501	207,591,590
Short-term provisions	2.8	99,520,082	30,867,484
		1,446,595,798	1,733,154,025
TOTAL		4,355,720,469	4,109,638,152
ASSETS			
Non-current assets			
Fixed assets	2.9		
Tangible fixed assets		1,598,434,863	1,248,116,635
Intangible fixed assets		1,780,365	1,897,355
Capital work-in-progress		357,009,570	45,135,813
Non-current investments	2.10	340,074,165	274,112,630
Long-term loans and advances	2.11	407,854,266	293,812,750
		2,705,153,229	1,863,075,183
Current assets			
Current investments	2.12	609,791,158	572,230,228
Inventories	2.13	891,487,532	1,416,658,232
Trade receivables	2.14	5,074,599	11,516,398
Cash and bank balances	2.15	91,843,422	112,647,271
Short-term loans and advances	2.16	39,786,150	121,178,584
Other current assets	2.17	12,584,379	12,332,256
		1,650,567,240	2,246,562,969
TOTAL		4,355,720,469	4,109,638,152
Significant accounting policies	1		
Notes to the financial statements	2		

The notes referred to above form an integral part of the financial statements

As per our Report of even date attached

for **A. Ramachandra Rao & Co**
Chartered Accountants
Firm Registration No: 002857S

P.S.R.V.V.Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 10 August 2016

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

Vikash Somani
Partner
Membership No. 061272

for **Dodla Dairy Limited**
CIN: U15209AP1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

Place: Hyderabad
Date: 10 August 2016

D. Sunil Reddy
Managing Director
DIN: 00794889

Ruchita Malpani
Company Secretary

Statement of Profit and Loss

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

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations	2.18		
Sale of products		11,812,998,421	10,178,066,387
Sale of services		5,094,049	2,400,083
Other operating revenue		5,665,494	3,775,132
Total		11,823,757,964	10,184,241,602
Other income	2.19	55,900,857	61,603,427
Total revenue		11,879,658,821	10,245,845,029
Expenses			
Cost of materials consumed	2.20	8,788,403,426	9,229,535,424
Purchase of stock-in-trade		27,462,454	26,624,682
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.21	289,882,192	(883,352,251)
Employee benefits expense	2.22	456,854,390	334,094,784
Finance costs	2.23	121,775,515	75,581,078
Depreciation and amortisation	2.9	158,716,986	127,236,684
Add: Transfer from government grant		(218,686)	(218,686)
Other expenses	2.24	1,275,106,429	1,128,501,013
Provision for impairment on live stock	2.38	21,103,303	51,941,192
Total expenses		11,139,086,009	10,089,943,920
Profit before tax		740,572,812	155,901,109
Tax expense:			
- Current tax		242,253,006	48,898,329
- MAT Credit Entitlement		-	(41,212,710)
- Tax for earlier years	2.25	142,268,110	115,791
- Deferred tax (credit)/ charge		295,972	(5,259,928)
		384,817,088	2,541,482
Profit for the year		355,755,724	153,359,627
Earnings per equity share (par value of ₹ 10 per share) Basic & diluted	2.31	108.63	46.83
Significant accounting policies	1		
Notes to the financial statements	2		

The notes referred to above form an integral part of the financial statements

As per our Report of even date attached

for **A. Ramachandra Rao & Co**
Chartered Accountants
Firm Registration No: 002857S

P.S.R.V.V.Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 10 August 2016

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

Vikash Somani
Partner
Membership No. 061272

for **Dodla Dairy Limited**
CIN: U15209AP1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

Place: Hyderabad
Date: 10 August 2016

D. Sunil Reddy
Managing Director
DIN: 00794889

Ruchita Malpani
Company Secretary

Cash flow statement

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

	For the year ended 31 March 2016	For the year ended 31 March 2015
I. Cash flow from operating activities		
Profit before tax	740,572,812	155,901,109
Adjustments:		
Depreciation and amortisation	158,716,986	127,236,684
Transfer from Government grant	(218,686)	(218,686)
Interest income	(2,465,890)	(5,052,908)
Dividend income from investment in mutual funds	(23,033,478)	(29,491,069)
Net profit on sale of investments in mutual funds	(23,158,785)	(20,034,564)
Profit on sale of investments in associate	-	(552,486)
Net loss on sale/ retirement of fixed assets	4,123,221	1,008,920
Provision for impairment on live stock	21,103,303	51,941,192
Provision for diminution in the value of investment in mutual funds	(532,994)	1,110,974
Provision for doubtful advances	(38,023,719)	-
Provision for other than temporary diminution in the value of non-current investment	38,669,230	-
Interest expenses	121,775,515	75,581,078
Unrealised foreign exchange loss	3,731,471	1,644,682
Operating cash flows before working capital changes	1,001,258,986	359,074,926
Decrease/ (increase) in trade receivables	6,441,798	(5,025,763)
Decrease/ (increase) in inventories	525,170,700	(934,174,647)
Decrease in loans and advances	41,679,228	23,354,636
Increase in liabilities and provisions	68,007,193	153,306,919
Cash generated from/ (used in) operations	1,642,557,905	(403,463,929)
Income taxes paid, net of refunds	(335,999,158)	(15,563,495)
Net cash generated from/ (used in) operating activities (A)	1,306,558,747	(419,027,423)
II. Cash flows from investing activities		
Purchase of fixed assets, change in capital work-in-progress, and capital advances	(901,339,563)	(502,934,291)
Proceeds from sale of fixed assets	303,534	951,829
Investment in subsidiary	(65,961,535)	(274,112,630)
Investment in associate	(17,669,230)	-
Proceeds from sale of investment in associate	-	2,180,904
Investment in mutual funds	(346,197,429)	(934,491,235)
Redemption of mutual fund	332,328,277	1,283,516,793
Refund of share application money pending allotment - Dodla Milk Processing Plc - Ethiopia	12,435,758	-
Redemption of inter corporate deposit	-	55,000,000
Deposits matured/ (placed) (having original maturity of more than 3 months)	2,405,000	(2,405,000)

	For the year ended 31 March 2016	For the year ended 31 March 2015
Dividend received from investment in mutual funds	23,033,478	29,491,069
Interest received	2,319,944	7,684,002
Net cash used in investing activities (B)	(958,341,766)	(335,118,559)
III. Cash flow from financing activities		
Receipt of long term borrowings from banks	300,000,000	-
Repayment of long term borrowing to banks	(49,628,733)	(230,495,833)
Payment of long term borrowing to other than banks	-	(603,191)
Dividend paid (including dividend distribution tax)	(98,537,498)	-
Receipt of government grant	15,000,000	-
(Repayment)/ receipt of short term borrowings, net	(424,883,020)	742,012,702
Interest paid	(108,566,579)	(74,635,287)
Net cash generated (used in)/ from financing activities (C)	(366,615,830)	436,278,391
Net decrease in cash and cash equivalents (A+B+C)	(18,398,849)	(317,867,590)
Cash and cash equivalents at the beginning of the year	110,242,271	428,109,861
Cash and cash equivalents at the end of the year (refer note 2.15)	91,843,422	110,242,271
Note:		
Components of cash and cash equivalents:		
	As at 31 March 2016	As at 31 March 2015
Cash on hand	12,795,057	12,391,305
Balances with banks		
- in current accounts	79,048,365	97,850,966
	91,843,422	110,242,271

The notes referred to above form an integral part of the standalone financial statements.

As per our Report of even date attached

for **A. Ramachandra Rao & Co**
Chartered Accountants
Firm Registration No: 002857S

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

for **Dodla Dairy Limited**
CIN: U15209AP1995PLC020324

P.S.R.V.V. Surya Rao
Partner
Membership No. 202367

Vikash Somani
Partner
Membership No. 061272

D. Sessa Reddy **D. Sunil Reddy**
Chairman Managing Director
DIN: 00520448 DIN: 00794889

Place: Hyderabad
Date: 10 August 2016

Place: Hyderabad
Date: 10 August 2016

1. Significant accounting policies

1.1 Company overview

Dodla Dairy Limited ('the Company') was incorporated on 15 May 1995. The Registered office of the Company is situated at 8-2-696, Road No.12, Banjara hills, Hyderabad. The Company is in the business of processing/ production of milk and production of milk products.

1.2 Basis of preparation of financial statements

The standalone financial statements of the Company have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and other pronouncements of the Institute of Chartered Accountants of India and the relevant provisions of the Act. These financial statements have been prepared and presented in Indian rupees.

1.3 Use of estimates

The preparation of standalone financial statements in conformity with Indian Generally Accepted Accounting Policies (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies, reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

1.4 Current and non-current classification

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

Assets

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

- it is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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

Liabilities

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

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

1.5 Fixed assets and depreciation

Fixed assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets comprises the purchase price, non-refundable taxes, duties, freight and other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

The cost of fixed assets acquired but not ready for their intended use before balance sheet date are disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are included in long-term loans and advances.

Depreciation

With effect from 1 April 2014, the Management has re-assessed and revised the estimated useful life of the tangible fixed assets as specified in Schedule II to the Companies Act, 2013. Depreciation on fixed assets is provided using the Straight Line Method ('SLM') over the useful life of assets estimated by the Company. 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 fixed assets has been provided at the rates based on the following useful lives of fixed assets as estimated by the Management:

Description*	Useful life in years
Laboratory equipment	3 years
Temporary Structures	1 year

*for this 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.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or otherwise disposed off.

Leasehold improvements are amortised over the primary period of the lease or estimated useful life of the asset, whichever is lower.

1.6 Intangible assets and amortisation

Acquired intangible assets are recorded at the consideration paid for acquisition.

Software is amortised on straight line basis over a period of three years.

1.7 Livestock

The Lactating cow (matured asset) purchased is initially recognised at the acquisition cost plus other costs (e.g. freight) required to bring it to the intended condition and location.

For the animals reared from conception (calf) and heifer, which are brought to maturity to make those animals productive, the cost comprises the following items:

- (i) The cost of calving;
- (ii) The cost of the fodder and cereals etc. that the calf or the young animal consumes till maturity; This will also include the cost of the milk that the calf is allowed to consume which otherwise would have been available for sale;
- (iii) A suitable share of the overheads comprising cost of water, supervision, maintenance of sheds and manure pits, medicines, veterinary surgeon's fees, etc. less sale proceeds or value of manure. The appropriate method of apportioning the overheads is allotment of appropriate weights to the various categories of animals in terms of their age.

Thus, the cost of a newborn calf is initially represented by (i) above and increases over the maturity period by the amounts stated in (ii) and (iii) above.

These costs are accumulated under capital work-in-progress till the calf matures and is ready for producing milk at which time the amount is recognised as livestock under tangible assets.

Where a calf is purchased and then reared, the cost comprise the purchase price, freight inwards and the costs listed at (ii) and (iii) above. If at the time of purchase, the animal has attained maturity, the purchase price plus freight is considered as its cost.

The initial cost of purchased heifer is the total of the purchase price and costs incurred to bring them to the location of use. Subsequently, the cost is increased by expenses mentioned at (ii) and (iii) above.

After purchase of lactating cow or after the calf/heifer reaches maturity, the subsequent costs (fodder, overheads, etc) of maintaining the cow are recognised as expense in the statement of profit and loss.

Depreciation

The strength or the earning capacity of the animal is higher in the initial years and remains constant for some time thereafter. Depreciation is commenced when animal achieves maturity and is charged on a straight line method over the estimated (balance) life of the animal which is estimated as 5 years. Disposal value at the end of the life is taken as nil because the carcass does not fetch anything substantial. Also, the removal of carcass does not usually involve significant cost.

When an animal dies, its carrying value is written off in the statement of profit or loss in the period in which such animal dies.

1.8 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments.

Non-current investments are carried at cost less, any other than temporary diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

Current investments are carried at the lower of cost and fair value.

1.9 Inventories

Inventories comprise of raw 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.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials, stock-in-trade and stores and spares are valued at weighted average cost method.

Work-in progress and finished goods are valued at material cost plus fixed production overheads allocated on the basis of normal capacity of production facilities.

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 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.

1.10 Government grants

Government grants are recognised only when it is reasonably certain that the Company will comply with the attached conditions and the ultimate collection is not in doubt.

Where the government grants are in the nature of promoter's contribution and no repayment is ordinarily expected in respect thereof, the grants are treated as Capital Reserve which can be neither distributed as dividend nor considered as deferred income.

Where the government grants relate to specific fixed assets, the grants are treated as deferred government grant and are recognised in the statement of profit and loss in proportion to the depreciation charge over the useful life of the asset.

1.11 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term

employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company contributes to the recognised provident fund which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which employees renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating 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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the statement of profit and loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

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, portion of the benefit is classified as a long-term employee benefit. Compensated absences, is accrued based on the actuarial valuation done as per projected unit credit method as at the balance sheet, carried out by an independent actuary.

1.12 Foreign exchange transactions

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

All monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

1.13 Foreign exchange transactions (continued)

Pursuant to ICAI Announcement “Accounting for derivatives” on the early adoption of Accounting Standard – 30 “Financial Instruments: Recognition and Measurement”, the Company has adopted the standard, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. Mark to market losses and gains on other derivative contracts are recognised in the statement of profit and loss.

1.14 Revenue recognition

Revenue from sale of goods in the ordinary course of activities is recognised on transfer of significant risks and rewards of the ownership to customers and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection.

The amount of revenue recognised is net of sales returns, trade discount and VAT, wherever applicable.

Income from conversion service is recognised on accrual basis and based on the terms and conditions of the relevant agreement.

Dividend income is recognised in the year in which the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

1.15 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset that

does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

1.16 Leases

Assets taken on lease where the Company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as other long-term liabilities. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

1.17 Income tax

Income tax comprises current tax, deferred tax and Minimum Alternate Tax (MAT) credit entitlement.

Current tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax:

Deferred tax charges or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount

that is reasonably / virtually certain (as the case may be) to be realised.

Minimum Alternate Tax (MAT)

MAT credit entitlement represents the amounts paid in a year under Section 115JB of the Income Tax Act, 1961 ('IT Act'), which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward for set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT credit receivable", in the balance sheet with a corresponding credit to the statement of profit and loss, as a separate line item.

Such assets are reviewed at each balance sheet date and written down to reflect the amount that will not be available as a credit to be set off in future, based on the applicable taxation law then in force.

1.18 Borrowing costs

Borrowing cost directly attributable to the acquisition/construction of the qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred in the statement of profit and loss.

1.19 Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares.

1.20 Provisions and contingencies

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the standalone financial statements.

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.21 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash in hand and balance in bank in current accounts and deposit accounts. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.22 Cash flow statement

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

Notes to the Standalone Financial Statements

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

2.1 Share capital	As at 31 March 2016	As at 31 March 2015
Authorised		
6,000,000 (previous year: 6,000,000) equity shares of ₹ 10 each	60,000,000	60,000,000
	60,000,000	60,000,000
Issued, subscribed & paid up share capital		
3,274,823 (previous year: 3,274,823) equity shares of ₹10 each fully paid up	32,748,230	32,748,230
	32,748,230	32,748,230

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	3,274,823	32,748,230	3,274,823	32,748,230
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,274,823	32,748,230	3,274,823	32,748,230

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

The Company has a single class of equity shares as at 31 March 2016 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, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by equity shareholders.

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

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	Number of shares	%	Number of shares	%
Mr. D. Sunil Reddy	832,124	25.41	832,124	25.41
Mrs. D. Girija Reddy	822,120	25.10	822,120	25.10
Mrs. D. Deepa Reddy	363,256	11.09	363,256	11.09
Mr. D. Subba Reddy	337,499	10.31	337,499	10.31
Black River Capital Partners Food Fund Holdings (Singapore) PTE LTD	774,823	23.66	774,823	23.66

Notes to the Standalone Financial Statements

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

2.2 Reserves and surplus	As at 31 March 2016	As at 31 March 2015
Capital reserve		
Balance at the beginning of the year	2,000,000	2,000,000
Add: Grant received from Ministry of Food Processing Industries*	15,000,000	-
Balance at the end of the year	17,000,000	2,000,000
Capital redemption reserve		
Balance at the beginning and end of the year	12,000,000	12,000,000
	12,000,000	12,000,000
Securities premium account		
Balance at the beginning and end of the year	1,092,251,770	1,092,251,770
	1,092,251,770	1,092,251,770
Surplus i.e. balance in statement of profit and loss		
Balance at the beginning of the year	1,030,730,913	877,371,286
Add: Profit for the year	355,755,724	153,359,627
	1,386,486,637	1,030,730,913
Appropriations		
Interim dividend on equity shares [₹ 25 per share (previous year: Nil per share)]#	81,870,575	-
Dividend distribution tax	16,666,923	-
Balance at the end of the year	1,287,949,139	1,030,730,913
	2,409,200,909	2,136,982,683

*Ministry of Food Processing Industries, Government of India (MOFPI) has sanctioned a grant of ₹ 60,000,000 under the scheme of 'Cold Chain, Value Addition and Preservation Infrastructure'. During the year the Company has received the first installment amounting to ₹ 15,000,000 and the same has been accounted as capital reserve.

#During the year, the Board of Directors in its meeting held on 30 October 2015 has declared an interim dividend aggregating to ₹ 25 per share on 3,274,823 paid-up equity shares of ₹ 10 each.

2.3 Long-term borrowings	As at 31 March 2016	As at 31 March 2015
Secured		
Term loans		
- from banks (see notes below)	323,791,450	80,924,133
	323,791,450	80,924,133

Terms of repayment for secured term loans from banks:

- Term loan of USD 2,000,000 is an ECB loan taken from Standard Chartered Bank ('SCB') during the financial year 2012-2013 which carries interest rate equal to 3 months USD LIBOR plus 3% per annum. It is repayable in 16 quarterly installments of USD 125,000 each commencing from 15 May 2014. The term loan is secured by first exclusive hypothecation charge on all machinery acquired using this loan and personal guarantees furnished by the promoters of the Company Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount as at 31 March 2016 is ₹ 66,332,900 (previous year: ₹ 93,886,200).

Notes to the Standalone Financial Statements

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

- b) Term loan of ₹ 55,000,000 was taken from SCB during the financial year 2013-2014 which carries interest at the rate of 10.25% per annum. It is repayable in 3 equal annual installments of ₹ 18,333,334 each commencing from 30 November 2014. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Company, Mr. Sunil Reddy and Mr. Sesha Reddy. Outstanding amount as at 31 March 2016 is ₹ 18,333,333 (previous year: ₹ 36,666,666).
- c) Term loan of ₹ 65,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 4,062,500 commencing from February 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Company, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 65,000,000 (previous year: ₹ Nil).
- d) Term loan of ₹ 100,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 6,250,000 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Company, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 100,000,000 (previous year: ₹ Nil).
- e) Term loan of ₹ 50,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 3,125,000 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 guarantees furnished by the promoters of the Company, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 50,000,000 (previous year: ₹ Nil).
- f) Term loan of ₹ 25,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 1,562,500 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Company, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 25,000,000 (previous year: ₹ Nil).
- g) Term loan of ₹ 60,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 3,750,000 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Company, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 60,000,000 (previous year: ₹ Nil).

2.4 Long-term provisions	As at 31 March 2016	As at 31 March 2015
<i>Provision for employee benefits</i>		
Gratuity (refer note 2.30)	17,606,172	14,768,254
Compensated absences	35,328,188	24,198,911
	52,934,360	38,967,165

Notes to the Standalone Financial Statements

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

2.5 Short-term borrowings	As at 31 March 2016	As at 31 March 2015
<u>Loans repayable on demand from banks</u>		
<i>Secured</i>		
Cash credit	15,489,316	12,898,003
Overdraft	341,777,754	347,752,087
<u>Other loans from banks</u>		
<i>Secured</i>		
Working capital demand loans	250,000,000	771,500,000
<i>Unsecured</i>		
Working capital demand loan	100,000,000	-
	707,267,070	1,132,150,090

Terms of repayment of short-term borrowings from banks

Secured

i) ICICI Bank:

- The Company has taken cash credit facility from ICICI Bank, secured by way of pari passu first charge on entire current asset of the Company and pari passu second charge on all the fixed assets of the Company both present and future. Interest rate ranges from 10% to 11% per annum.
- The Company has taken bank overdraft facility from ICICI Bank, secured by way of pari passu first charge on the selected investment of the Company in the Mutual funds and carries an interest rate ranging from 9.50% to 10.20% per annum.

ii) **Standard Chartered Bank (SCB):** The Company has taken working capital demand loan and pre-shipment finance from SCB. All these facilities are secured by pari passu hypothecation charge on entire current asset of the Company, second charge on all the fixed assets of the Company both present and future and personal guarantees furnished by the promoter of the Company Mr. Sunil Reddy. Interest rate on these facilities ranges from 9.50% to 10.70% per annum.

iii) **Kotak Mahindra Bank (previously known as ING Vysya Bank):** The Company has taken cash credit and working capital demand loan from Kotak Mahindra 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 including equitable mortgage on the specified property of the Company both present and future (other than assets exclusively charged to term lenders) and personal guarantees furnished by the promoters of the Company Mr. Sunil Reddy and Mr. D Sesha Reddy. Interest rate on cash credit ranges from 9.50% to 11.00% per annum and interest rate on working capital demand loan ranges from 9.50% to 10.80% per annum.

iv) **HDFC Bank:** The Company has taken cash credit and working capital demand loan 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 promoters of the Company Mr. Sunil Reddy and Mr. D Sesha Reddy. Cash credit carries an interest rate of 10.25% per annum and working capital demand loan carries an interest rate of 9.30% to 10.25% per annum.

Unsecured

v) **HDFC Bank:** The Company has taken a short-term loan from HDFC Bank, secured by post dated cheques and personal guarantees furnished by the director of the Company Mr Sunil Reddy and carries an interest rate of 9.30 to 10.25% per annum.

Notes to the Standalone Financial Statements

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

2.6 Trade payables	As at 31 March 2016	As at 31 March 2015
- Total outstanding dues of micro enterprises and small enterprises (refer note 2.35)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	353,786,145	362,544,861
	353,786,145	362,544,861
2.7 Other current liabilities	As at 31 March 2016	As at 31 March 2015
Current maturities of long term debt from banks (refer note 2.3)	60,874,783	49,628,733
Interest accrued but not due on borrowings	5,380,192	3,518,271
Capital creditors	15,881,447	12,102,228
Creditors for expenses	69,740,607	65,515,468
Advance from customers	21,527,281	13,083,850
Security deposits	39,626,691	20,832,422
Employee payables	58,911,346	35,753,201
Statutory liabilities	12,384,470	6,067,820
Other payables	1,695,684	1,089,597
	286,022,501	207,591,590
2.8 Short-term provisions	As at 31 March 2016	As at 31 March 2015
<i>Provision for employee benefits</i>		
Gratuity (refer note 2.30)	2,730,695	1,885,669
Compensated absences	2,861,574	2,451,607
<i>Other provisions</i>		
Provision for taxation (net of advance tax)	93,927,813	26,428,127
Provision for wealth tax	-	102,081
	99,520,082	30,867,484

Notes to the Standalone Financial Statements

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

Note 2.9 : Fixed assets

Description	Gross block			Depreciation and amortisation			Provision for impairment			Net block	
	As at 1 April 2015	Additions	Deletions	As at 31 March 2016	As at 1 April 2015	Charge for the year	Deletions	As at 31 March 2016	Transfer from CWIP	Charge for the year	Deletions
Tangible assets, owned											
Freehold land	162,175,303	143,727,965	-	305,903,268	-	-	-	-	-	-	162,175,303
Buildings	311,211,116	106,578,292	1,255,139	416,534,269	41,994,103	11,647,966	368,675	53,273,394	-	-	269,217,013
Plant and equipment	834,071,986	138,988,398	3,150,568	969,909,816	193,735,060	67,001,110	1,602,538	259,133,632	-	-	640,336,926
Electrical installation	71,651,198	5,810,535	58,111	77,403,622	15,108,877	12,946,091	18,012	28,036,956	-	-	56,542,321
Electronic data processors	36,010,530	3,926,166	510,404	39,426,292	29,797,461	3,906,571	510,005	33,194,027	-	-	6,213,069
Office equipments	11,019,913	2,777,535	355,950	13,441,498	5,903,040	2,162,478	341,244	7,724,274	-	-	5,116,873
Furniture and fixtures	15,188,600	4,762,824	48,060	19,903,364	3,913,656	1,895,487	33,382	5,775,761	-	-	11,274,944
Laboratory equipment	132,342,267	83,893,863	2,898,085	213,338,045	52,187,066	46,420,365	1,522,655	97,084,776	-	-	80,155,201
Vehicles	19,154,407	3,339,857	818,060	21,676,204	5,946,274	2,393,766	567,719	7,772,321	-	-	13,208,133
Live stock	23,037,431	41,816,240	7,997,625	56,856,046	644,572	8,196,626	1,293,837	7,547,361	18,516,007	24,011,732	12,893,626
Total (A)	1,615,862,751	535,621,675	17,092,002	2,134,392,424	349,230,109	156,570,460	6,258,067	499,542,502	18,516,007	24,011,732	1,598,434,863
Previous year	982,821,031	636,653,350	3,611,630	1,615,862,751	225,021,319	125,859,669	1,650,879	349,230,109	-	7,967,554	1,248,116,635
Intangible assets, owned											
Computer software	5,948,071	2,029,536	-	7,977,607	4,050,716	2,146,526	-	6,197,242	-	-	1,897,355
Total (B)	5,948,071	2,029,536	-	7,977,607	4,050,716	2,146,526	-	6,197,242	-	-	1,897,355
Previous year	5,127,992	820,079	-	5,948,071	2,673,701	1,377,015	-	4,050,716	-	-	1,897,355
Grand total (A+B)	1,621,810,822	537,651,211	17,092,002	2,142,370,031	353,280,825	158,716,986	6,258,067	505,739,744	18,516,007	24,011,732	1,600,215,228
Previous Year	987,949,023	637,473,429	3,611,630	1,621,810,822	227,695,020	127,236,684	1,650,879	353,280,825	-	7,967,554	1,250,013,990

Note

- Pursuant to the Companies Act 2013 (the 'Act'), being effective from 1 April 2014, the Company had reassessed the useful lives of its fixed assets which coincide with the useful lives specified under Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the previous year ended 31 March 2015 was higher and profit for the year was lower by ₹ 41,055,663. Further with effect from 1 April 2014, the Management had reassessed the estimated useful life of Laboratory equipment which is different from the useful life specified under Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 was higher and profit for the year was lower by ₹ 6,001,090.
- Live stock represents milking animals net of impairment provision.

Notes to the Standalone Financial Statements

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

2.10 Non-current investments	As at 31 March 2016	As at 31 March 2015
<i>Trade investments, unquoted at cost</i>		
Investments in equity instruments of subsidiary company		
Dodla Holding Pte. Limited, Singapore	340,074,165	274,112,630
[5,500,000 (previous year: 4,500,290) equity shares of face value USD 1.00 each, fully paid up (at cost)]		
Investments in equity instruments of associate company		
Global VetMed Concepts India Private Limited	38,669,230	-
[(3,866,923 (previous year: Nil) equity shares of face value ₹ 10 each, fully paid up (at cost)]		
Less: Provision for other than temporary diminution in the value of investment	(38,669,230)	-
	340,074,165	274,112,630
Aggregate book value of non-current investments - unquoted	378,743,395	274,112,630
Aggregate provision for diminution in the value of investment	38,669,230	-
2.11 Long-term loans and advances		
<i>Unsecured, considered good</i>		
<u>To other than related parties</u>		
Deposits	35,719,858	32,726,947
Capital advances	302,598,955	234,115,297
Income tax paid under protest	31,012,275	689,893
Advance tax (net of provision for tax)	38,523,178	26,280,613
<i>Unsecured, considered doubtful</i>		
<u>To other than related parties</u>		
Capital advances	2,525,751	-
Less : Provision for doubtful advances	(2,525,751)	-
<u>To related parties</u>		
Share application money pending allotment to associate - Global VetMed Concepts India Private Limited	-	21,000,000
Less : Provision for doubtful advance	-	(21,000,000)
	407,854,266	293,812,750

Notes to the Standalone Financial Statements

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

2.12 Current investments	As at 31 March 2016	As at 31 March 2015
<i>Non-trade investment, quoted (at lower of cost or fair value)</i>		
Investments in mutual funds		
13,145.89 (previous year: 13,145.89) units of Franklin India Short Term Income Plan - Retail Plan - Growth	30,000,000	30,000,000
Nil (previous year: 2,513,503.80) units of HDFC High Interest Fund	-	100,000,000
5,000,000.00 (previous year: 5,000,000.00) units of HDFC FMP 1175D Regular Growth plan	50,000,000	50,000,000
Nil (previous year: 481,688.74) units of ICICI Prudential Flexible Daily Dividend	-	50,931,723
5,000,000.00 (previous year: 5,000,000.00) units of HDFC FMP 3360D Regular Quarterly Dividend plan	50,000,000	50,000,000
Nil (previous year: 1,036,495.03) units of ICICI Prudential Liquid Plan	-	103,715,423
11,995,346.91 (previous year: Nil) units of ICICI Prudential Regular Income Fund-Regular Plan-Monthly Dividend*	127,565,716	-
8,215,465.82 (previous year: Nil) units of DHFL Pramerica Short Maturity Fund - Monthly Dividend*	103,770,928	-
10,774,894.38 (previous year: 10,287,331.12) units of ICICI Prudential Regular Saving Fund* [net of provision for diminution in the value of investment ₹ 577,980 (previous year: ₹ 1,110,974)]	111,372,541	105,811,354
Nil (previous year: 4,986,738.86) units of L&T Short Term Income Fund	-	51,257,158
5,123,535.84 (previous year: Nil) units of L&T Income Opportunities Fund-Dividend*	54,407,609	-
3,671,267.03 (previous year: Nil) units of TSTD Tata Short Term Bond Fund Regular Plan-Fortnightly Dividend*	50,868,343	-
2,285,680.52 (previous year: 2,193,690.10) units of Reliance Short Term Fund*	31,806,021	30,514,570
	609,791,158	572,230,228
Aggregate write-down due to valuation of current investments at fair value	577,980	1,110,974
Aggregate book value of current investments - quoted	609,791,158	572,230,228
Aggregate market value of current investments - quoted	637,101,253	609,726,997
*The investment in mutual funds have been hypothecated against the overdraft facility taken from ICICI bank (refer note 2.5 (i)(b)).		
2.13 Inventories		
<i>(valued at the lower of cost and net realisable value)</i>		
Raw materials	44,425,585	280,045,764
Work-in-progress	327,723,631	424,778,706
Finished goods*	503,235,458	695,912,619
Stock-in-trade	358,178	508,134
Stores and spares	15,744,680	15,413,009
	891,487,532	1,416,658,232

*include goods-in-transit amounting to ₹ 25,108,436 (previous year: ₹ 8,746,198).

Notes to the Standalone Financial Statements

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

2.14 Trade receivables	As at 31 March 2016	As at 31 March 2015
Outstanding for a period exceeding six months from the date they became due for payment		
- Unsecured, considered good	-	19,981
- Unsecured, considered doubtful	3,033,365	2,392,681
Other debts		
- Unsecured, considered good	5,074,599	11,496,417
	8,107,964	13,909,079
Less: Provision for doubtful receivables	(3,033,365)	(2,392,681)
	5,074,599	11,516,398
2.15 Cash and bank balances	As at 31 March 2016	As at 31 March 2015
<i>Cash and cash equivalents</i>		
Cash on hand	12,795,057	12,391,305
Balances with banks		
- in current accounts#	79,048,365	97,850,966
	91,843,422	110,242,271
<i>Other bank balances</i>		
Deposit* (due to mature within 12 months of the reporting date)	-	2,405,000
	91,843,422	112,647,271
# Current account balances with banks include funds which are not freely available amounting to ₹ 13,534,264 (previous year: ₹ Nil) (refer note 2.33(c))		
* Represents margin money deposit against bank guarantee.		
Details of bank balances/ deposits		
Bank balances available on demand or deposit with original maturity of three months or less included under 'Cash and cash equivalents'	79,048,365	97,850,966
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	-	2,405,000
Bank deposits due to mature after 12 months of the reporting date included under 'Other non current assets'	-	-
	79,048,365	100,255,966

Notes to the Standalone Financial Statements

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

2.16 Short-term loans and advances	As at 31 March 2016	As at 31 March 2015
<u>To other than related parties</u>		
<i>Unsecured, considered good</i>		
Advance for supply of goods and services	6,870,193	42,400,488
Prepaid expenses	7,856,701	5,404,443
Employee advances	2,317,230	2,157,439
MAT credit entitlement	-	41,212,710
Other advances	6,735,866	5,406,130
<i>Unsecured, considered doubtful</i>		
Other advances	-	25,751
Less : Provision for doubtful advances	-	(25,751)
<u>To related parties</u>		
<i>Unsecured, considered good</i>		
Share application money pending allotment-Dodla Milk Processing Plc - Ethiopia (refer note 2.33)	-	12,981,269
Loan to director	12,500,000	-
Advances to key managerial person	3,478,494	81,083
Excess remuneration paid to managing director held in trust	-	11,535,022
Advance to subsidiary	27,666	-
<i>Unsecured, considered doubtful</i>		
Share application money pending allotment-Dodla Milk Processing Plc - Ethiopia (refer note 2.33)	2,299,566	1,754,055
Other advances	53,635,701	55,560,740
Less : Provision for doubtful advances	(55,935,267)	(57,314,795)
	39,786,150	121,178,584
2.17 Other current assets		
Interest accrued	1,303,275	1,061,781
Derivative financial assets	11,281,104	11,270,475
	12,584,379	12,332,256

Notes to the Standalone Financial Statements

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

2.18 Revenue from operations	For the year ended 31 March 2016	For the year ended 31 March 2015
Sale of goods (refer note 2.36 A)		
- Finished goods	11,786,959,274	10,152,795,102
- Traded goods	26,039,147	25,271,285
	11,812,998,421	10,178,066,387
Sale of services		
- Conversion service charges	5,094,049	2,400,083
	5,094,049	2,400,083
Other operating revenue		
- Sale of scrap	5,665,494	3,775,132
	5,665,494	3,775,132
2.19 Other income	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest income		
- on deposits	111,378	812,013
- on others	2,744,225	4,240,895
Dividend income - on current investment	23,033,478	29,491,069
Profit on sale of current investments, net	23,158,785	20,034,564
Profit on sale of investment in associate	-	552,486
Net gain on account of foreign exchange fluctuations	1,415,470	-
Other non-operating income	5,437,521	6,472,400
	55,900,857	61,603,427
2.20 Cost of material consumed	For the year ended 31 March 2016	For the year ended 31 March 2015
Consumption of raw material (refer note 2.36 B)	8,445,299,002	8,905,378,864
Consumption of packing material (refer note 2.36 C)	343,104,424	324,156,560
	8,788,403,426	9,229,535,424

Notes to the Standalone Financial Statements

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

2.21 Changes in inventories of finished goods, work-in-progress and stock-in-trade	For the year ended 31 March 2016	For the year ended 31 March 2015
a) Finished goods		
Opening stock	695,912,619	137,258,818
Closing stock	(503,235,458)	(695,912,619)
	192,677,161	(558,653,801)
b) Work-in-progress		
Opening stock	424,778,706	100,386,070
Closing stock	(327,723,631)	(424,778,706)
	97,055,075	(324,392,636)
c) Stock-in-trade		
Opening stock	508,134	202,320
Closing stock	(358,178)	(508,134)
	149,956	(305,814)
	289,882,192	(883,352,251)
2.22 Employee benefits expense	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries, wages and bonus	410,655,030	297,144,317
Contribution to provident and other funds (refer note 2.30)	38,180,407	29,804,736
Staff welfare expenses	8,018,953	7,145,731
	456,854,390	334,094,784
2.23 Finance costs	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest expense	96,917,394	65,255,151
Interest on income tax	21,033,931	4,143,318
Other borrowing costs	3,824,190	6,182,609
	121,775,515	75,581,078

Notes to the Standalone Financial Statements

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

2.24 Other expenses	For the year ended 31 March 2016	For the year ended 31 March 2015
<i>Manufacturing expenses</i>		
Power and fuel	175,851,553	166,105,494
Consumption of stores and spares (refer note 2.36 G)	84,948,205	77,944,503
Conversion and processing charges	8,762,597	4,102,365
Milk procurement expenses	10,904,831	7,881,854
Freight inward and handling	274,786,265	244,721,302
<i>Repairs and maintenance:</i>		
- building	12,145,939	5,734,436
- machinery	6,482,229	9,006,215
- other assets	1,937,842	1,350,441
	575,819,461	516,846,610
<i>Administrative expenses</i>		
Rent (refer note 2.34)	52,383,849	35,516,585
Rates and taxes	11,623,737	7,535,355
Communication expenses	8,828,374	8,286,984
Printing and stationery	4,248,454	3,752,802
Travelling and conveyance	38,327,695	33,620,927
Vehicle hire charges	6,510,980	5,759,093
Bank charges	6,440,922	5,629,642
Legal and professional charges (refer note 2.27)	31,073,792	27,580,677
Security expenses	17,367,474	13,911,247
Advances written off	333,498	268,062
Provision for doubtful receivables	640,684	-
Provision for doubtful advances	(19,879,528)	37,719,082
Provision for other than temporary diminution in the value of non-current investment	38,669,230	-
Provision for diminution in value of investment in mutual funds	(532,994)	1,110,974
Insurance	6,834,045	6,381,660
Loss on sale/ retirement of fixed assets, net	4,123,221	1,008,920
Net loss on account of foreign exchange fluctuations	-	1,656,182
Miscellaneous expenses	19,286,915	17,137,834
	226,280,348	206,876,026
<i>Selling and distribution expenses</i>		
Freight and forwarding	185,638,883	159,619,654
Advertisement expenses	12,367,667	10,858,184
Distribution expenses	275,000,070	234,300,539
	473,006,620	404,778,377
	1,275,106,429	1,128,501,013

Notes to the Standalone Financial Statements

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

2.25 Tax for earlier years	For the year ended 31 March 2016	For the year ended 31 March 2015
- Current tax for earlier years	97,544,879	115,791
- MAT Credit reversed	41,212,710	-
- Deferred tax charge in respect of earlier years	3,510,521	-
	142,268,110	115,791

The Company avails the benefit given under Section 80B(11A) of the Income-tax Act, 1961 ('Act') with respect to the income generated from its milk processing units and processing plants. The Company believes that the basic criteria i.e. 'processing, preservation and packaging', as envisaged for claiming deduction under section 80B(11A) of the Act, has been satisfied. However, with respect to the assessment year 2012-13, the Company has received a demand notice amounting to ₹ 30,367,280 (including interest of ₹ 10,254,579) under Section 143(3) of Act disallowing the deduction claimed under Section 80B (11A) of the Act. Such disallowance has been made on the ground that the Company has not satisfied the conditions of above mentioned section towards its operations at milk processing units. The Management has preferred an appeal before the Commissioner of Income Tax (Appeals).

During the year, assessing officer has reopened the assessments with respect to assessment year 2010-11 and 2011-12 on similar grounds. The Company has created a provision for Income Tax on account of this dispute for the assessment years commencing from 2010-11 to 2015-16. Also, the Company has reversed the MAT credit asset recognised in the earlier year, which got created due to claiming a deduction under section 80B in the earlier years. The Company however will contest the matter.

During the year 2014-15, the deferred tax liability amounting to ₹ 3,510,521 with respect to timing differences that would get reversed within the tax holiday period was not considered by the Company. Accordingly, the effect to the extent of same has also been considered during the current year while making the above provision.

Notes to the Standalone Financial Statements

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

2.26 Commitments and contingent liabilities

Particulars	As at 31 March 2016	As at 31 March 2015
(i) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	120,440,225	246,682,520
(ii) Other commitments		
Investment in subsidiary - Dodla Holdings Pte. Limited, Singapore	-	31,277,249
(iii) Contingent liabilities		
Claims against the Company not acknowledged as debts :		
Income tax matters	993,322	993,322

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.

2.27 Auditors' remuneration (included in legal and professional, including service tax)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Audit fees		
Statutory audit	4,160,000	3,762,000
Other services	1,395,588	1,129,351
Out-of-pocket expenses	358,147	339,514
Total	5,913,735	5,230,865

2.28 Corporate social responsibility

As per section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act. The area for CSR activity is renovating school/ providing infrastructure facilities and other amenities to the school covered under the head of **"Promoting education"** under Schedule VII of the Companies Act, 2013.

Gross amount required to be spent by the Company during the year amounts to ₹ 6,644,960 (Previous year: ₹ 7,369,448)

Amount spent during the year on:

Particulars	In cash	Yet to be paid in cash	Total
On purposes other than acquisition or construction of assets	724,308	-	724,308

Notes to the Standalone Financial Statements

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

2.29 Deferred tax liabilities (net):

Deferred tax liability, net included in the balance sheet comprises the following:

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax assets:		
- Provision for gratuity	7,038,590	5,660,668
- Provision for leave encashment	13,217,477	9,058,511
- Provision for bonus	7,261,470	4,030,069
- Provision for doubtful debts and advances	21,283,206	20,303,324
Total (A)	48,800,743	39,052,572
Deferred tax liabilities:		
- Excess of depreciation on fixed assets under Income tax Act over depreciation provided in accounts	130,784,320	119,047,545
- Others	5,013,725	3,195,837
Total (B)	135,798,045	122,243,382
Deferred tax liabilities, net (B-A)	86,997,302	83,190,810

2.30 Employee benefits

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance 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.

Defined benefit plans

The Company provides its employees with 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 ₹ 1,000,000.

The following table summarises the position of assets and obligations of gratuity:

Particulars	As at 31 March 2016	As at 31 March 2015
Present value of defined benefit obligation	42,604,614	29,784,544
Fair value of plan assets	(22,267,747)	(13,130,621)
Liability recognised in balance sheet	20,336,867	16,653,923
Classification into current/ non-current	As at 31 March 2016	As at 31 March 2015
Current benefit obligation (refer note 2.8)	2,730,695	1,885,669
Non-current benefit obligation (refer note 2.4)	17,606,172	14,768,254
Liability recognised in balance sheet	20,336,867	16,653,923

Notes to the Standalone Financial Statements

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

2.30 Employee benefits (continued)

<i>Movement in present value of the defined benefit obligation:</i>	As at 31 March 2016	As at 31 March 2015
Opening defined benefit obligation	29,784,544	20,448,711
Interest cost	2,267,780	1,843,740
Current service cost	9,167,374	9,427,191
Benefits paid	(1,196,380)	(375,670)
Actuarial (gains)/ losses on obligation	2,581,296	(1,559,428)
Closing defined benefit obligation	42,604,614	29,784,544
<i>Movement in fair value of plan assets</i>	As at 31 March 2016	As at 31 March 2015
Opening fair value of plan assets	13,130,621	8,933,987
Expected returns	1,422,545	921,434
Contributions	9,079,104	3,569,035
Benefits paid	(1,196,380)	(375,670)
Actuarial gain/ (loss) on assets	(168,143)	81,835
Closing fair value of plan assets	22,267,747	13,130,621
<i>Expense recognised in the statement of profit and loss</i>	For the year ended 31 March 2016	For the year ended 31 March 2015
Current service cost	9,167,374	9,427,191
Interest cost	2,267,780	1,843,740
Expected return on plan assets	(1,422,545)	(921,434)
Net actuarial (gain)/ loss recognised in the year	2,749,439	(1,641,263)
Net benefit expense	12,762,048	8,708,234
<i>Actual return on plan assets</i>	For the year ended 31 March 2016	For the year ended 31 March 2015
Expected return on plan assets	1,422,545	921,434
Actuarial gain/ (loss) on plan asset	(168,143)	81,835
Actual return on plan assets	1,254,402	1,003,269
<i>Principal actuarial assumptions</i>	For the year ended 31 March 2016	For the year ended 31 March 2015
Salary escalation rate	12.00%	12.00%
Discount rate	7.46%	7.77%
Attrition rate	8.00%	8.00%
Retirement age	58 years	58 years

Salary escalation rate: The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes to the Standalone Financial Statements

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

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

2.30 Employee benefits (continued)

Experience adjustments

Particulars	For the year ended 31 March				
	2016	2015	2014	2013	2012
Defined benefit obligation	42,604,614	29,784,544	20,448,711	19,361,943	13,439,314
Fair value of plan assets	22,267,747	13,130,621	8,933,987	8,596,713	-
Deficit in the plan	20,336,867	16,653,923	11,514,724	10,765,230	13,439,314
Experience adjustments arising on plan liabilities gain/ (loss)	2,581,296	(1,559,428)	3,097,076	(4,041,373)	(1,594,647)
Experience adjustments arising on plan assets gain/ (loss)	(168,143)	81,835	(11,457)	-	-

2.31 Earnings per share ('EPS')

The computation of EPS is set out below

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Earnings		
Profits attributable to equity shareholders	355,755,724	153,359,627
Shares		
Weighted average number of equity shares outstanding during the period	3,274,823	3,274,823
Basic and diluted earnings per share of face value of ₹10	108.63	46.83

The Company has no potentially dilutive equity shares.

2.32 Segment reporting

The Company is in the business of processing and selling milk and milk products. The Management is of the view that the risks and returns for these products are not significantly different and accordingly considers this a single reportable segment in terms of Accounting Standard 17 - "Segment Reporting". Further, the Company operates in one geographical area - 'India'. Hence, a separate disclosure of segment is not considered relevant.

Notes to the Standalone Financial Statements

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

2.33 Related party disclosures

As per the Accounting Standards - "Related Party Disclosures" (AS-18) the following disclosures are made:

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

Nature of relationship	Name of the party
Entity where control exists	BR CPF Holdings (Mauritius) Limited (till 11 December 2014) Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd (from 11 December 2014)
Subsidiaries (including step down subsidiary)	Dodla Singapore Pte. Limited, Singapore (till 24 November 2014) Dodla Holdings Pte Limited, Singapore Lakeside Dairy Limited, Uganda
Associate	Abyssinia Bharat Food Parks PLC, Ethiopia (till 8 July 2014) Global VetMed Concepts Private Limited ('GVC') (from 31 March 2016)
Key management personnel ('KMP')	Mr. D. Sunil Reddy, Managing Director
Relatives of KMP	Mr. B.V.K. Reddy, CEO (w.e.f. 26 March 2015) Mr. D. Sessa Reddy, Father of Mr. D Sunil Reddy
Enterprise over which KMP have significant influence	Dodla Dairy, Vinjimuru Oremus Corporate Services Private Limited (from 15 June 2015) Surekha Milk Chilling Centre Dodla Engineering, a Partnership Firm

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

Transactions	For the year ended 31 March 2016	For the year ended 31 March 2015
Lease rent paid		
- Dodla Dairy, Vinjimur	1,200,000	1,200,000
- Surekha Milk Chilling Centre	900,000	700,000
Remuneration paid		
- Mr. D. Sunil Reddy	31,535,022	8,464,982
- Mr. B.V.K. Reddy	30,624,000	256,833
Purchase of raw material		
- GVC	8,311,435	2,713,371
Expenditure incurred on behalf of		
- GVC	20,805,626	24,327,150
- Dodla Singapore Pte Limited, Singapore	333,489	268,062
- Dodla Holdings Pte Limited, Singapore	-	17,630
- Lakeside Dairy Limited, Uganda	889,338	4,068,777
Consultancy expense		
- Oremus Corporate Services Private Limited	2,676,218	-
- D. Sessa Reddy	3,600,000	3,600,000

Notes to the Standalone Financial Statements

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

Transactions	For the year ended 31 March 2016	For the year ended 31 March 2015
Unsecured loans given		
- Dodla Engineering	-	91,500,000
- D. Sunil Reddy	25,000,000	-
Unsecured loans repaid		
- Dodla Engineering	-	91,500,000
- D. Sunil Reddy	12,500,000	-
Interest income		
- D. Sunil Reddy	294,164	-
Investment made in the shares		
- Shares subscribed in Dodla Holdings Pte. Limited.	65,961,535	274,112,630
- Shares subscribed in GVC (adjusted from amount receivable)	38,569,230	-
- Shares of GVC purchased from D. Sunil Reddy	99,990	-
Investment written off		
- Dodla Singapore Pte. Limited, Singapore	-	61
Advances written off		
- Dodla Singapore Pte. Limited, Singapore	333,498	268,062

(iii) Balances with related parties:

Particulars	As at 31 March 2016	As at 31 March 2015
Long term loans and advances		
- GVC- Share application money pending allotment	-	21,000,000
- GVC - Provision for doubtful advance	-	(21,000,000)
Short term loans and advances		
- GVC - Other advances	53,635,701	55,560,740
- D Sunil Reddy – Advance given against salary	3,478,494	62,283
- D Sunil Reddy – Loan to director	12,500,000	-
- B.V.K. Reddy – Advance given against salary	-	18,800
- Excess remuneration recoverable from D Sunil Reddy	-	11,535,022
- Lakeside Dairy Limited – Other advances	27,666	-
- Provision for doubtful advances – GVC	(53,635,701)	(55,560,740)
Other current assets		
- Interest accrued – D Sunil Reddy	95,548	-
Other current liabilities		
- Oremus Corporate Services Private Limited – Consultancy fees provided	275,000	-
- B.V.K. Reddy – Remuneration payable	10,564,091	-

Notes to the Standalone Financial Statements

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

2.33 Related party disclosures (continued)

Notes:

1. The borrowings of the Company are secured by personal guarantees given by Mr. D Sunil Reddy and Mr. D. Sesha Reddy as detailed in Note 2.3 & 2.5.
2. Remuneration paid to Mr. D Sunil Reddy and Mr. B.V.K. Reddy does not include gratuity and compensated absences as this is provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.
3. During the previous year 2014-15, the Board of directors of the Company has decided to wind up Dodla Milk Processing Plc since it does not intend to pursue the business opportunities in Ethiopia and it stands dissolved on 11 November 2015. Shares of Dodla Milk Processing Plc have not been allotted to the Company. Subsequently, the Company has initiated process of settling the dues and repatriating the funds to India and has received ₹ 13,534,264, which is deposited in nostro account with Authorised dealer. The Company is required to obtain approval from Reserve Bank of India ('RBI') to utilise these funds. Accordingly, the Company has made necessary application with RBI, who in turn has issued a letter to the Authorised Dealer seeking certain clarifications. Presently, the Authorised Dealer and the Company are in the process of providing clarification to the RBI. The Company has provided for balance amount of ₹ 2,299,566 lying in share application money and not repatriated which has been incurred on winding up activities of this subsidiary.

2.34 Leases

The Company has certain operating leases for plants and chilling centres (cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expense of ₹ 52,383,849 (previous year: ₹ 35,516,585) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

2.35 Dues to Micro and Small Enterprises

The Ministry of Micro and Small 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 31 March 2016 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 ('MSMEDA') is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the period	Nil	Nil
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 period) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
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	Nil	Nil

Note: The list of undertakings covered under MSMEDA was determined by the Company on the basis of information available with the Company.

Notes to the Standalone Financial Statements

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

2.36 Additional information

A. Particulars of sales of goods	For the year ended 31 March 2016	For the year ended 31 March 2015
Processed products:		
Milk	10,406,072,728	9,572,832,668
Ghee/ Butter	1,119,329,505	436,547,836
Other products	261,557,041	143,414,598
Total	11,786,959,274	10,152,795,102
Traded products:		
UHT milk	26,039,147	25,271,285
Total	26,039,147	25,271,285
Grand total	11,812,998,421	10,178,066,387
B. Consumption of raw material	For the year ended 31 March 2016	For the year ended 31 March 2015
Raw milk	8,158,662,880	8,435,138,695
Others	286,636,122	470,240,169
Total	8,445,299,002	8,905,378,864
C. Consumption of packing material	For the year ended 31 March 2016	For the year ended 31 March 2015
Packing film	233,716,065	231,633,643
Others	109,388,359	92,522,917
Total	343,104,424	324,156,560
D. CIF value of import	For the year ended 31 March 2016	For the year ended 31 March 2015
For the year ended		
Raw materials	1,286,927	6,509,198
Capital goods	30,250,013	4,819,075
Stores and spares	626,243	3,013,489
Total	32,163,183	14,341,762
E. Expenditure in foreign currency	For the year ended 31 March 2016	For the year ended 31 March 2015
For the year ended		
Travelling and conveyance	3,149,977	1,170,460
Other expenses	541,750	439,617
Total	3,691,727	1,610,077

Notes to the Standalone Financial Statements

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

F. Raw materials consumed	For the year ended 31 March 2016		For the year ended 31 March 2015	
	₹	%	₹	%
Imported*	1,571,579	0.02	2,594,700	0.03
Indigenous	8,443,727,423	99.98	8,902,784,164	99.97
	8,445,299,002	100.00	8,905,378,864	100.00

*excluding ₹ 2,725,876 (previous year : ₹ 3,845,129) transferred to capital work in progress

G. Stores and spares consumed	For the year ended 31 March 2016		For the year ended 31 March 2015	
	₹	%	₹	%
Imported*	229,017	0.27	981,138	1.26
Indigenous	84,719,188	99.73	76,963,365	98.74
	84,948,205	100.00	77,944,503	100.00

*excluding ₹ 397,226 (previous year: ₹ 1,453,965) transferred to capital work in progress

2.37 Hedging and derivatives

- a. The following is the nominal value of outstanding derivative contracts entered into by the Company for hedging currency and interest rate related risks as at 31 March 2016:

Particulars	As at 31 March 2016		As at 31 March 2015	
	USD	Equivalent ₹	USD	Equivalent ₹
Cross currency swap and interest rate swap				
	1,000,000	54,325,000	1,500,000	81,487,500

- b. The particulars of un-hedged foreign currency exposure as at balance sheet date is as under:

Particulars	Currency	As at 31 March 2016		As at 31 March 2015	
		Foreign currency	₹	Foreign currency	₹
Capital advances	EURO	-	-	19,001	1,282,763
Capital creditors	EURO	35,600	2,361,451	-	-
Advance for supply of goods	USD	2,236	148,289	-	-
Advance for supply of goods	EURO	13,680	1,027,306	39,600	2,673,407

2.38 Provision for impairment of live stock

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Capital work-in-progress	20,808,804	41,392,739
Tangible fixed assets	294,499	10,548,453
Total provision created for the year	21,103,303	51,941,192

Notes to the Standalone Financial Statements

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

2.39 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. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the domestic and international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of November 2016, as required by law. The Management is of the opinion that its domestic and 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.

2.40 Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year's presentation.

As per our Report of even date attached

for A. Ramachandra Rao & Co
Chartered Accountants
Firm Registration No: 002857S

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

for Dodla Dairy Limited
CIN: U15209AP1995PLC020324

P.S.R.V.V. Surya Rao
Partner
Membership No. 202367

Vikash Somani
Partner
Membership No. 061272

D. Sesha Reddy **D. Sunil Reddy**
Chairman Managing Director
DIN: 00520448 DIN: 00794889

Place: Hyderabad
Date: 10 August 2016

Place: Hyderabad
Date: 10 August 2016

Independent Auditors' Report on the Consolidated Financial Statements

To the Members of Dodla Dairy Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dodla Dairy Limited ('the Holding Company' or 'the Company') and its subsidiaries and associate (collectively referred to as 'the Group'), comprising of the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (collectively referred to as the 'consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements and other financial information of two subsidiaries and one associate. Of the above:

- a. The financial statements and other financial information of two subsidiaries incorporated outside India, which is drawn up in accordance with the generally accepted accounting principles of the respective country ('the local GAAP') have been audited by other auditors duly qualified to act as auditor in that country. These subsidiary's financial statements reflect total assets of ₹ 308,504,705 as at 31 March 2016, total revenues of ₹ 193,369,683 and net cash outflows amounting to ₹ 43,053,658 for the year ended on that date, as considered in these consolidated financial statements. For the purposes of preparation of consolidated financial statements, the aforesaid local GAAP financial statements and financial information, have been restated by the Management of the said entity so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to consolidated financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have not been subjected to audit.
- b. The financial statements and other financial information of one of the associate incorporated within India, which is drawn up in accordance with the accounting principles generally accepted in India has been audited by other auditor. The consolidated financial statements includes share of loss from the said associate of ₹ Nil for the year ended on that date.

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 subsidiary companies and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies and associate is based solely on the reports of the other auditors.

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 and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditor of its associate incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its associate incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 2.25 and 2.26(ii) to the consolidated financial statements;

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

- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its associate incorporated in India.

for A.Ramachandra Rao & Co.

Chartered Accountants

Firm Registration Number: 002857S

P.S.R.V.V. Surya Rao

Partner

Membership No. 202367

Place: Hyderabad

Date: 10 August 2016

for B S R & Associates LLP

Chartered Accountants

Firm Registration Number: 116231W/ W100024

Vikash Somani

Partner

Membership No. 061272

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

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

In conjunction with our audit of the consolidated financial statements of the Dodla Dairy Limtied ('the Holding Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its associate, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its associate company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidences obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its associate company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal

control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate company, which is company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

for A.Ramachandra Rao & Co.

Chartered Accountants

Firm Registration Number: 002857S

P.S.R.V.V. Surya Rao

Partner

Membership No. 202367

Place: Hyderabad

Date: 10 August 2016

for B S R & Associates LLP

Chartered Accountants

Firm Registration Number: 116231W/ W100024

Vikash Somani

Partner

Membership No. 061272

Consolidated Balance Sheet

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

	Notes	As at 31 March 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	2.1	32,748,230
Reserves and surplus	2.2	2,353,837,291
		2,386,585,521
Government grants		3,452,420
Non-current liabilities		
Long-term borrowings	2.3	323,791,450
Deferred tax liabilities, net	2.30	86,997,302
Long-term provisions	2.4	52,934,360
		463,723,112
Current liabilities		
Short-term borrowings	2.5	707,267,070
Trade payables	2.6	-
Total outstanding dues of micro enterprises and small enterprises		-
Total outstanding dues of creditors other than micro enterprises and small enterprises		368,153,067
Other current liabilities	2.7	295,422,074
Short-term provisions	2.8	99,520,082
		1,470,362,293
TOTAL		4,324,123,346
ASSETS		
Non-current assets		
Fixed assets	2.9	
Tangible fixed assets		1,819,017,120
Intangible fixed assets		2,175,504
Capital work-in-progress		370,531,302
Non-current investments	2.10	-
Long-term loans and advances	2.11	416,124,786
		2,607,848,712
Current assets		
Current investments	2.12	609,791,158
Inventories	2.13	904,329,938
Trade receivables	2.14	20,370,170
Cash and cash equivalents	2.15	118,194,980
Short-term loans and advances	2.16	51,004,009
Other current assets	2.17	12,584,379
		1,716,274,634
TOTAL		4,324,123,346
Significant accounting policies	1	
Notes to the consolidated financial statements	2	

The notes referred to above form an integral part of the consolidated financial statements

As per our Report of even date attached

for **A. Ramachandra Rao & Co**
Chartered Accountants
Firm Registration No: 002857S

P.S.R.V.V.Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 10 August 2016

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

Vikash Somani
Partner
Membership No. 061272

for **Dodla Dairy Limited**
CIN: U15209AP1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

Place: Hyderabad
Date: 10 August 2016

D. Sunil Reddy
Managing Director
DIN: 00794889

Ruchita Malpani
Company Secretary

Consolidated statement of profit and loss

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

	Notes	For the year ended 31 March 2016
Revenue from operations	2.18	
Sale of products		12,006,315,659
Sale of services		5,094,049
Other operating revenue		5,717,939
Total		12,017,127,647
Other income	2.19	60,008,660
Total revenue		12,077,136,307
Expenses		
Cost of materials consumed	2.20	8,900,549,428
Purchase of stock-in-trade		27,462,454
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.21	284,503,589
Employee benefits expense	2.22	484,837,373
Finance costs	2.23	121,775,515
Depreciation and amortisation	2.9	168,279,677
Add: Transfer from government grant		(218,686)
Other expenses	2.24	1,324,750,772
Provision for impairment on live stock	2.38	21,103,303
Total expenses		11,333,043,425
Profit before tax		744,092,882
Tax expense:		
- Current tax		242,253,006
- Tax for earlier years	2.25	142,268,110
- Deferred tax charge (credit)		295,972
		384,817,088
Profit for the year		359,275,794
Add: Share of profit in associate		-
Net profit for the year		359,275,794
Earnings per equity share (par value of ₹ 10 per share)		
Basic & diluted	2.32	109.71
Significant accounting policies	1	
Notes to the consolidated financial statements	2	

The notes referred to above form an integral part of the consolidated financial statements

As per our Report of even date attached

for **A. Ramachandra Rao & Co**
Chartered Accountants
Firm Registration No: 002857S

P.S.R.V.V.Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 10 August 2016

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

Vikash Somani
Partner
Membership No. 061272

for **Dodla Dairy Limited**
CIN: U15209AP1995PLC020324

D. Sesha Reddy
Chairman
DIN: 00520448

Place: Hyderabad
Date: 10 August 2016

D. Sunil Reddy
Managing Director
DIN: 00794889

Ruchita Malpani
Company Secretary

Consolidated cash flow statement

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

	For the year ended 31 March 2016
I. Cash flow from operating activities	
Profit before tax	744,092,882
Adjustments:	
Depreciation and amortisation	168,279,677
Transfer from Government grant	(218,686)
Interest income	(2,553,302)
Dividend income from investment in mutual funds	(23,033,478)
Net profit on sale of investments in mutual funds	(23,158,785)
Net loss on sale/ retirement of fixed assets	4,123,221
Provision for impairment on live stock	21,103,303
Provision for diminution in the value of investment in mutual funds	(532,994)
Provision for doubtful advances	(38,023,719)
Provision for other than temporary diminution in the value of non-current investment	38,669,230
Interest expenses	121,775,515
Unrealised foreign exchange loss	(1,658,315)
Operating cash flows before working capital changes	1,008,864,549
Increase in trade receivables	(4,174,094)
Decrease in inventories	519,276,774
Decrease in loans and advances	30,214,535
Increase in liabilities and provisions	67,821,329
Cash generated from operations	1,622,003,093
Income taxes paid, net of refunds	(341,310,439)
Net cash generated from operating activities (A)	1,280,692,654
II. Cash flows from investing activities	
Purchase of fixed assets, change in capital work-in-progress, and capital advances	(986,014,996)
Proceeds from sale of fixed assets	303,534
Investment in associate	(17,669,230)
Investment in mutual funds	(346,197,429)
Redemption of mutual fund	332,328,278
Refund of share application money pending allotment - Dodla Milk Processing Plc - Ethiopia	12,435,758
Deposits matured/ (placed), net (having original maturity of more than 3 months)	11,798,817
Dividend received from investment in mutual funds	23,033,478
Interest received	2,407,356
Net cash used in investing activities (B)	(967,574,434)

	For the year ended 31 March 2016
III. Cash flow from financing activities	
Receipt of long term borrowings from banks	300,000,000
Repayment of long term borrowing to banks	(49,628,734)
Dividend paid (including dividend distribution tax)	(98,537,498)
Receipt of government grant	15,000,000
(Repayment)/ receipt of short term borrowings, net	(424,883,020)
Interest paid	(108,566,579)
Net cash generated used in financing activities (C)	(366,615,831)
Net decrease in cash and cash equivalents (A+B+C)	(53,497,611)
Cash and cash equivalents at the beginning of the year	174,448,879
Effect of foreign exchange on cash and cash equivalents	(2,756,288)
Cash and cash equivalents at the end of the year (refer note 2.15)	118,194,980
Note:	
Components of cash and cash equivalents:	
	As at 31 March 2016
Cash on hand	13,242,130
Balances with banks	
- in current accounts	104,952,850
	118,194,980

Current account balances with banks include funds which are not freely available amounting to Rs. 13,534,264 (refer note 2.31(3))

The notes referred to above form an integral part of the consolidated financial statements

As per our Report of even date attached

for A. Ramachandra Rao & Co
Chartered Accountants
Firm Registration No: 002857S

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

for Dodla Dairy Limited
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P.S.R.V.V.Surya Rao
Partner
Membership No. 202367

Vikash Somani
Partner
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D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

Place: Hyderabad
Date: 10 August 2016

Place: Hyderabad
Date: 10 August 2016

Ruchita Malpani
Company Secretary

1. Significant accounting policies

a. Basis of preparation of consolidated financial statements

The Consolidated Financial Statements ("CFS") of Dodla Dairy Limited ("the Company" or "the Holding Company") together with its subsidiaries and associate (collectively termed as "the Group" or "the consolidated entities") are prepared under the historical cost convention on accrual basis of accounting and comply with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 6 and 7 of the Companies (Accounts) Rules, 2014, [in particular Accounting Standard 21 ('AS 21') - "Consolidated Financial Statements" and Accounting Standard 23 ('AS 23') - "Accounting for Investment in Associates in Consolidated Financial Statements"], the provisions of the Act to the extent applicable and other accounting principles generally accepted in India. The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's standalone financial statements. Appropriate disclosure as applicable is made of significant deviation from the Group's accounting policies which have not been adjusted. The consolidated financial statements are presented in Indian Rupees.

b. Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenditure and disclosure of contingent liabilities on the date of the consolidated financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Holding company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group

transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Holding company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

- Accounting for investments in associate companies has been carried out under the equity method of accounting prescribed under Accounting Standard 23 - "Accounting for Investments in Associates in consolidated financial statements" wherein goodwill/capital reserve arising at the time of acquisition, and the Group's share of profit or loss after the date of acquisition have been adjusted in the investment value.
- The consolidated foreign subsidiary has been identified as non-integral operations in accordance with the requirements of AS -11 "The Effect of Changes in Foreign Exchange rates" which is effective for the accounting periods commencing on or after 1 April 2004. In accordance with AS-11, the financial statements of such non-integral foreign operations are translated into Indian rupees as follows:
 - All assets and liabilities, both monetary and non-monetary, are translated using the closing rate.
 - Revenue items are translated at the average rates.
 - The resulting net exchange difference is credited or debited to a foreign currency translation reserve.
 - Foreign currency transaction gains and losses related to inter-company loans or advances that have been asserted by Management to be of a long-term nature are accounted for as translation adjustments and resulting net exchange difference is credited or debited to a foreign currency translation reserve.
- Contingent liabilities are translated at the closing rate.
- The excess/ deficit of cost to the Holding company of its investment in the subsidiaries over its portion of equity at the respective dates on which investment in such entities were made is recognised in the consolidated financial statements as goodwill/ capital reserve. The Holding company's portion of equity in such entities is determined on the basis

of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment. Goodwill/ capital reserve arising on the acquisition of an associate by the parent company is included in the carrying amount of investment in the associate but is disclosed separately.

- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

d. Current and non-current classification

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

Assets

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

- it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

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

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 Group has ascertained its operating cycle as 12 months that is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

d. Fixed assets and depreciation

Fixed assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets comprises the purchase price, non-refundable taxes, duties, freight and other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

The cost of fixed assets acquired but not ready for their intended use before balance sheet date are disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are included in long-term loans and advances.

Depreciation

With effect from 1 April 2014, the Management has re-assessed and revised the estimated useful life of the tangible fixed assets as specified in Schedule II to the Companies Act, 2013. Depreciation on fixed assets is provided using the Straight Line Method ('SLM') over the useful life of assets estimated by the Company. 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 fixed assets has been provided at the rates based on the following useful lives of fixed assets as estimated by Management:

Description*	Useful life in years
Laboratory equipment	3 years
Temporary structures	1 year

*for this 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.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or otherwise disposed off.

Leasehold improvements are amortised over the primary period of the lease or estimated useful life of the asset, whichever is lower.

e. Intangible assets and amortisation

Acquired intangible assets are recorded at the consideration paid for acquisition. Software is amortised on straight line basis over a period of three years.

f. Livestock

The Lactating cow (matured asset) purchased is initially recognised at the acquisition cost plus other costs (e.g. freight) required to bring it to the intended condition and location.

For the animals reared from conception (calf) and heifer, which are brought to maturity to make those animals productive, the cost comprises the following items:

- (i) The cost of calving;
- (ii) The cost of the fodder and cereals etc. that the calf or the young animal consumes till maturity; This will also include the cost of the milk that the calf is allowed to consume which otherwise would have been available for sale;
- (iii) A suitable share of the overheads comprising cost of water, supervision, maintenance of sheds and manure pits, medicines, veterinary surgeon's fees, etc. less sale proceeds or value of manure. The appropriate method of apportioning the overheads is allotment of appropriate weights to the various categories of animals in terms of their age.

Thus, the cost of a newborn calf is initially represented by (i) above and increases over the maturity period by the amounts stated in (ii) and (iii) above.

These costs are accumulated under capital work-in-progress till the calf matures and is ready for producing milk at which time the amount is recognised as livestock under tangible assets.

Where a calf is purchased and then reared, the cost comprise the purchase price, freight inwards and the costs listed at (ii) and (iii) above. If at the time of purchase, the animal has attained maturity, the purchase price plus freight is considered as its cost.

The initial cost of purchased heifer is the total of the purchase price and costs incurred to bring them to the location of use. Subsequently, the cost is increased by expenses mentioned at (ii) and (iii) above.

After purchase of lactating cow or after the calf/heifer reaches maturity, the subsequent costs (fodder, overheads, etc) of maintaining the cow are recognised as expense in the statement of profit and loss.

Depreciation

The strength or the earning capacity of the animal is higher in the initial years and remains constant for some time thereafter. Depreciation is commenced when animal achieves maturity and is charged on a straight line method over the estimated (balance) life of the animal which is estimated as 5 years. Disposal value at the end of the life is taken as nil because the carcass does not fetch anything substantial. Also, the removal of carcass does not usually involve significant cost.

When an animal dies, its carrying value is written off in the statement of profit or loss in the period in which such animal dies.

h. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long term investments.

Non-current investments are carried at cost less, any other than temporary diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

Current investments are carried at the lower of cost and fair value.

g. Inventories

Inventories comprise of raw 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.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials, stock-in-trade and stores and spares are valued at weighted average cost method.

Work-in progress and finished goods are valued at material cost plus fixed production overheads allocated on the basis of normal capacity of production facilities.

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 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.

h. Government grants

Government grants are recognised only when it is reasonably certain that the Company will comply with the attached conditions and the ultimate collection is not in doubt.

Where the government grants are in the nature of promoter's contribution and no repayment is ordinarily expected in respect thereof, the grants are treated as Capital Reserve which can be neither distributed as dividend nor considered as deferred income.

Where the government grants relate to specific fixed assets, the grants are treated as deferred government grant and are recognised in the statement of profit and loss in proportion to the depreciation charge over the useful life of the asset.

i. Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company contributes to the recognised provident fund which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which employees renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is a defined

benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating 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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the statement of profit and loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

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, portion of the benefit is classified as a long-term employee benefit. Compensated absences, is accrued based on the actuarial valuation done as per projected unit credit method as at the balance sheet, carried out by an independent actuary.

j. Foreign exchange transactions

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Foreign currency transaction gains and losses related to inter-company loans or advances that have been asserted by Management to be of a long-term nature are accounted for as translation adjustments and resulting net exchange difference is credited or debited to a foreign currency translation reserve.

All monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a

foreign currency are reported using the exchange rate at the date of the transaction.

k. Foreign exchange transactions (continued)

Pursuant to ICAI Announcement “Accounting for derivatives” on the early adoption of Accounting Standard – 30 “Financial Instruments: Recognition and Measurement”, the Company has adopted the standard, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. Mark to market losses and gains on other derivative contracts are recognised in the statement of profit and loss.

l. Revenue recognition

Revenue from sale of goods in the ordinary course of activities is recognised on transfer of significant risks and rewards of the ownership to customers and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection.

The amount of revenue recognised is net of sales returns, trade discount and VAT, wherever applicable.

Income from conversion service is recognised on accrual basis and based on the terms and conditions of the relevant agreement.

Dividend income is recognised in the year in which the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

m. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is

reflected at the recoverable amount subject to a maximum of depreciable historical cost.

n. Leases

Assets taken on lease where the Company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of minimum lease rental and other incidental expenses during the lease term or the fair value of the assets taken on lease. The rental obligations, net of interest charges, are reflected as other long-term liabilities. Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

o. Income tax

Income tax comprises current tax, deferred tax and minimum alternate tax (MAT) credit entitlement.

Current tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax:

Deferred tax charges or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

MAT

MAT credit entitlement represents the amounts paid in a year under Section 115JB of the Income Tax Act, 1961 ('IT Act'), which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward for set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence

as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT credit receivable", in the balance sheet with a corresponding credit to the statement of profit and loss, as a separate line item.

Such assets are reviewed at each balance sheet date and written down to reflect the amount that will not be available as a credit to be set off in future, based on the applicable taxation law then in force.

p. Borrowing costs

Borrowing cost directly attributable to the acquisition/construction of the qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred in the statement of profit and loss.

q. Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares.

r. Provisions and contingencies

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be

estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

s. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash in hand and balance in bank in current accounts and deposit accounts. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

t. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit 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, investing and financing

Notes to Consolidated Financial Statements

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

2.1 Share capital	As at 31 March 2016
Authorised	
6,000,000 equity shares of ₹10 each	60,000,000
	60,000,000
Issued, subscribed & paid up share capital	
3,274,823 equity shares of ₹10 each fully paid up	32,748,230
	32,748,230

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

Particulars	As at 31 March 2016	
	Number of shares	Amount
Equity shares		
At the commencement of the year	3,274,823	32,748,230
Issued during the year	-	-
Outstanding at the end of the year	3,274,823	32,748,230

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

The Company has a single class of equity shares as at 31 March 2016 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, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by equity shareholders.

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

Name of the shareholder	As at 31 March 2016	
	Number of shares	%
Mr. D. Sunil Reddy	832,124	25.41
Mrs. D. Girija Reddy	822,120	25.10
Mrs. Deepa Reddy	363,256	11.09
Mr. D. Subba Reddy	337,499	10.31
Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd	774,823	23.66

Notes to Consolidated Financial Statements

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

2.2 Reserves and surplus	As at 31 March 2016
Capital reserve	
Balance at the beginning of the year	2,000,000
Add: Grant received from Ministry of Food Processing Industries*	15,000,000
Balance at the end of the year	17,000,000
Capital redemption reserve	
Balance at the beginning and end of the year	12,000,000
	12,000,000
Securities premium account	
Balance at the beginning and end of the year	1,092,251,770
	1,092,251,770
Foreign currency translation reserve	
Balance at the beginning of the year	-
Add: Additions during the year	(38,683,793)
Balance at the end of the year	(38,683,793)
Surplus i.e. balance in statement of profit and loss	
Balance at the beginning of the year	1,010,531,018
Add: Profit for the year	359,275,794
	1,369,806,812
Appropriations	
Interim dividend on equity shares (₹ 25 per share) #	81,870,575
Dividend distribution tax	16,666,923
Balance at the end of the year	1,271,269,314
	2,353,837,291

*Ministry of Food Processing Industries, Government of India (MOFPI) has sanctioned a grant of ₹ 60,000,000 under the scheme of 'Cold Chain, Value Addition and Preservation Infrastructure'. During the year the Company has received the first installment amounting to ₹ 15,000,000 and the same has been accounted as capital reserve.

#During the year, the Board of Directors in its meeting held on 30 October 2015 has declared an interim dividend aggregating to ₹ 25 per share on 3,274,823 paid-up equity shares of ₹ 10 each.

Notes to Consolidated Financial Statements

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

2.3 Long-term borrowings	As at 31 March 2016
<i>Secured</i>	
Term loans	
- from banks (see notes below)	323,791,450
	323,791,450

Terms of repayment for secured term loans from banks:

- a) Term loan of USD 2,000,000 is an ECB loan taken from Standard Chartered Bank ('SCB') during the financial year 2012-2013 which carries interest rate equal to 3 months USD LIBOR plus 3% per annum. It is repayable in 16 quarterly installments of USD 125,000 each commencing from 15 May 2014. The term loan is secured by first exclusive hypothecation charge on all machinery acquired using this loan and personal guarantees furnished by the promoters of the Group, Mr. Sunil Reddy and Mr. Sesha Reddy. Outstanding amount as at 31 March 2016 is ₹ 66,332,900.
- b) Term loan of ₹ 55,000,000 was taken from SCB during the financial year 2013-2014 which carries interest at the rate of 10.25% per annum. It is repayable in 3 equal annual installments of ₹ 18,333,334 each commencing from 30 November 2014. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Group, Mr. Sunil Reddy and Mr. Sesha Reddy. Outstanding amount as at 31 March 2016 is ₹ 18,333,333.
- c) Term loan of ₹ 65,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 4,062,500 commencing from February 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Group, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 65,000,000.
- d) Term loan of ₹ 100,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 6,250,000 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Group, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 100,000,000.
- e) Term loan of ₹ 50,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 3,125,000 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 guarantees furnished by the promoters of the Group, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 50,000,000.
- f) Term loan of ₹ 25,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 1,562,500 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Group, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 25,000,000.
- g) Term loan of ₹ 60,000,000 was taken from HDFC Bank during the financial year 2015-2016 which carries interest at the rate of 10.45% per annum. It is repayable in 16 equal quarterly installments of ₹ 3,750,000 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantees furnished by the promoters of the Group, Mr. Sunil Reddy. Outstanding amount as at 31 March 2016 is ₹ 60,000,000.

Notes to Consolidated Financial Statements

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

2.4 Long-term provisions	As at 31 March 2016
<i>Provision for employee benefits</i>	
Gratuity (refer note 2.31)	17,606,172
Compensated absences	35,328,188
	52,934,360

2.5 Short-term borrowings	As at 31 March 2016
<u>Loans repayable on demand from banks</u>	
<i>Secured</i>	
Cash credit	15,489,316
Overdraft	341,777,754
<u>Other loans from banks</u>	
<i>Secured</i>	
Working capital demand loans	250,000,000
<i>Unsecured</i>	
Working capital demand loan	100,000,000
	707,267,070

Terms of repayment of short term borrowings from banks

Secured

i) ICICI Bank:

- a) The Group has taken cash credit facility from ICICI Bank, secured by way of pari passu first charge on entire current asset of the Group and pari passu second charge on all the fixed assets of the Group both present and future. Interest rate ranges from 10% to 11% per annum.
- b) The Group has taken bank overdraft facility from ICICI Bank, secured by way of pari passu first charge on the selected investment of the Group in the Mutual funds and carries an interest rate ranging from 9.50% to 10.20% per annum.

- ii) **Standard Chartered Bank (SCB):** The Group has taken working capital demand loan and pre-shipment finance from SCB. All these facilities are secured by pari passu hypothecation charge on entire current asset of the Group, second charge on all the fixed assets of the Group both present and future and personal guarantees furnished by the promoter of the Group, Mr. Sunil Reddy. Interest rate on these facilities ranges from 9.50% to 10.70% per annum.

- iii) **Kotak Mahindra Bank (previously known as ING Vysya Bank):** The Group has taken cash credit and working capital demand loan from Kotak Mahindra Bank. All these facilities are secured by pari passu first charge on all the current assets of the Group and second charge on all the fixed assets of the Group including equitable mortgage on the specified property of the Group both present and future (other than assets exclusively charged to term lenders) and personal guarantees furnished by the promoters of the Group, Mr. Sunil Reddy and Mr. D Sessa Reddy. Interest rate on cash credit ranges from 9.50% to 11.00% per annum and interest rate on working capital demand loan ranges from 9.50% to 10.80% per annum.

Notes to Consolidated Financial Statements

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

- iv) **HDFC Bank:** The Group has taken cash credit and working capital demand loan from HDFC Bank. All these facilities are secured by pari passu first charge on all the current assets of the Group and second charge on all the fixed assets of the Group other than those financed by ICICI Bank and SCB Bank and personal guarantees furnished by the promoters of the Group, Mr. Sunil Reddy and Mr. D Sessa Reddy. Cash credit carries an interest rate of 10.25% per annum and working capital demand loan carries an interest rate of 9.30% to 10.25% per annum.

Unsecured

- v) **HDFC Bank:** The Group has taken a short term loan from HDFC Bank, secured by post dated cheque and personal guarantee furnished by the Directors of the Group, Mr. Sunil Reddy and carries an interest rate of 9.30 to 10.25% per annum.

2.6 Trade payables	As at 31 March 2016
- Total outstanding dues of micro enterprises and small enterprises (refer note 2.36)	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	368,153,067
	368,153,067

2.7 Other current liabilities	As at 31 March 2016
Current maturities of long term debt from banks (refer note 2.3)	60,874,783
Interest accrued but not due on borrowings	5,380,192
Capital creditors	17,537,795
Creditors for expenses	71,024,520
Advance from customers	21,655,864
Security deposits	39,626,691
Employee payables	60,021,235
Statutory liabilities	15,835,780
Other payables	3,465,214
	295,422,074

2.8 Short-term provisions	As at 31 March 2016
<i>Provision for employee benefits</i>	
Gratuity (refer note 2.31)	2,730,695
Compensated absences	2,861,574
<i>Other provisions</i>	
Provision for taxation (net of advance tax)	93,927,813
	99,520,082

Notes to Consolidated Financial Statements

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

2.9 Fixed assets

Description	Gross block				Depreciation and amortisation				Provision for impairment				Net block	
	As at 1 April 2015	Additions	Deletions	Forex adjust- ment	As at 31 March 2016	Charge for the year	Deletions	Forex adjust- ment	As at 31 March 2016	Transfer from CWIP	Charge for the year	Deletions	As at 31 March 2016	As at 31 March 2016
Tangible assets, owned														
Freehold land	162,175,303	143,727,965	-	-	305,903,268	-	-	-	-	-	-	-	-	305,903,268
Leasehold land	20,559,311	10,864,626	-	1,667,222	29,756,715	627,266	-	43,342	940,316	-	-	-	-	28,816,399
Buildings	345,738,199	129,253,755	1,255,139	2,945,653	470,791,162	12,972,206	368,675	92,449	55,272,447	-	-	-	-	415,518,715
Plant and equipment	905,783,864	212,728,978	3,150,568	6,994,678	1,108,367,596	73,054,195	1,602,538	401,084	267,955,316	-	-	-	-	840,412,280
Electrical installation	71,651,198	5,810,535	58,111	-	77,403,622	15,108,877	12,946,091	18,012	28,036,956	-	-	-	-	49,366,666
Electronic data processors	36,010,530	3,926,166	510,404	-	39,426,292	3,906,571	510,005	-	33,194,027	-	-	-	-	6,232,265
Office equipments	11,155,173	2,777,535	355,950	8,617	13,568,141	5,905,299	2,175,577	341,244	7,739,057	-	-	-	-	5,829,084
Furniture and fixtures	15,288,698	4,762,824	48,060	6,377	19,997,085	3,918,712	1,905,176	33,382	5,789,865	-	-	-	-	14,207,220
Laboratory equipment	132,342,267	83,893,863	2,898,085	-	213,338,045	52,187,066	46,420,365	1,522,655	97,084,776	-	-	-	-	116,253,269
Vehicles	26,446,314	8,246,974	818,060	625,993	33,249,235	6,525,874	3,789,601	567,719	9,664,907	-	-	-	-	23,584,328
Live stock	23,037,431	41,816,240	7,997,625	-	56,856,046	644,572	8,196,626	1,293,837	7,547,361	18,516,007	24,011,732	294,499	36,415,059	12,893,626
Total (A)	1,750,188,288	647,809,461	17,092,002	12,248,540	2,368,657,207	354,110,361	165,993,674	6,258,067	513,225,028	18,516,007	24,011,732	294,499	36,415,059	1,819,017,120
Intangible assets, owned														
Computer software	6,345,211	2,277,076	-	33,445	8,588,842	4,137,450	2,286,003	10,115	6,413,338	-	-	-	-	2,175,504
Total (B)	6,345,211	2,277,076	-	33,445	8,588,842	4,137,450	2,286,003	10,115	6,413,338	-	-	-	-	2,175,504
Grand total (A+B)	1,756,533,499	650,086,537	17,092,002	12,281,985	2,377,246,049	358,247,811	168,279,677	6,258,067	519,638,366	18,516,007	24,011,732	294,499	36,415,059	1,821,192,624
Note														

1. Live stock represents milking animals net of impairment provision.

Notes to Consolidated Financial Statements

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

2.10 Non-current investments	As at 31 March 2016
<i>Trade investments, unquoted at cost</i>	
Investments in equity instruments of associate company	
Global VetMed Concepts India Private Limited	
[(3,866,923 equity shares of face value ₹ 10 each, fully paid up (at cost))] (refer note 2.41)	38,669,230
Less: Provision for other than temporary diminution in value of investment	(38,669,230)
	-
Aggregate book value of non-current investments - unquoted	38,669,230
Aggregate provision for diminution in the value of investment	38,669,230
2.11 Long-term loans and advances	As at 31 March 2016
<i>Unsecured, considered good</i>	
<u>To other than related parties</u>	
Deposits	35,719,858
Capital advances	305,234,977
Income tax paid under protest	31,012,275
Advance tax (net of provision for tax)	44,157,676
<i>Unsecured, considered doubtful</i>	
<u>To other than related parties</u>	
Capital advances	2,525,751
Less : Provision for doubtful advances	(2,525,751)
	416,124,786
2.12 Current investments	As at 31 March 2016
<i>Non-trade investment, quoted (at lower of cost or fair value)</i>	
Investments in mutual funds	
13,145.89 units of Franklin India Short Term Income Plan - Retail Plan - Growth	30,000,000
5,000,000.00 units of HDFC FMP 1175 D Regular Growth plan	50,000,000
5,000,000.00 units of HDFC FMP 3360D Regular Quarterly Dividend plan	50,000,000
11,995,346.91 units of ICICI Prudential Regular Income Fund-Regular Plan-Monthly Dividend*	127,565,716
8,215,465.82 units of DHFL Pramerica Short Maturity Fund - Monthly Dividend*	103,770,928
10,774,894.38 units of ICICI Prudential Regular Saving Fund* [net of provision for diminution in the value of investment ₹ 577,980]	111,372,541
5,123,535.84 units of L&T Income Opportunities Fund-Dividend	54,407,609
3,671,267.03 units of TSTD Tata Sort Bond Fund Regular Plan-Fortnightly Dividend*	50,868,343
2,285,680.52 units of Reliance Short Term Fund*	31,806,021
	609,791,158
Aggregate write-down due to valuation of current investments at fair value	577,980
Aggregate book value of current investments - quoted	609,791,158
Aggregate market value of current investments - quoted	637,101,253
*The investment in mutual funds have been hypothecated against the overdraft facility taken from ICICI bank (refer note 2.5 (i)(b)).	

Notes to Consolidated Financial Statements

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

2.13 Inventories	As at 31 March 2016
<i>(valued at the lower of cost and net realisable value)</i>	
Raw materials	49,849,086
Work in progress	328,144,995
Finished goods*	509,876,247
Stock-in-trade	358,178
Stores and spares	16,101,432
	904,329,938

*include goods-in-transit amounting to ₹ 25,108,436.

2.14 Trade receivables	As at 31 March 2016
Outstanding for a period exceeding six months from the date they became due for payment	
- Unsecured, considered good	-
- Unsecured, considered doubtful	3,033,365
Other debts	
- Unsecured, considered good	20,370,170
	23,403,535
Less: Provision for doubtful receivables	(3,033,365)
	20,370,170

2.15 Cash and cash equivalents	As at 31 March 2016
Cash on hand	13,242,130
Balances with banks	
- in current accounts#	104,952,850
	118,194,980
# Current account balances with banks include funds which are not freely available amounting to ₹ 13,534,264 (refer note 2.34(3))	
Details of bank balances/ deposits	
Bank balances available on demand or deposit with original maturity of three months or less included under 'Cash and cash equivalents'	104,952,850
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	-
Bank deposits due to mature after 12 months of the reporting date included under 'Other non current assets'	-
	104,952,850

Notes to Consolidated Financial Statements

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

2.16 Short-term loans and advances	As at 31 March 2016
<u>To other than related parties</u>	
<i>Unsecured, considered good</i>	
Advance for supply of goods and services	11,220,223
Prepaid expenses	8,020,239
Employee advances	2,878,546
Other advances	12,906,507
<u>To related parties (refer note 2.34)</u>	
<i>Unsecured, considered good</i>	
Loan to director	12,500,000
Advances to key managerial person	3,478,494
<i>Unsecured, considered doubtful</i>	
Share application money pending allotment-Dodla Milk Processing Plc - Ethiopia (refer note 2.34(3))	2,299,566
Other advances	53,635,701
Less : Provision for doubtful advances	(55,935,267)
	51,004,009
2.17 Other current assets	As at 31 March 2016
Interest accrued	1,303,275
Derivative financial assets	11,281,104
	12,584,379
2.18 Revenue from operations	As at 31 March 2016
Sale of products	
- Finished goods	11,980,276,512
- Traded goods	26,039,147
	12,006,315,659
Sale of services	
- Conversion service charges	5,094,049
	5,094,049
Other operating revenue	
- Sale of scrap	5,717,939
	5,717,939

Notes to Consolidated Financial Statements

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

2.19 Other income	As at 31 March 2016
Interest income	
- on deposits	185,472
- on others	2,757,543
Dividend income - on current investment	23,033,478
Profit on sale of current investments, net	23,158,785
Net gain on account of foreign exchange fluctuations	5,435,861
Other non-operating income	5,437,521
	60,008,660
2.20 Cost of materials consumed	As at 31 March 2016
Consumption of raw material	8,557,445,004
Consumption of packing material	343,104,424
	8,900,549,428
2.21 Changes in inventories of finished goods, work-in-progress and stock-in-trade	As at 31 March 2016
a) Finished goods	
Opening stock	697,192,692
Closing stock	(509,876,247)
	187,316,445
b) Work-in-progress	
Opening stock	425,422,442
Closing stock	(328,144,995)
	97,277,447
c) Stock-in-trade	
Opening stock	508,134
Closing stock	(358,178)
	149,956
d) Foreign currency translation adjustment	(240,259)
	284,503,589
2.22 Employee benefits expense	As at 31 March 2016
Salaries, wages and bonus	433,907,788
Contribution to provident and other funds	40,925,226
Staff welfare expenses	10,004,359
	484,837,373

Notes to Consolidated Financial Statements

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

2.23 Finance costs	As at 31 March 2016
Interest expense	96,917,394
Interest on income tax	21,033,931
Other borrowing costs	3,824,190
	121,775,515
2.24 Other expenses	As at 31 March 2016
<i>Manufacturing expenses</i>	
Power and fuel	184,023,885
Consumption of stores and spares	87,834,490
Conversion and processing charges	8,762,597
Milk procurement expenses	12,419,945
Freight inward and handling	279,113,499
<i>Repairs and maintenance:</i>	
- building	14,953,545
- machinery	6,482,229
- other assets	7,075,436
	600,665,626
<i>Administrative expenses</i>	
Rent (refer note 2.35)	53,291,765
Rates and taxes	12,513,886
Communication expenses	9,267,697
Printing and stationery	4,502,628
Travelling and conveyance	53,178,762
Vehicle hire charges	6,891,998
Bank charges	7,070,828
Legal and professional charges (refer note 2.27)	32,797,920
Security expenses	17,367,474
Advances written off	333,498
Provision for doubtful receivables	1,041,884
Provision for doubtful advances	(19,879,528)
Provision for diminution in value of investment in an associate	38,669,230
Provision for diminution in value of investment in mutual funds	(532,994)
Insurance	7,661,991
Loss on sale/ retirement of fixed assets, net	4,123,221
Miscellaneous expenses	20,841,262
	249,141,522
<i>Selling and distribution expenses</i>	
Freight and forwarding	185,638,883
Advertisement expenses	14,304,671
Distribution expenses	275,000,070
	474,943,624
	1,324,750,772

Notes to Consolidated Financial Statements

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

2.25 Tax for earlier years	For the year ended 31 March 2016
- Current tax for earlier years	97,544,879
- MAT Credit reversed	41,212,710
- Deferred tax charge in respect of earlier years	3,510,521
	142,268,110

The Company avails the benefit given under Section 80IB(11A) of the Income-tax Act, 1961 ('Act') with respect to the income generated from its milk processing units and processing plants. The Company believes that the basic criteria i.e. 'processing, preservation and packaging', as envisaged for claiming deduction under section 80IB(11A) of the Act, has been satisfied. However, with respect to the assessment year 2012-13, the Company has received a demand notice amounting to ₹ 30,367,280 (including interest of ₹ 10,254,579) under Section 143(3) of Act disallowing the deduction claimed under Section 80IB(11A) of the Act. Such disallowance has been made on the ground that the Company has not satisfied the conditions of above mentioned section towards its operations at milk processing units. The Management has preferred an appeal before the Commissioner of Income Tax (Appeals).

During the year, assessing officer has reopened the assessments with respect to assessment year 2010-11 and 2011-12 on similar grounds. The Company has created a provision for Income Tax on account of this dispute for the assessment years commencing from 2010-11 to 2015-16. Also, the Company has reversed the MAT credit asset recognised in the earlier year, which got created due to claiming a deduction under section 80IB(11A) in the earlier years. The Company however will contest the matter.

During the year 2014-15, the deferred tax liability amounting ₹ 3,510,521 with respect to timing differences that would get reversed within the tax holiday period was not considered by the Company. Accordingly, the effect to the extent of same has also been considered during the current year while making the above provision.

2.26 Commitments and contingent liabilities

Particulars	As at 31 March 2016
(i) Capital commitments	
Estimated amount of contracts remaining to be executed on capital account (net of advances)	125,853,717
(ii) Contingent liabilities	
Claims against the Group not acknowledged as debts :	
Income-tax matters	993,322

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.

2.27 Auditors' remuneration (included in legal and professional, including service tax)

Particulars	For the year ended 31 March 2016
Audit fees	
Statutory audit	5,864,846
Other services	1,655,048
Out-of-pocket expenses	358,147
Total	6,878,041

Notes to Consolidated Financial Statements

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

2.28 Corporate social responsibility

The provisions of Section 135 of the Act are not applicable to the following subsidiaries and associate for the current financial year:

- DHPL
- LDL
- GVC (the associate)

The provision for Section 135 of the Act is applicable to Dodla Dairy Limited (the Holding Company). As per section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act. The area for CSR activity is renovating school/ providing infrastructure facilities and other amenities to the school covered under the head of “**Promoting education**” under Schedule VII of the Companies Act, 2013.

Gross amount required to be spent by the Company during the year amounts to ₹ 6,644,960

Amount spent during the year on:

Particulars	In cash	Yet to be paid in cash	Total
On purposes other than construction or acquisition of assets	724,308	-	724,308

2.29 Description of the Group

Dodla Dairy Limited (“the Company”) together with its subsidiaries and associate entities (collectively referred to as “the Group” or “Dodla Dairy Group”) is headquartered in Hyderabad, India. The Group is engaged in the business of processing/ production of milk and production of milk products.

Dodla Dairy’s subsidiaries and associate entity are listed below:

Entity	Country of incorporation	Percentage holding (%) As at 31 March 2016
<u>Subsidiary</u>		
Dodla Holdings Pte Ltd (DHPL)	Singapore	100.00%
<u>Step down subsidiary</u>		
Lakeside Dairy Limited (LDL)	Uganda	100.00%
<u>Associate</u>		
Global VetMed Concepts India Private Limited (GVC)*	India	47.94%
*Associate with effect from 31 March 2016.		

Notes to Consolidated Financial Statements

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

2.30 Deferred tax liabilities (net):

Deferred tax liability, net included in the consolidated balance sheet comprises the following:

Particulars	As at 31 March 2016
Deferred tax assets:	
- Provision for gratuity	7,038,590
- Provision for leave encashment	13,217,477
- Provision for bonus	7,261,470
- Provision for doubtful debts and advances	21,399,606
- Carried forward losses	9,783,633
Total (A)	58,700,776
Deferred tax liabilities:	
- Excess of depreciation on fixed assets under Income tax Act over depreciation provided in accounts	140,684,353
- Others	5,013,725
Total (B)	145,698,078
Deferred tax liabilities, net (B-A)	86,997,302

In view of accumulated losses relating to one of its subsidiary company and the absence of the virtual certainty supported by convincing evidence as required under – “Accounting for taxes on income”, net deferred tax assets on carried forward losses and other temporary differences (after considering the deferred tax liability on fixed assets) have not been recognised as there are no timing differences, the reversal of which, will result in sufficient taxable income. Accordingly, the Group recognised deferred tax asset only to the extent of above mentioned deferred tax liability in respect of that subsidiary.

2.31 Employee Benefits

Defined contribution plans

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the consolidated statement of profit and loss as they accrue.

Defined benefit plans

The Company provides its employees with 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 ₹ 1,000,000.

The following table summarises the position of assets and obligations of gratuity:

Particulars	As at 31 March 2016
Present value of defined benefit obligation	42,604,614
Fair value of plan assets	(22,267,747)
Liability recognised in consolidated balance sheet	20,336,867

Notes to Consolidated Financial Statements

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

<i>Classification into current/ non-current</i>	As at 31 March 2016
Current benefit obligation (refer note 2.8)	2,730,695
Non-current benefit obligation (refer note 2.4)	17,606,172
Liability recognised in consolidated balance sheet	20,336,867
<i>Movement in present value of the defined benefit obligation:</i>	As at 31 March 2016
Opening defined benefit obligation	29,784,544
Interest cost	2,267,780
Current service cost	9,167,374
Benefits paid	(1,196,380)
Actuarial losses on obligation	2,581,296
Closing defined benefit obligation	42,604,614
<i>Movement in fair value of plan assets</i>	As at 31 March 2016
Opening fair value of plan assets	13,130,621
Expected returns	1,422,545
Contributions	9,079,104
Benefits paid	(1,196,380)
Actuarial losses on assets	(168,143)
Closing fair value of plan assets	22,267,747
<i>Expense recognised in the consolidated statement of profit and loss</i>	For the year ended 31 March 2016
Current service cost	9,167,374
Interest cost	2,267,780
Expected return on plan assets	(1,422,545)
Net actuarial losses recognised in the year	2,749,439
Net benefit expense	12,762,048
<i>Actual return on plan assets</i>	For the year ended 31 March 2016
Expected return on plan assets	1,422,545
Actuarial (losses) on plan assets	(168,143)
Actual return on plan assets	1,254,402
<i>Principal actuarial assumptions</i>	For the year ended 31 March 2016
Salary escalation rate	12.00%
Discount rate	7.46%
Attrition rate	8.00%
Retirement age	58 years

Notes to Consolidated Financial Statements

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

Salary escalation rate: The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at consolidated balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

2.32 Earnings per share ('EPS')

The computation of EPS is set out below

Particulars	For the year ended 31 March 2016
Earnings	
Profits attributable to equity shareholders	359,275,794
Shares	
Weighted average number of equity shares outstanding during the period	3,274,823
Basic and diluted earnings per share of face value of ₹10	109.71
The Group has no potentially dilutive equity shares.	

2.33 Segment reporting

The Group is engaged in the business of processing and selling milk and milk products. Management is of the view that the risks and returns for these products are not significantly different and accordingly considers this a single reportable segment in terms of Accounting Standard 17 - "Segment Reporting".

The Group sells its products within and outside India. The related geographical segment information is given below:

Segment	Revenue from customers based on location of customers	Segment assets based on location of assets	Additions to fixed assets (including CWIP)
India	11,823,757,964	4,015,618,640	852,750,315
Outside India	193,369,683	308,504,705	108,639,967
Total	12,017,127,647	4,324,123,345	961,390,282

2.34 Related party disclosures

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

Nature of relationship	Name of the party
Entity where control exists	Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd (from 11 December 2014)
Associate	Global VetMed Concepts Private Limited ('GVC') (from 31 March 2016)
Key management personnel ('KMP')	Mr. D. Sunil Reddy, Managing Director Mr. B.V.K. Reddy, CEO
Relatives of KMP	Mr. D. Sesha Reddy, Father of Mr. D Sunil Reddy
Enterprise over which KMP have significant influence	Dodla Dairy, Vinjimuru Oremus Corporate Services Private Limited (from 15 June 2015) Surekha Milk Chilling Centre Global VetMed Concepts Private Limited ('GVC') Dodla Engineering, a Partnership Firm

Notes to Consolidated Financial Statements

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

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

Transactions	For the year ended 31 March 2016
Lease rent paid	
- Dodla Dairy, Vinjumur	1,200,000
- Surekha Milk Chilling Centre	900,000
Remuneration paid	
- Mr. D. Sunil Reddy	31,535,022
- Mr. B.V.K. Reddy	30,624,000
Purchase of raw material	
- GVC	8,311,435
Expenditure incurred on behalf of	
- GVC	20,805,626
Consultancy expense	
- Oremus Corporate Services Private Limited	2,676,218
- D Sesha Reddy	3,600,000

2.34 Related party disclosures

Transactions	For the year ended 31 March 2016
Unsecured loans given	
- D. Sunil Reddy	25,000,000
Interest income	
- D. Sunil Reddy	294,164
Investment made in the shares	
- Shares of GVC purchased from D. Sunil Reddy	99,990
- Shares subscribed in GVC (adjusted from amount receivable)	38,569,230
Unsecured loans repaid	
- D. Sunil Reddy	12,500,000
Short-term loans and advances	
- GVC - Other advances	53,635,701
- D Sunil Reddy – Advance given against salary	3,478,494
- D Sunil Reddy – Loan to director	12,500,000
- Provision for doubtful advances – GVC	(53,635,701)
Other current assets	
- Interest accrued – D Sunil Reddy	95,548
Other current liabilities	
- Oremus Corporate Services Private Limited – Consultancy fees provided	275,000
- B.V.K. Reddy – Salary payable	10,564,091

Notes:

- The borrowings of the Group are secured by personal guarantees given by Mr. D Sunil Reddy and Mr. D Sesha Reddy as detailed in Note 2.3 & 2.5.

Notes to Consolidated Financial Statements

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

2. Remuneration paid to Mr. D Sunil Reddy and Mr. B.V.K. Reddy does not include gratuity and compensated absences as this is provided in the books of accounts on the basis of actuarial valuation for the Group as a whole and hence individual amount cannot be determined.
3. During the previous year 2014-15, the Board of directors of the Company has decided to wind up Dodla Milk Processing Plc since it does not intend to pursue the business opportunities in Ethiopia and it stands dissolved on 11 November 2015. Shares of Dodla Milk Processing Plc have not been allotted to the Company. Subsequently, the Company has initiated process of settling the dues and repatriating the funds to India and has received ₹ 13,534,264, which is deposited in nostro account with Authorised dealer. The Company is required to obtain approval from Reserve Bank of India ('RBI') to utilise these funds. Accordingly, the Company has made necessary application with RBI, who in turn has issued a letter to the Authorised Dealer seeking certain clarifications. Presently, the Authorised Dealer and the Company are in the process of providing clarification to the RBI. The Company has provided for balance amount of ₹ 2,299,566 lying in share application money and not repatriated which has been incurred on winding up activities of this subsidiary.

2.35 Leases

The Group has certain operating leases for plants and chilling centres (cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expense of ₹ 53,291,765 in respect of obligation under operating leases have been recognised in the statement of profit and loss.

2.36 Dues to Micro and Small Enterprises

The Ministry of Micro and Small 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 31 March 2016 has been made in the consolidated 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 ('MSMEDA') is not expected to be material. The Group has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 31 March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period	Nil
The amount of interest paid by the Group along with the amounts of the payment made to the supplier beyond the appointed day during the period	Nil
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 period) but without adding the interest specified under this Act	Nil
The amount of interest accrued and remaining unpaid at the end of the period	Nil
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	Nil

Note: The list of undertakings covered under MSMEDA was determined by the Group on the basis of information available with the Group.

Notes to Consolidated Financial Statements

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

2.37 Hedging and derivatives

- a. The following is the nominal value of outstanding derivative contracts entered into by the Group for hedging currency and interest rate related risks as at 31 March 2016:

Particulars	As at 31 March 2016	
Cross currency swap and interest rate swap	USD	₹
	1,000,000	54,325,000

- b. The particulars of un-hedged foreign currency exposure as at balance sheet date is as under:

Particulars	Currency	As at 31 March 2016	
		Foreign currency	₹
Capital creditors	EURO	35,600	2,361,451
Advance for supply of goods	USD	2,236	148,289
Advance for supply of goods	EURO	13,680	1,027,306
Trade payables	SGD	5,750	281,107

2.38 Provision for impairment of live stock

Particulars	For the year ended 31 March 2016
Capital work-in-progress	20,808,804
Tangible fixed assets	294,499
Total provision created for the year	21,103,303

2.39 Details of net assets and share of profit of individual entity in the consolidated net assets and consolidated share of profit:

Name of the Entity	Net Assets		Share in profit or (loss)	
	As % of consolidated net assets	₹	As % of consolidated profit or (loss)	₹
<u>Parent</u>				
Dodla Dairy Limited	88.07%	2,101,847,311	99.02%	355,755,726
<u>Subsidiary</u>				
DHPL	11.93%	284,738,210	0.08%	3,520,068
<u>Associate</u>				
GVC (refer note 2.41)	-	-	-	-
Total	100.00%	2,386,585,521	100.00%	359,275,794

2.40 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. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group is in the process of updating the documentation for the domestic and international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of November 2016, as required by law. The Management is of the opinion that its domestic and international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial

Notes to Consolidated Financial Statements

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

statements, particularly on the amount of tax expenses and that of provision for taxation.

2.41 Investment in associate

As at 31 March 2016, the Group acquired 3,866,923 shares (47.94%) in GVC for a consideration of ₹ 38,669,230. Goodwill, being excess of consideration to Group's shares in net assets was ₹ 18,343,748. The Group has impaired its investment in GVC fully as they believe that the diminution in the value of investment is other than temporary.

2.42 As the requirement of Consolidated Financial Statements was not applicable to the Company for the year ended 31 March 2015 under the Companies Act 2013, comparative figures for the previous year have not been disclosed.

As per our Report of even date attached

for A. Ramachandra Rao & Co
Chartered Accountants
Firm Registration No: 002857S

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

for Dodla Dairy Limited
CIN: U15209AP1995PLC020324

P.S.R.V.V.Surya Rao
Partner
Membership No. 202367

Vikash Somani
Partner
Membership No. 061272

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

Place: Hyderabad
Date: 10 August 2016

Place: Hyderabad
Date: 10 August 2016

Ruchita Malpani
Company Secretary



Dodla Dairy Limited

8-2-293/82/A, Plot No - 270/Q, Road No 10-C, Jubilee Hills, Hyderabad - 500033, Telangana, India

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