

A Healthy Proposition

Annual Report
2014 – 15

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Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.



A Healthy Proposition

At Dodla the cornerstone of our success is having a differentiated and agile business model which encompasses good governance, social responsibility, creating customer value, going global, strategic expansions and increasing process efficiency through technology adoption.

The reason behind our consistent growth over the years is due to our astute understanding of the right business model for the company and by meticulously implementing our strategies to achieve our business goals.

Today with an annual turnover of over Rs.1000 Crores Dodla Dairy Ltd is not only a leading Indian dairy but also an emerging MNC with recent forays into overseas markets.

While we embark on our journey for achieving greater heights, we will continue to make every step to add value to our stakeholders by maintaining a Healthy Business Proposition.

Chairman's Review

We would keep the milk wheel turning to secure future....

Welcome to our annual report 2014-15. This year's report comes with an elaborate narrative on our approach, performance, strategic intent and future plans. True to the theme of the report which is "A Healthy Proposition" our business model encompasses a health proposition of governance, focus on quality improvement, creating customer value, going global, social

responsibility strategic expansions and improving process efficiency through technology adoption. In terms of performance, 2014-15 has been a significant year for Dodla. We achieved a revenue of Rs.1,024 Cr as against 848 Cr in the previous year – a 20.75% revenue growth on year on year basis. During the year we also made critical forays into domestic as well as overseas markets.

Going forward we continue to update our vision which is "To be a world class dairy company by providing high quality Products and Services". Our mission continues to be, to supply good and safe milk products consistently through continual improvement of our systems and practices. While our vision and mission are the twin basic principles to deliver quality dairy products, we also make Dodla attractive to dairy farmers by making them as our business partners. Receiving fresh quality milk gives Dodla the strength to grow. The company's current milk procurement volume is over 9 lakh liters per day. With expansions underway, we still have room for more milk and more farmers in our fold. We would keep the milk wheel turning to secure

future supplies of the raw material that is the very basis of our existence.

One of the key initiatives during the 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 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.

I take this opportunity to thank our farmers, employees, associates and banks who together have contributed to our good performance. We will continue to surpass our previous performance in the years to come.

With Regards

D. Sessa Reddy
Chairman



Business Model

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 have the best understanding of the markets and who have to 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.

Vision

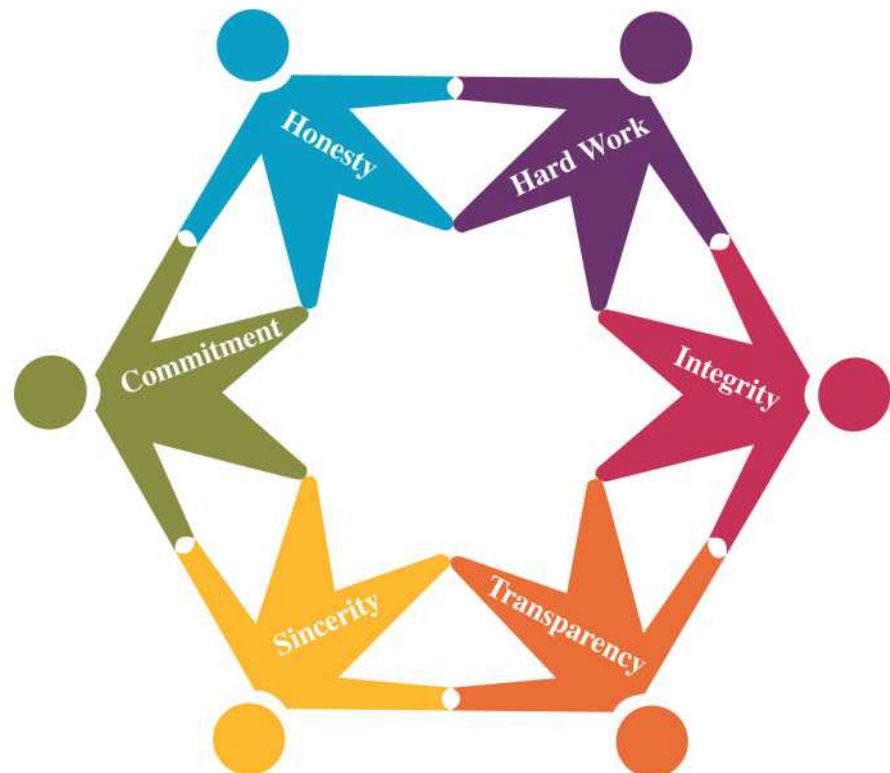
To be a world class dairy company by providing high quality Products and Services.

Mission

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

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.



Review of Dodla Strategy by Managing Director

We make ourselves adaptive to changes by remaining agile

On Dodla's approach to strategy

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

When it comes to team work we balance the top down and bottom-up approach while setting new strategies. This approach encourages team work and research among all functional areas of the company such as Procurement production, marketing, HR and finance. In each functional area we run what we call the 4E innovation Model – explore, enable, evangelize and empower. As an adaptive organization we continuously upgrade our systems and methods by benchmarking the best practices among various process

industries Today we are able to capture and share external signals and to generate and manage a portfolio of strategic initiatives effectively as we are information enabled.

Recent strategic initiatives

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

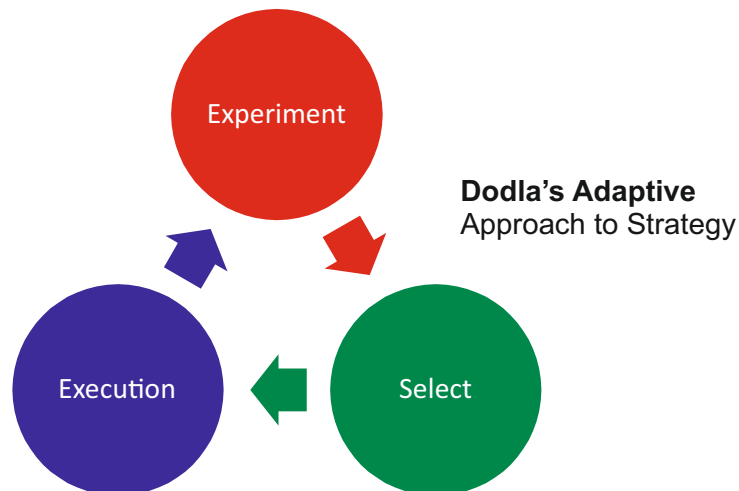
Today we are the only dairy company in the private sector having own dairy farm which helps us to understand all complex issues related to dairy farming.

Since we have our own procurement

processing and distribution facilities, we have better control on our operations. We have initiated stringent quality control measures and best processing practises in the entire gamut of dairy operations to make profit in this highly competitive market space.

Our model dairy farm located inside IGCARL (Indira Gandhi 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.

In our business we deal with milk - a highly perishable animal produce.



We have made our entire process agile with IT implementation through Microsoft Dynamics ERP. The operational modules deployed includes General Ledger, Accounts Receivable, Accounts Payable, Milk Procurement, Inventory, Production (Process), Fixed Assets, Milk Distribution, Product Distribution and Production and transfer.

On Growth

When dairy brand proliferation is happening in existing markets the only option for growth and to stay competitive is by expanding markets. We have been rapidly expanding our domestic markets and currently our products are available in 9 states and over 66 locations in the country. Apart from our nine processing plants we are in the process of acquiring few more plants in key markets in India. We are also commissioning a fully automated milk processing plant near Hyderabad city by June 2016 with an initial capacity of two lakh litres a day. This plant is also equipped with ice-cream preparation and value added product manufacturing facilities.

Dodla has a good base in Value Added Dairy Products (VADP). We will continue to strengthen our VADP brands by focusing on enhancement of customer satisfaction, innovation, efficiency and value creation. In 2015 our VADP sales grew 8% on a year on year basis. Within the VADP sales the branded curd sales marked a growth of 62%.

During the year our attempts to foray into African markets have materialized. We had acquired a milk processing asset in Uganda which commenced operations during the current financial year. Presently sells around 15,000 litres of milk daily in this market. This is our key overseas strategy against the backdrop of Africa's food and beverage consumption projected to reach \$544 billion by 2020. In the coming years we foresee such strategic overseas expansions aiding our next level of growth. We are exploring to enter Sri Lanka, Singapore, and the US in next two-three years. We will look at the US as a production base and South East Asia as consumption market

“...Dodla has a good base in Value Added Dairy Products (VADP). We will continue to strengthen our VADP brands by focusing on customer relations, innovation, efficiency and value creation...”



D. Sunil Reddy
Managing Director

Who We Are

Dodla Dairy procures, processes and sells milk and milk products at 66 locations in 9 states of India and various locations abroad...



Dodla Dairy Limited is a Public Limited Company having its Head Quarters at Hyderabad City of Telangana State in India. The company was established in the year 1995 at Nellore of Andhra Pradesh, India. Dodla Dairy procures, processes and sells milk and milk products at 66 locations in 9 states of India. The company is an ISO 22000 and ISO 50001:2011 (EnMS) Certified Organization.

The company offers wide range of Milk Products Comprising of Fresh Milk, Butter, Ghee, Paneer, Curd, Flavoured Milk, Doodh Peda, Ice Cream and Skimmed Milk Powder. All products are conveniently packed to suit various needs of consumers. The company has grown-up rapidly during the past one and half decades. Today it is one of the renowned dairy companies in India with global foot prints. The consistent growth of the organization reflects the consumer confidence on the products and services offered.

Revenue
102,400 Lakhs

Revenue Growth (y-o-y)
20.75%

EBDITA
3,587 Lakhs



Number of Dairy Farmers
250,000

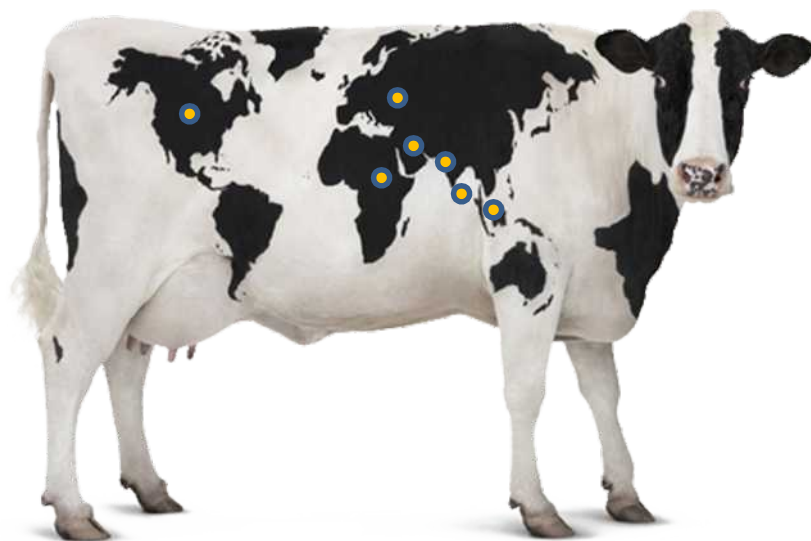


Milk Procurement
900,000 LPD



Number of Processing Plants
9

Global Locations & Markets



Global Head Quarters
Hyderabad, India

Processing Plants
India

**Nellore, Palamaner,
Penumuru,
Sattenapally
Badvel, Kurnool,
Tanuku, Koppal**

Abroad

Mbarara, Uganda

Distributors & Retailers
5,000

Dodla Retail Points (DRP)
33

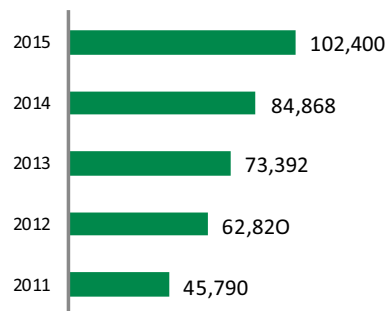
Year of Establishment
1998

Performance Highlights

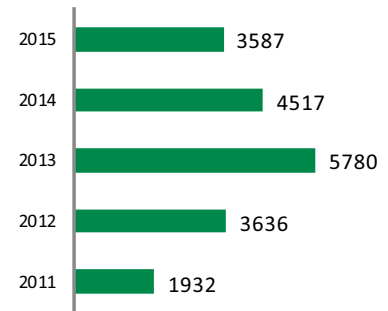
During the year the company achieved a turnover of 102400 lakhs – a 20.75% growth year on year basis.

The higher growth was achieved by increase in the sales of liquid milk as well as value added products. However in sync with the prevailing dairy business environment in India, the company's margins continued to be under pressure. Despite increase in procurement prices the liquid milk rates remained more or less stable. Overall dairy market in India was also impacted by the weak International prices.

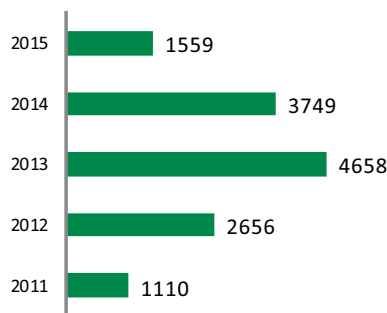
Revenue (Rs. in Lakhs)



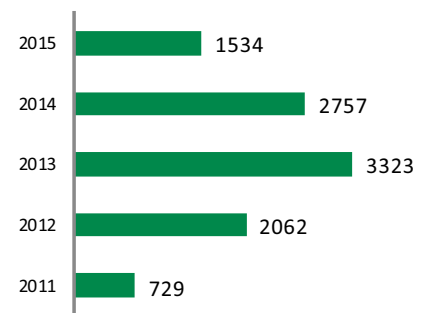
EBITDA (Rs. in Lakhs)



PBT (Rs. in Lakhs)



PAT (Rs. in Lakhs)



ICRA Credit Rating

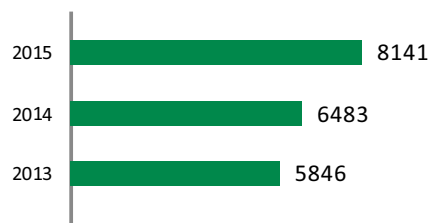
Long Term : A-
Short Term: A2+

Dodla's liquid milk sales has grown by 25% and the value added product sales by 8% on year on year basis

Dodla has a strong focus on developing the liquid milk as well as Value Added Dairy Product (VADP) sales. In 2014-15, Dodla executed a clear product growth strategy across product categories. As a result Dodla's liquid milk sales has grown by 25% and the value added product sales by 8% on year on year basis. Within the VADP the share of curd is 73% in FY15 as against 45% in FY14. Dodla could achieve this growth with consistent expansion of markets, infrastructure and by adding value in products.

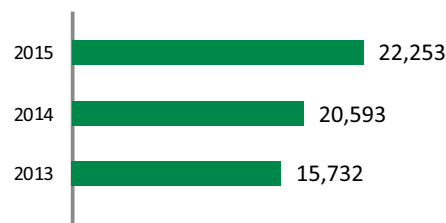
Liquid Milk Sales

(Rs. in Lakhs)



VADP Sales

(Rs. in Lakhs)



Review of Operations - India

The key operational initiative during the year has been adoption of Standard Operating Procedures (SOPs)

Company's operations primarily consists of milk Procurement, Quality check, logistics, transportation, statutory compliances, processing & marketing. All decisions related to operational policies, administration, and execution is centralized at the Corporate Office located at Hyderabad.

During the year GPRS enabled electronic milko analysers were introduced 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.

During the year under review the ghee section in the Nellore plant was modernized and also the capacity has been enhanced. In the Koppal plant Extended Shelf Life (ESL) Milk processing facility has been

commenced. As part of our marketing division's mission direct to consumer-Dodla Retail Point (DRP) were introduced during the year. Over 33 parlours have been established across various parts of Telangana and Andhra Pradesh states.

Standard Operating Procedures

The key operational initiative during the year has been adoption of Standard Operating Procedures (SOPs) across all functions. With the ongoing implementation of SOPs the company is able to streamline its processes. The SOP implementation is enabling us to remove grey areas and bringing clarity of roles and the transactions.

IT enabled SCM

The Microsoft Dynamics -ERP solution deployed in the company fully integrates enterprise-wide financial controls. Efficient tracking of day-to-day billing (invoices), receivables, and sales allow complete financial visibility required for business decision. The Integrated supply chain at Dodla Dairy addresses issues of both material flow and information flow. It captures all the complexities of multi-product perishables. The seamless information flow improves data integrity and significantly reduces duplication and effort. It has cut down the information processing time for quality check and distribution.

Key Benefits of SOPs

- Reduce training time for new employees
- Better Employee Performance Management
- Ensured business continuity
- Standardized processes
- Perfect delegation of tasks
- Reduction of turnaround time
- Easy replication of systems and methods in new locations

Review of Operations - Uganda

Lakeside Dairy Ltd., was incorporated by Dodla on 15th July, 2014



Lakeside Dairy Ltd., was incorporated by Dodla on 15 July, 2014 to acquire the business of Hillside Dairy & Agriculture Ltd., and 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 4 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 65 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.

Consumer - India

During the year both the milk and value added product business marked significant growth.

The company is offering a wide range of products in both liquid milk and bi-products 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 as per the needs of the customers. 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, Ice Cream and Skimmed Milk Powder. These products are conveniently

packed to suit various needs of consumers.

The company grew rapidly during the past two decades. Now it is one of the well renowned dairy companies in India.



Consumer - Uganda

The plant capacity is 1 lakh liter LLPD and currently manufactures liquid milk, yogurt, Ghee, Paneer, Cheese & ESL milk

In July 2014 Dodla Dairy incorporated Lakeside Dairy Ltd which acquired Hillside Dairy & Agriculture Ltd in Uganda. With the foray into Uganda, Dodla is in expansion mode in Eastern Africa by diversifying its business portfolio.

This is in sync with the company's strategy to expand its markets overseas. Hillside Dairy Limited is already having a market presence in Western and Central Uganda.

The idea behind the purchasing of these Companies is to catch the present market share in initial phases along with trend manpower and then to take the business to new heights with the group expertise in dealing at big platform.

The plant capacity is 1 lakh liter LLPD and currently manufactures liquid milk yogurt with different flavors, Ghee, Paneer, Cheese & ESL milk under the brand name Dairy Top.



Dodla's Business Responsibility

Dodla aspires to unite business success with the needs of farmers, customers, employees and environment.



Farmers : We support dairy farmers by bridging the gap between the milk producer and the consumer through effective cold chain management

Fields of Action

Transparent Procurement Process

Animal Health

Training



Employees: We give top priority for moral and ethical values. These values will be demonstrated by our employees while dealing with the business stake holders to deliver highest quality dairy products to our customers.

Fields of Action

Established value system.

Training on value education.

Stringent action for breaking the value chain.



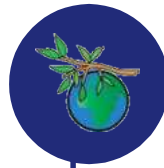
Customers : Our mission is to supply good and safe milk and value added dairy products consistently to all our customers

Fields of Action

Feedback

Research

Value Added Range



Environment : We will improve the eco balance at all our operational locations.

Fields of Action

Energy

Water & Waste

Logistics

Farmers

The farmers have always been central to Dodla Dairy, since they are the suppliers of the milk, our most important raw material. Farmers are an essential 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 company also educates farmers on best farming practices.

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

Employees:

Dodla dairy has a team of over 1800 employees across various locations in India and Overseas. All the employees are qualified and trained to execute the jobs in an efficient manner. Over a period of 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 6 %, which is much lesser than any

other dairy company in Southern India. This indicates the employee satisfaction level in the company. The main driver's for retention includes learning, earning and treatment. We at Dodla treat the employees with utmost respect and give value for 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 will 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 valued added dairy products considering the consumer demand for various dairy variants. Our

product responsibility also includes innovations in the packaging to match with the consumer convenience such as ESL.

Environment

TÜV SÜD South Asia awarded ISO 50001:2011 Energy Management System certification to Dodla Dairy Limited. Dodla is the first dairy company in India which got this certification in Energy Conservation. This new certification is an outcome of company's initiatives to induce 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 improvise upon their product offering and consumer outreach.



Board of Directors & Senior Management

D. Sesha Reddy

Chairman

An Arts Graduate from Osmania University is the Chairman of the Company. He is having more than 40 years of industrial experience in the capacity as Managing Director and Director in different industrial facets like Paper, construction, Software and Castings. Presently he is involved in guiding and mentoring the top executives of the company.

D. Sunil Reddy

Managing Director

A graduate in Industrial Engineering from Mangalore University. He was in Construction and Agro Products Export business for about 6 years. Envisaging the need for high quality Milk & Milk Products in the Urban Market, he entered into the Dairy Industry in the year 1995. During initial stages his agricultural background helped to establish the roots of the company at various locations. Mr. Reddy's family also involved in the veterinary research activities at USA. He is actively involved in leading and directing the company towards new technology, systems and finding new avenues for growth. He is providing the resources needed for transformation of ideas into reality. He takes the strategic decisions for the sustenance and growth of the company

Deepak Malik

Director

Malik joined Black River, an independently managed subsidiary of Cargill, in 2007.

Mr. Malik has been with Cargill since 1995. Prior to Black River, he was a co-founder and Managing Director of Cargill Ventures. Prior to Cargill Ventures, Mr. Malik worked in Cargill's Strategy and Business Development Group, where he managed corporate strategies and mergers and acquisitions within the petroleum, natural gas, coffee, grain and oilseeds, and meat industries. Mr. Malik also spent one year in international sales for Cargill's fertilizer division.

Mr. Malik relocated to New Delhi, India in 2006 to provide regional oversight of several cross-border investments. Previously, he worked with the JMA Group managing distribution operations, principally motor parts and accessories for Telco (Tata Group) heavy vehicles.

Mr. Malik holds a Bachelor's degree in Economics from Delhi University, a Master's degree in Economics from the Delhi School of Economics and an MBA from Cornell University. Mr. Malik speaks English, Hindi and Punjabi.

Mr. Jim Sayre

Director

Jim Sayre joined Black River, an independently managed subsidiary of Cargill, in 2007.

Mr. Sayre has been with Cargill since 1994. Prior to Black River he served as president and founder of Cargill Ventures, a proprietary fund with \$200 million in capital deployed across a 40-company portfolio. Prior to Cargill Ventures, Mr. Sayre was Director for global mergers and acquisitions at Cargill. Previously, Mr. Sayre worked as a Senior Manager for Deloitte Consulting and held a position with the United States Department of Agriculture.

Mr. Sayre holds a Master of Business Administration from Harvard Business School and a Bachelor of Arts from the University of California at Davis.

Kishore Mirchandani

Independent Director

A seasoned forward-thinking hands-on executive with a stellar record of success in building businesses while having extensive international experience and a successful track record in building medium sized enterprises and startups (Outsource Partners International and MLZ Partners). Proven specialties include

Cross Border M&A transactions, International business, Capital markets, Finance, accounting & tax, Cloud and technology solutions, Managing large teams globally, Sales & marketing of professional services, C-suite consulting, Compliance & risk management, Building high-growth enterprises & Analytics.

Kishore Mirchandani is also in the Board of Directors of Essar Steel Algoma, C-Suite Labs Ltd, Singapore, Smart Shift Technologies INC, Outsource Partners International INC, MLZ Partners LLP and Deloitte and Touche, UK

P.Divya Independent Director

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

Divya graduated top of her class for her post-graduate MS degree in Networked Information Systems from Stevens Institute of Technology, Hoboken, New Jersey, USA. She completed a BE degree with Honors in Computer Engineering also from Stevens Institute of Technology, Hoboken, New Jersey, USA.

Divya's career began at Deutsche Bank in Wall St, New York as an Analyst and she quickly rose through the ranks Managing various Projects Globally and ultimately specializing in Change Management & Governance. Prior to Divya's appointment at NC Energy, she was a Whole time Director at Nelcast Limited where she was responsible for Information Technology, Organizational Development and Business Strategy and successfully led several key initiatives of the Company.

BVK Reddy CEO

BVK Reddy sets overall direction and leads the Dodla Dairy Ltd's management team in all aspects of company's operations in India as well as abroad. With the MD & board of directors he also plays a key role in setting the strategies of the company. He is focused on enhancing Dodla's inherent strengths and securing future growth for the company through people, product, market & capacity expansions. He has been instrumental in driving company's operations and chief architect of the company's exceptional growth in the recent years.

BVK Reddy joined Dodla in 1997, bringing with him extensive experience from across the dairy industry. BVK has 30 years

experience in the dairy industry in a variety of roles including general management, operations, supply chain, sales, marketing as well as dairy farmer interfacing. He was previously associated with Amul Dairy and Premier Industries Ltd.

B V K Reddy is a B. Tech – Dairy Technologist from Osmania University in the year 1985. During his professional tenure he also underwent various management and global leadership programs offered by leading business schools such as Cornell University & Indian School of Business. He travels across the world to remain updated on all latest developments in the global dairy sector. He is well networked with various national and international dairy /Veterinary Institutions as well as Secretary of Indian Dairy Association, Telangana Chapter.

Leadership Team



A M S Reddy

Head – HR:

Mr. A M S Reddy is playing key role in bringing the talent pool into the organization and developing a value based culture in the organisation. He handles the Statutory compliance, Legal affairs and Public relations of the organization.

Mr. Reddy is leading the SOPs implementation initiative. He plays a vital role in the acquisition of new process facilities and lands. His current focus is on HR Automation and PMS in the company.

Mr. Reddy is a law graduate from SV university and holds PGDM in HR & IR from Pondicherry university and SV university respectively. Has over 24 years of experience in HR, statutory compliance, Administration and legal affairs. He is a life member of NHRD, Hyderabad chapter.



Hemanth

Head – Finance & Accounts:

Hemanth is a chartered Accountant and holds Master's in Business Management from Periyar university with more than 10 years of experience in Finance Function. He is in the process of implementing Internal Financial controls and he is playing a key role for investor relationship initiatives. Previously he was associated with companies like Ford, IBM, Thomson Reuters & Saint Gobain etc.



Ramani Thyagarajan

Head – Milk Sales:

Ramani Thyagarajan has over 32 years of experience in the FMCG industry and holds a Bachelor's Degree in Science from Calcutta University. Also, holds PG Diploma in Business Management from the same university. He is the functional Head of Sales & Marketing for the Milk division. He is involved in aligning the milk division field force as per the goals of the organization. His role is crucial for establishment of Direct Retail Points to reach out the consumer without the middle men. Prior to Dodla he was with companies like Union carbide (Eveready), BPL & DS Group etc.



V. S. R. Krishna Reddy

Head - Procurement (Milk)

V. S. R. Krishna Reddy is a Commerce graduate from Acharya Nagarjuna University. He has more than 35 Years of experience in the field of Procurement of milk and animal husbandry activities. He is instrumental in building the Milk Procurement activities systematically in the organisation. He played a vital role in bridging the gap between the company and the milk producers by establishing direct collection centres at the village level. He was associated with National Dairy Development Board (NDDB) before joining us.



S. David Raj
Head - Materials

S. David Raj is a Graduate in Economics with PG Diploma in Material Management with over 34 years of experience in handling the Inventory and Purchase Management Functions. He has established the Standards for the Materials purchase and inventory controls in a systematic way. Prior to this company he was associated with Amul Dairy and HFL.



T. Rama Krishnan
Head - Marketing
(Bi- Products)

T. Ramakrishnan is commerce graduate with more than 30 years in Sales & Marketing of FMCG products. He is playing key role in expansion of product sales activities in the northern parts of India. Currently he is working on business expansion in the uncovered states. Previously he was associated with HLL and Emami Limited.



Sebastian Joseph
Head - Quality Assurance

Sebastian Joseph is a Post graduate in Engineering from IIT Kharagpur with more than 26 years of experience in Quality Assurance and project Management functions. He is involved in implementation of Food Safety systems like ISO:22000 and EnMS:50001 in the organization. Previously he was associated with the National Dairy Development Board (NDDB).



D. Prabhakar Reddy
Head – Production:

D. Prabhakar Reddy is Dairy Technologist from NDRI, Bangalore. He did his diploma in dairy technology in the year 1982. He joined AP co-operative society (Vijaya Dairy) in the year 1982 and served for 14 years in various capacities. Later he joined vashinavi dairy and served for 9 years. He joined Dodla during 2005 and continuing as Head of Production till date.

D. Prabhakar Reddy is playing key role in consolidating various plants production information and overseeing the implementation of production budget. He is focusing on optimizing the resources at plants to improve the performance of the equipment and machinery.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 20TH ANNUAL GENERAL MEETING OF THE MEMBERS OF M/S. DODLA DAIRY LIMITED (CIN: U15209AP1995PLC020324) WILL BE HELD ON WEDNESDAY, THE 30TH DAY OF SEPTEMBER, 2015 AT 10:00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements for the financial year ended March 31, 2015 together with the report of the Directors and the Auditors thereon.

2. 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 section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Company hereby ratifies the appointment of M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024), Hyderabad, and M/s. A. Ramachandra Rao & Co., Chartered Accountants (Firm Registration No.002857S) as Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 21st Annual General Meeting of the Company to be held in the year 2016 at such remuneration plus out of pocket expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors."

3. To appoint a Director in place of Mr. Dodla Sesha Reddy, who retires by rotation and, being eligible offer himself for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT in supersession of the earlier resolution passed by the Members in their Meeting held on 2nd November, 2009 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof), the Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, consent of the Members be and is hereby accorded to the Company, to sell, mortgage and / or charge, in addition to the mortgages / charges created / to be created by the Company in such form and

manner and with such ranking and at such time and on such terms and conditions as the Board of Directors and / or the Committee of Directors may determine, on all or any of the movable and / or immovable properties of the Company, and / or the interest held by the Company in all or any of the movable and / or immovable properties, both present and future and / or the whole or any part of the undertaking(s) of the Company, together with the power to take over the management of business and concern of the Company in certain events of default, in favour of lender(s), agent(s), and trustee(s) for securing the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and / or rupee currency) by the Company, from time to time, subject to the limits approved under Section 180(1) (c) of the Companies Act, 2013, from time to time, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the agent(s) and / or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), or any other agreement / document, entered into / to be entered into between the Company and the lender(s) / investor(s) / agent(s) and / or trustee(s), in respect of the said loans, borrowings and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors and / or the Committee of Directors and the lender(s), agent(s) and / or trustee(s).

RESOLVED FURTHER THAT in connection with the above, the Board/Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto."

**By Order of the Board
FOR DODLA DAIRY LIMITED**

**(DODLA SUNIL REDDY)
MANAGING DIRECTOR
DIN: 00794889**

Place: Hyderabad
Date: 7 September 2015

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.
4. 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.
 - 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 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 ID with the Company. Please join us in this endeavor to reduce the usage of paper.

SAVE PAPER . . . SAVE TREES . . .

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Special Business

Item No.1:

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans other than those borrowed for the purpose of financial expenditure of a capital nature obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence it is proposed to increase the borrowing limits. Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting. In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge

on the assets or whole of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power of Board of Directors to lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the general meeting.

The Board recommends this resolution for the approval of the members as Special Resolutions.

The additional information is as follows:

- a. The nature of concern or interest, financial or otherwise, if any:
 - i. No director and the manager are concerned or interested in passing of this resolution.
 - ii. No other key managerial personnel are concerned or interested in passing of this resolution.
 - iii. None of the Relatives of the persons mentioned in sub-clauses (i) and (ii) above are concerned or interested in passing of this resolution.
- b. Any other information and facts that may enable members to understand the meaning, scope and implication of the items of business to take decision thereon.

Inspection of Documents

The proposed documents pertaining to the Special Business Items are available for inspection at the Registered Office of the Company during the normal working hours of the Company.

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:

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

-
-

Signed thisday of 20...

Signature of Shareholder

Signature of Proxy holder(s)

Affix Re.1/-
Revenue
stamp

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

To,
The Members of
Dodla Dairy Limited
Hyderabad

Your Directors take the pleasure in presenting the 20th Annual report on the affairs of the Company for the financial year 2014-15 together with the Audited Financial Statements and the report of the Auditors thereon.

FINANCIAL RESULTS:

The Company's performance during the year ended 31st March, 2015 as compared to the previous year, is summarized below:

(₹ In Lakhs)

PARTICULARS	YEAR ENDED 31 ST MARCH 2015	YEAR ENDED 31 ST MARCH 2014
Income from Operations	101,842	84,211
Other Income	616	658
Total Income	102,458	84,869
Cost of Material Consumed	92,295	63,331
Finance Costs	756	301
Depreciation	1,272	467
Profit before Tax	1,559	3,750
Profit after Tax	1,534	2,757

BUSINESS OPERATIONS:

During the year the company has made a income of ₹ 101,842 Lakhs from its business operations compared to previous year income of ₹ 84,211 Lakhs with a corresponding Profit after tax of ₹ 1,534 Lakhs as compared to previous year of ₹ 2,757 Lakhs. Overall business operations of the company are satisfactory.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no events subsequent to the date of Financial Statements affecting the financial position of the Company between the end of the financial year (i.e. 31.03.2015) and the date of this report.

CHANGE IN THE NATURE OF BUSINESS:

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

DIVIDEND:

The Directors do not propose to declare any dividend for the financial year 2014-15.

BOARD MEETINGS:

The Board of Directors met 08 (Eight) times during the financial year i.e., on 14.04.2014; 25.06.2014; 16.09.2014; 26.09.2014; 06.11.2014; 11.12.2014; 21.01.2015 and 26.03.2015.

DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP):

Appointments by Rotation

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

Confirmation of Appointment

During the year, the Company has appointed Mr. B.V.K Reddy as Chief Executive Officer (CEO) in a Board Meeting held on 26.03.2015 and has also appointed Mr. Kishore Mirchandani and Ms. Ponnayolu Divya as an Independent Directors of the Company in the Extra-Ordinary General Meeting held on 30.03.2015.

REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND/OR MANAGER:

S. No.	Particulars of Remuneration	Name of Managing Director	
		Mr. Dodla Sunil Reddy (MD)	Total Amount
1.	Gross Salary	-	15,789,996
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission As % of Profits	-	-
5.	Others, Allowances	4,210,008	4,210,004
	Total	4,210,008	20,000,000
	Ceiling as per the Act (@5% of profits calculated under Section 198 of the Companies Act, 2013)		8,464,982

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING 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 furnished in Annexure-I and is attached to this report.

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.

1. Criteria for evaluation of Board of Directors as a whole
 - i. The frequency of meetings;
 - ii. The length of meetings;
 - iii. The administration of meeting;
 - iv. The number of committees and their notes;
 - v. The flow of information to board members and between board members
 - vi. The quality and quantity of information; and
 - vii. The disclosure of information to the stakeholders

2. Criteria for evaluation of the Individual Directors
 - i. Ability to contribute and monitor corporate governance practices;
 - ii. Ability to contribute by introducing best practices to address top management issues;
 - iii. Participation in long term strategic planning;
 - iv. Commitment to the fulfillment of director obligations and fiduciary responsibilities;
 - v. Guiding strategy;
 - vi. Monitoring management performance and development;
 - vii. Statutory compliance & Corporate governance;
 - viii. Attendance and contribution at Board/Committee meetings;
 - ix. Time spent by each of the member; and
 - x. Core competencies

NOMINATION AND REMUNERATION POLICY

The objectives of the Policy

1. 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.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.
3. To carry out evaluation of the performance of Directors,
4. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The brief Nomination and Remuneration policy is attached to this report as Annexure-II.

RESERVES:

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

MATERIAL CHANGES AND COMMITMENTS:

There are no material changes or commitments has occurred, affecting the financial position of the Company between the end of the financial year (i.e. 31.03.2015) and the date of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013 with respect to the Director's Responsibilities Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2015, the applicable accounting standards read with requirements set out under schedule III have been followed and there are no material departures from the same
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2015 and of the profit of the company for the said period;
- (c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the Directors had prepared the annual accounts for the financial year ended March 31, 2015 on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and;
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

FINANCIAL PERFORMANCE OF THE SUBSIDIARY/STEP DOWN SUBSIDIARY COMPANY

Lakeside Dairy Limited (Step Down Subsidiary)	
Particulars	As on 31st March, 2015 (Ush'000)
Revenue	3,018,985
Other Income	9,505
Operating Expenses	(1,791,823)
Finance Costs	(588,220)
Profit/Loss Before Tax	(1,670,788)
Taxation	484,717
Profit/Loss After Tax	(1,186,071)
Foreign Exchange conversion rate	1 USH = INR 0.02076

Dodla Holdings Pte. Limited (Consolidated)	
Particulars	As on 31st March, 2015 (USD)
Revenue	11,33,627
Cost of Sales	-8,70,871
Gross Profit	2,62,756
Other Income	3,569
Other Operating Expenses	-7,10,452
Finance Costs	-2,78,790
Loss before taxation	-7,22,917
Taxation	1,82,011
Loss After Tax	-5,40,906

FINANCIAL PERFORMANCE OF THE ASSOCIATE COMPANY

ABYSSINIA BHARAT FOOD PARKS PLC, ETHIOPIA	
Particulars	As on 07th July, 2014
Revenue	Nil
Other Income	Nil
Operating Expenses	Nil
Finance Costs	Nil
Profit/Loss Before Tax	Nil
Taxation	Nil
Profit/Loss After Tax	NIL

SECRETARIAL AUDITOR

Pursuant to provisions of section 204 of the Companies Act, 2013 and applicable Rules made thereunder the Board has appointed M/s. A.S Ramkumar & Associates, Company Secretaries in Whole-time Practice to conduct the Secretarial Audit of the Company for the FY ending 2014 – 15 . The Secretarial Audit Report for the FY ending 2014- 15 is annexed herewith as **Annexure-III**.

AUDITORS:

The Auditors, M/s B S R & Associates LLP, Chartered Accountants, Hyderabad and M/s. A Ramachandra Rao & Co, Chartered Accountants, Hyderabad Joint Statutory Auditors who retires at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment subject to ratification by the members to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting pertaining to the financial year 2015-16.

QUALIFICATIONS IN AUDIT REPORTS:

The Company had advanced money to its associate firm viz., Dodla Engineering (being related party transaction) falling under Section 185 of the Companies Act, 2013. The Company has already approached Company Law Board with a request to condone the transaction. The Board has taken necessary steps to ensure such non-compliance is not repeated in future.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

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.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has developed and implemented the Corporate Social Responsibility initiatives during the year under review and the responsibilities of CSR Committee are as follows:

1. The Committee shall annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board.
2. The Committee shall ensure that the Company is taking the appropriate measures to undertake and implement CSR projects successfully and shall monitor the CSR Policy from time to time.
3. The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.
4. The Committee will coordinate with outside agency for implementing programs and executing initiatives as per CSR policy and shall review the performance of agency periodically.
5. The Committee may form and delegate authority to subcommittees when appropriate.
6. The Committee shall regularly report to the Board about the progress of various initiatives and make appropriate disclosures on a periodic basis.

The CSR Committee consists of the following members:

1. Mr. Dodla Sesha Reddy
2. Mr. Deepak Malik
3. Mr. Kishore Mirchandani
4. Ms. Ponnayolu Divya

The Annual Report on Company's CSR activities is furnished in Annexure IV and attached to this report.

DEPOSITS:

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public in terms of Section 73 of the Companies Act, 2013.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

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.

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:

Secured loans:	₹ 130,552,867 (Long Term Borrowings)
	₹ 1,132,150,090 (Short Term Borrowings)
Unsecured loans:	NIL
Current Investments:	₹ 572,230,228
Non-current Investments:	₹ 274,112,630
Guarantees:	NIL

Securities extended: Charge on current assets and fixed assets of the company including investments held in mutual funds.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE:

In terms of Section 177 of the Companies Act, 2013, the Board of Directors has constituted the Audit Committee to review and monitor the auditor's independence and performance, and effectiveness of audit process, to evaluate internal financial controls and risk management systems; etc.

The Audit Committee consists of the following members

- a. Mr. Dodla Sunil Reddy
- b. Mr. Kishore Mirchandani
- c. Ms. Ponnayolu Divya

The above composition of the Audit Committee consists of Two (2) independent Directors viz., Mr. Kishore Mirchandani and Ms. Ponnayolu Divya who forms the majority.

VIGIL MECHANISM

In terms of Section 177 (9) & (10) of the Companies Act, 2013, 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.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 186 are furnished in **Annexure- V** and are attached to this report.

DECLARATIONS OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

The declarations received from the Independent Directors are attached to this report as Annexure VI

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.

EXTRACT OF ANNUAL RETURN:

As required under 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 for the financial year ended March 31, 2015 in Form MGT 9 is enclosed herewith, in the specified format, as Annexure VII

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their sincere appreciation and acknowledge with gratitude the support and consideration extended by the Bankers, Shareholders and Employees and look forward for their continued support and cooperation.

**By Order of the Board
FOR DODLA DAIRY LIMITED**

(DODLA SESA REDDY)
CHAIRMAN
DIN: 00520448

(DODLA SUNIL REDDY)
MANAGING DIRECTOR

DIN: 00794889

Place: Hyderabad
Date: 7 September 2015

ANNEXURE INDEX

ANNEXURE NUMBER	DETAILS OF THE ANNEXURE
I	Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo:
II	Nomination & Remuneration Policy
III	Secretarial Audit Report
IV	Annual Report on Corporate Social Responsibility
V	AOC 2 – Related Party Transactions disclosure
VI	Declarations by Independent Directors
VII	Annual Return Extracts In MGT-9

ANNEXURE I

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	2014-15	2013-14
A	Capital	NIL	NIL
B	Recurring	NIL	NIL
C	Total	NIL	NIL
D	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 provided under Notes to the Balance Sheet and Profit and Loss Account.

ANNEXURE II

NOMINATION AND REMUNERATION COMMITTEE CHARTER

Objective and purpose of the Policy:

The objective and purpose of this policy are:

1. Reviewing the structure, size and composition of the Board, and making recommendations to the Board with regard to changes, if any
2. 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 and recommending to the Board their appointment and removal
3. Recommending to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees. Few areas which needs to be considered while formulating the policy:
 - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to run the company successfully
 - b. Clear relationship of remuneration to performance and meets appropriate performance benchmarks
 - c. The remuneration of Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals
 - d. A significant proportion of executive Directors' remuneration is structured so as to link rewards to corporate and individual performance
 - e. Taking into account factors it deems relevant and gives due regard to the interests of shareholders and to the financial and commercial health of the Company
4. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
5. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
6. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage
7. Considering succession planning taking into account the challenges and opportunities facing the Company, and what skills and expertise are needed from members of the Board in the future
8. Overseeing the Company's share option schemes and long term incentive plans, which include determination of the eligibility for benefits and approval of total annual payments
9. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

Composition of the Committee:

The majority of the members must be independent of the company. The managing director or other executive of the company may not be appointed to the nomination committee.

1. Mr. Dodla Sesha Reddy
2. Mr. James Sayre
3. Mr. Kishore Mirchandani
4. Ms. Ponnayolu Divya

Committee Meetings:

The committee convenes at least once a year in order to prepare the proposals to be presented to the general meeting.

At the Nomination and Remuneration Committee meetings shall, if need be, be present also other persons invited by the Committee.

The meetings shall follow the procedures concerning meetings of the Board of Directors to the extent applicable.

The committee shall regularly report on its work to the Board. The reports shall include at least a summary of the matters addressed and the measures taken by the committee.

Duties & Responsibilities:

The Policy is applicable to Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel. This policy is divided into 3parts as follows:

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- c) Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his / her appointment.
- b) The candidate for a position at KMP or Senior Management level is met by the Managing Director / Head – HR and the interview is targeted at assessing the candidate on his/her functional and leadership capabilities and cultural fitment to the organization. The Managing Director / Head HR ensures that the person possesses adequate qualification, expertise and experience for the position he / she is considered for appointment.
- c) The selected candidate's details and the proposed compensation is shared with the Nomination and Remuneration Committee for their review and suggestions. The same is shared with the Board at the next Board Meeting.

Term / Tenure:

- a) The tenure for Directors shall be governed by the terms defined in the Companies Act, 2013.
- b) The tenure for other KMP and Senior Management Personnel will be governed by Dodla Dairy HR Policy.

Evaluation:

- a) The Managing Director perform the evaluation of performance of KMP and Senior Management Personnel at regular intervals.
- b) The performance evaluation of Independent Directors shall be done by the Board, excluding the Director being evaluated, basis the contributions made to the Board deliberations on various matters including business strategy, financial strategy, operations, cost and risk management, etc., and suggestions given in this regard.

Removal:

- a) Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the provisions and compliance of the said Act, rules and regulations.
- b) For other KMP or Senior Management Personnel the removal will be governed by Dodla Dairy HR Policy and the subsequent approval of the Managing Director.

Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Managing Director will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

Evaluation Process:

- a) The performance metrics shall be defined by the Nomination and Remuneration Committee for Directors and for other KMP and Senior Management Personnel the metrics shall be determined by the Managing Director.
- b) A holistic view of the ratings will be reviewed by the Board in relation to Directors and for KMP and Senior Management Personnel be reviewed by the Managing Director. The Managing Director does a qualitative review of the performance based on the efforts put in by the employee, results achieved and impact of the external and internal factors to arrive at the Final Rating.

- c) The revision in the total remuneration is directly linked to the Final Rating for all employees.
- d) The remuneration / compensation / commission etc. to the Whole Time Director, KMP and Senior Management Personnel will be determined by the Managing Director in accordance with the HR Policy, which is based on the Final rating, employee potential and market benchmark compensation. The revised remuneration is shared with the Nomination and Remuneration Committee for review.
- e) The ESOP's to the Whole Time Director, KMP and Senior Management Personnel will be determined by the Managing Director as per the ESOP Schemes of the Company and recommended to the Committee and the Board for approval in the subsequent board meeting.
- f) The remuneration/compensation/commission etc. to the Directors shall be subject to the prior / post approval of the Shareholders of the Company and Central Government wherever required.
- g) The remuneration and commission to be paid to Whole Time Director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provision of the Companies Act, 2013 and the rules made thereunder.
- h) Increments to the existing Remuneration /compensation structure may be recommended by the Managing Director to the Committee and the Board which should be within the slabs approved by the Shareholders in the case of Whole time Director.
- i) Where any insurance is taken by the Company on behalf of its Whole-Time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employee for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such Insurance shall be treated as part of the remuneration.
- j) An Independent Director shall not be entitled to any stock option of the Company.

REVIEW OF CHARTER

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

ANNEXURE IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Definition and Applicability:

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 Chittoor & Nellore Dist. of Andhra Pradesh initially. This may be extended to the other parts of the Country in the near future for the benefit of society at large.

Vision:

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.

CSR Committee Formation & Purpose:

Dodla shall extend its services through its CSR committee for fulfilment of its role as a socially responsible corporate. Board of Directors (BOD) will form the committee with not less than five (5) members. BOD will authorize CSR Committee to approve sub-committee with not less than two (2) members in various locations as per the need. The committee shall work in the areas of Chittoor & Nellore districts on various social welfare programmes and take active part to resolve the issues. Also, the employees of Dodla Dairy are encouraged to participate and involve in the welfare programmes when the said CSR activities are happening near to their operational locations / units.

The purpose and responsibilities of the Committee shall include such other items/matters prescribed under applicable law or prescribed by the Board in compliance with applicable law from time to time.

CSR Committee Responsibilities:

1. The Committee shall annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board.
2. The Committee shall ensure that the Company is taking the appropriate measures to undertake and implement CSR projects successfully and shall monitor the CSR Policy from time to time.
3. The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.

4. The Committee will coordinate with outside agency for implementing programs and executing initiatives as per CSR policy and shall review the performance of agency periodically.
5. The Committee may form and delegate authority to subcommittees when appropriate.
6. The Committee shall regularly report to the Board about the progress of various initiatives and make appropriate disclosures on a periodic basis.
7. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
8. The Committee shall have access to any internal information necessary to fulfil its role.

The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

Meetings:

The committee shall meet at least four times a year. Two members present shall form the quorum for the meeting of the Committee.

Scope of the Activities:

The Committee has overall responsibility for: (i) identifying the areas of CSR activities; (ii) recommending the amount of expenditure to be incurred on the identified CSR activities; (iii) implementing and monitoring the CSR policy from time to time; and (iv) Co-ordinating with agency in implementing programs and executing initiatives as per CSR policy of the Company.

The purpose and responsibilities of the Committee shall include such other items/matters prescribed under applicable law or prescribed by the BOD in compliance with applicable law from time to time.

Fund Allocation:

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. Any unspent/unutilized CSR allocation of a particular year, will be carried forward to the next year, i.e., the CSR budget will be non-lapsable in nature.

Implementation:

CSR programmes shall be undertaken by various units of Dodla to the best possible extent within the defined ambit of the identified "Thrust Areas". Project activities identified under CSR are to be implemented by specialized agencies, which could include Voluntary Organizations (NGO's), Recognized Institutes/Academic Institutions, Trusts, Self Help Groups, Mahila Mandals, and Professional Consultancies etc.

The time period over which a particular programme will be spread, will depend on its nature, extent of coverage and the intended impact of the given programme.

Programmes which involve considerable financial commitment and are undertaken on a timeframe of 2-10 years, will be considered as 'flagship programmes' and will be given special attention.

For CSR projects, the time-frame and periodic milestones should be finalized at the time of approval of the Project.

Implementation process:

- i) Identification of programmes at Corporate and Unit level will be done as per the following procedure:-
 - (a) Need identification studies by a committee constituted by the CSR Committee of the Company on a broader level.
 - (b) Internal need assessment by a team at the unit level.
 - (c) Receipt of proposals/requests from Units.
 - (d) Requisitions from the Citizen's/Village forums for various needs.
- ii) Project based approach: Dodla units will follow a project based accountability approach for a long term sustainability of CSR projects. It's plans will be distinguished as 'Short-term', 'Medium-term' & 'Long-term' programmes.
 - a) Short Term – 6 months to 1 year
 - b) Medium Term – 1 year to 2 years
 - c) Long Term – 2 years and above
- iii) While identifying Long term programmes, all efforts will be made to the extent possible to define the following:
 - a. Programme objectives
 - b. Metrics of measurement – Give the basis on which the outcome of the programme would be measured.
 - c. Implementation schedule-Timelines for milestones of the programme will be prescribed.
 - d. Responsibilities and authorities of the team members (R & A Matrix).

Approval process:

CSR programmes as identified by unit/corporate office will be required to be put up to the CSR Committee of the Board along with recommendations of the CSR Committee.

Executing Agencies /Partners:

After identifying suitable programmes/projects, implementation would be done through the following agencies:

- i) The Company at its unit level
- ii) Community based organizations.
- iii) Voluntary Agencies (NGOs)
- iv) Trusts/ Missions/ Foundations Etc.

Criteria for identifying Executing agency:

In case of programme execution by NGO/Voluntary organization/ Trust as mentioned under Sec-8 Company Act 2013, the amount to be spent by the agencies to build the CSR administrative expenses shall not exceed 5% of the total CSR expenditure of the Company in one financial year and the following minimum criteria need to be ensured:-

- Any NGO / Agency/Trust/ Company registered under Sec-8 of Companies Act,2013 has a permanent office / address in India;
- Any NGO/Trust/ Corporation/ Companies/Societies registered under Societies Registration Act/ Trust Act/ Sec-8 of the Companies Act, 2013.
- Should possess a valid Income-tax Exemption Certificate.
- The antecedents of the NGO/Agency/Trust/ Companies registered under Sec-8 of Company Act, 2013 are verifiable /subject to confirmation.
- 3 years of experience in executing the projects in rural areas is mandatory for undertaking the work.

Agreement between Dodla & Executing Agency:

Once the programmes are approved by the CSR Committee it will be communicated to the units and they in turn will be required to enter into an agreement with each of the executing/ implementing agency as per the Standard Model Agreement.

Monitoring and Feedback

To ensure effective implementation of the CSR programmes undertaken at each unit, a monitoring mechanism will be put in place by the corporate using internal team (Regional Offices). The progress of CSR programmes under implementation at unit level will be reported to CSR Committee on a monthly basis. The CSR Committee of Board of Directors shall review the progress of activities on quarterly basis.

CSR Committee will conduct impact studies on a periodic basis, through independent professionals, third parties/ professional institutions, especially on the strategic and high value programmes. Units and regional offices will obtain feedback from beneficiaries about the programmes on quarterly basis.

CSR initiatives of the Company will also be reported in the Annual Report of the Company.

Conclusion

In case of any query / suggestions with regard to any provision(s) of the policy, a reference can be made to CSR Committee of Board of Directors. In all such matters, the interpretation & decision of the CSR committee of the Board of Directors 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 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.

The Composition of the CSR Committee

In compliance with Section 135 of Companies Act, 2013 your company has framed a corporate social responsibility committee on 26th March, 2015. The board committee comprises of:

1. Mr. Dodla Sesha Reddy
2. Mr. Deepak Malik
3. Mr. Kishore Mirchandani
4. Mr. Ponnnavolu Divya

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

2012-13: ₹ 3,323 Lakhs

2013-14: ₹ 2,757 Lakhs

2014-15: ₹ 1,534 Lakhs

Prescribed CSR Expenditure: NIL

Details of CSR spent during the financial year: NIL

- Total amount to be spent for the financial year; NIL
- Amount unspent, if any; NIL
- Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency *
NIL							

Give details of implementing agency:

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.
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

(DODLA SUNIL REDDY)
MANAGING DIRECTOR
DIN: 00794889

(KISHORE MIRCHANDANI)
Chairman CSR Committee
DIN: 00739535

ANNEXURE – V

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 sub-section (1) of section 188 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 no contracts or arrangements or transactions entered in to during the year ended March 31, 2015, which were not at arm's length basis.

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

Name of the Related Party	Nature of Relationship	Salient Terms	Amount
Dodla Dairy, Vinjumur	Enterprise over which KMP have significant influence	Lease Rent paid	1,200,000
Surekha Milk Chilling Centre	Enterprise over which KMP have significant influence	Lease Rent paid	700,000
Global Vetmed Concept Private Limited ('GVC')	Enterprise over which KMP have significant influence	Revenue Sharing	2,713,371
D Sessa Reddy	Relative of KMP	Consultancy Fees	3,600,000

(DODLA SESA REDDY)

CHAIRMAN
DIN: 00520448

(DODLA SUNIL REDDY)

MANAGING DIRECTOR
DIN: 00794889

ANNEXURE VI

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

To
The Board of Directors
M/s Dodla Dairy Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that up to the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its Directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lesser or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,
Name: Kishore Mirchandani

Place: Hyderabad
Date: 7 September 2015

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

To
The Board of Directors
M/s Dodla Dairy Limited
Hyderabad

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (e) I declare that up to the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its Directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (f) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (g) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - iii) the statutory audit firm or the internal audit firm that is associated with the Company and
 - iv) the legal firm(s) and consulting firm(s) that have a material association with the company
- (h) I have not been a material suppliers, service provider or customer or lesser or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,
Name: Ponnnavolu Divya

Place: Hyderabad
Date: 7 September 2015

Annexure VII

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2015

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U15209AP1995PLC020324
- ii) Registration Date: 15/05/1995
- iii) Name of the Company: Dodla Dairy Limited
- iv) Category / Sub-Category of the Company: Company limited by shares
- v) Address of the registered office and contact details: 8-2-696, Road No.12, Banjara Hills, Hyderabad, Telangana-500034
- vi) Whether listed company Yes / No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Dairy
Products

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacture of dairy products Wholesale of raw milk & dairy products	1050, 46302	

III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES

[No of Companies for which information is being filled] –

4

Sl. No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Dodla Milk Processing PLC, Ethiopia	NA	Subsidiary	94	2(87)
2.	Dodla Singapore PTE Limited, Singapore	NA	Subsidiary	100	2(87)
3.	Dodla Holdings PTE Limited, Singapore	NA	Subsidiary	100	2(87)
4.	Lakeside Dairy Limited	NA	Step-Down Subsidiary		

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	832,124	Nil	832,124	25.41	832,124	Nil	832,124	25.41	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):-	832,124	Nil	832,124	25.41	832,124	Nil	832,124	25.41	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)	832,124	Nil	832,124	25.41	832,124	Nil	832,124	25.41	Nil
B. Public Shareholding									
1. Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
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	774,823	Nil	774,823	23.66	774,823	Nil	774,823	23.66	Nil
i) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	774,823	Nil	774,823	23.66	774,823	Nil	774,823	23.66	Nil

2. Non Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) Bodies Corp.									
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	1,667,876	Nil	1,667,876	50.93	1,667,876	Nil	1,667,876	50.93	Nil
c) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	1,667,876	Nil	1,667,876	50.93	1,667,876	Nil	1,667,876	50.93	Nil
Total Public Shareholding(B) = (B) (1)+ (B)(2)	2,442,699	Nil	2,442,699	74.59	2,442,699	Nil	2,442,699	74.59	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.	Dodla Sunil Reddy	832,124	25.41	Nil	832,124	25.41	Nil	Nil
	Total	832,124	25.41	Nil	832,124	25.41	Nil	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	832,124	25.41	832,124	25.41
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	832,124	25.41	832,124	25.41

(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
	Dodla Girija Reddy				
	At the beginning of the year	822,120	25.10	822,120	25.10
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	822,120	25.10	822,120	25.10
	Dodla Deepa Reddy				
	At the beginning of the year	363,256	11.09	363,256	11.09
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	363,256	11.09	363,256	11.09
	Dodla Subba Reddy				
	At the beginning of the year	337,499	10.31	337,499	10.31
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	337,499	10.31	337,499	10.31
	Kousalyamma Dodla				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	135,000	4.12	Nil	Nil
	At the End of the year	135,000	4.12	Nil	Nil
	Dodla Sessa Reddy				
	At the beginning of the year	10,001	0.31	10,001	0.31
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	10,001	0.31	10,001	0.31
	Black River Capital Partners Food Fund Holdings (Singapore) Pte Limited				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	774,823	23.66	Nil	Nil
	At the End of the year	774,823	23.66	Nil	Nil

(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.	Dodla Sesha Reddy				
	At the beginning of the year	10,001	0.31	10,001	0.31
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease	Nil		Nil	
	At the End of the year	10,001	0.31	10,001	0.31
2.	Dodla Sunil Reddy				
	At the beginning of the year	832,124	25.41	832,124	25.41
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease	Nil		Nil	
	At the End of the year	832,124	25.41	832,124	25.41

V. INDEBTEDNESS

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	460,940,179	100,000,000		560,940,179
ii) Interest due but not paid	2,777,098			2,777,098
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	463,717,277	100,000,000		563,717,277
Change in Indebtedness during the financial year				
Addition	802,503,951			802,503,951
Reduction		100,000,000		100,000,000
Net Change	802,503,951	(100,000,000)		702,503,951
Indebtedness at the end of the financial year			-	
i) Principal Amount	1,262,702,956			1,262,702,956
ii) Interest due but not paid	3,518,271			3,518,271
iii) Interest accrued but not due				-
Total (i+ii+iii)	1,266,221,227	-		1,266,221,227

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of Managing Director			Total Amount
		Dodla Sunil Reddy			
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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				8,464,982
2.	Stock option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profits - others	-	-	-	-
5.	Others		-	-	
	Total A	-	-	-	8,464,982

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of the Director			Total
1.	1. Independent Directors • Fee for attending board / committee meetings • Commission • Others	-	-	-	-
	Total (1)	NIL			
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others				
	Total (2)	-	-	-	-
	Total (B) = (1)+(2)	-	-	-	-
	Total Managerial Remuneration (A + B)	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO Mr. B V K Reddy	Company Secretary	CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	₹ 2,56,833/- (From 26 th Mar'15 to 31 st Mar'15)			
2.	Stock option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profits - others	-	-	-	-
5.	Others	-	-	-	-
	Total A	2,56,833	-	-	2,56,833

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	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	297	Loans to related parties	2,00,000	CLB	-
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	297	Loans to related parties	4,20,000	CLB	-
C. Other officers in default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

(Dodla Sunil Reddy)

Managing Director

DIN: 00794889

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DODLA DAIRY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Dodla Dairy Limited ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these 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 financial statements based on our audit.

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

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As fully explained in note 2.40 of the financial statements, the Company has not obtained prior approval from the Central Government of India as required under Section 295 of the Companies Act, 1956 with regard to the loans given to a partnership firm in which the directors are partners. In respect of the said loans given after 12 September 2013 till 31 March 2015, the Company has contravened the provisions of Section 185 of the Act which prohibits giving of such loan. Further, no interest has been accrued on such loans as required by sub-section 7 of Section 186 of the Act. We are currently unable to quantify the impact of the non-compliance with Section 295 of the Companies Act, 1956, Section 185 and 186 of the Act on the profit for the year and the net assets of the Company as at 31 March 2015.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matter described in the Basis for Qualified Opinion, the aforesaid 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 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 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 as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) 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 2015 on its financial position in its financial statements - Refer note 2.25 (iii) of the 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: 7 September 2015

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

Vikash Somani
Partner
Membership No. 061272

Dodla Dairy Limited

Annexure to the Independent Auditors' Report on the financial statements

The Annexure referred to in the Independent Auditor's Report to the Members of Dodla Dairy Limited ('the Company') on the financial statements for the year ended 31 March 2015, 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.
- (ii)(a) The inventory, except goods-in-transit, has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. 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 interest free loan to a firm covered in the Register maintained under section 189 of the Companies Act, 2013 ('the Act'). The Company has not granted any loan, secured or unsecured, to any company or other parties covered under the Section 189 of the Act.

In case of the interest free loan granted to the firm listed in the Register maintained under Section 189 of the Act, the tenure and repayment terms were not specified in the agreement and accordingly it was repayable on demand. The loan was repaid during the year as per the demand made by the Company and accordingly, the paragraphs 3(iii)(a) and 3(iii)(b) of the Order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services, except that, the internal control system for purchase of fixed assets with respect to documenting the justification for not obtaining alternative quotations needs to be strengthened further. In our opinion, there is continuing failure to correct a major weakness in the internal control system with regard to purchase of fixed assets.
- (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 Rules framed thereunder.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the goods sold or services rendered by the Company. Hence, paragraph 3(vi) of the Order is not applicable to the Company.
- (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, Wealth 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 though there has been a slight delay in a few cases. 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, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value added tax and other material statutory dues were in arrears as at 31 March 2015 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 and the records of the Company examined by us, there are no dues of Sales tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise and Value added tax which have not been deposited by the Company on account of any disputes. The Company however disputes the following dues of Income-tax:

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	Assessment year 2012 – 2013	Commissioner of Income Tax (Appeals) V

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

As explained to us, the Company did not have any dues on account of Cess.

- (c) According to the information and explanation given to us, there were no amounts required to be transferred by the Company to Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, on an overall basis the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for **A.Ramachandra Rao & Co.**
Chartered Accountants
Firm Registration No.: 0028575

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

Place: Hyderabad
Date: 7 September 2015

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

Vikash Somani
Partner
Membership No. 061272

Balance Sheet

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

	Notes	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	32,748,230	32,748,230
Reserves and surplus	2.2	2,136,982,683	1,983,623,056
		2,169,730,913	2,016,371,286
Government grants		3,671,106	3,889,792
Non-current liabilities			
Long-term borrowings	2.3	80,924,133	126,816,366
Deferred tax liabilities, net	2.28	83,190,810	88,450,738
Long-term provisions	2.4	38,967,165	18,441,599
		203,082,108	233,708,703
Current liabilities			
Short-term borrowings	2.5	1,132,150,090	390,137,388
Trade payables	2.6	362,544,861	256,882,338
Other current liabilities	2.7	206,901,697	364,971,690
Short-term provisions	2.8	30,867,484	2,445,526
		1,732,464,132	1,014,436,942
TOTAL		4,108,948,259	3,268,406,723
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	2.9	1,248,116,635	757,799,712
Intangible fixed assets	2.9	1,897,355	2,454,291
Capital work-in-progress		45,135,813	191,782,505
Non-current investments	2.10	274,112,630	1,628,479
Long-term loans and advances	2.11	293,122,857	316,941,411
		1,862,385,290	1,270,606,398
Current assets			
Current investments	2.12	572,230,228	902,332,136
Inventories	2.13	1,416,658,232	482,483,585
Trade receivables	2.14	11,516,398	6,490,635
Cash and bank balances	2.15	112,647,271	428,109,862
Short-term loans and advances	2.16	121,178,584	162,625,176
Other current assets	2.17	12,332,256	15,758,931
		2,246,562,969	1,997,800,325
TOTAL		4,108,948,259	3,268,406,723
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: 7 September 2015

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

Vikash Somani
Partner
Membership No. 061272

Place: Hyderabad
Date: 7 September 2015

for **Dodla Dairy Limited**
CIN: U15209AP1995PLC020324

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

Place: Hyderabad
Date: 7 September 2015

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 2015	For the year ended 31 March 2014
Revenue from operations	2.18		
Sale of products		10,178,066,387	8,414,723,731
Sale of services		2,400,083	2,137,124
Other operating revenue		3,775,132	4,194,404
Total		10,184,241,602	8,421,055,259
Other income	2.19	61,603,427	65,806,937
Total revenue		10,245,845,029	8,486,862,196
Expenses			
Cost of materials consumed	2.20	9,229,535,424	6,333,071,376
Purchase of stock-in-trade		26,624,682	2,156,238
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.21	(883,352,251)	479,727,217
Employee benefits expense	2.22	334,094,784	265,326,736
Finance costs	2.23	75,581,078	30,080,842
Depreciation and amortisation	2.9	127,236,684	46,681,035
Add: Transfer from government grant		(218,686)	(218,686)
Other expenses	2.24	1,128,501,013	941,875,490
Provision for impairment on live stock	2.38	51,941,192	13,179,163
Total expenses		10,089,943,920	8,111,879,411
Profit before tax		155,901,109	374,982,785
Tax expense:			
- Current tax		48,898,329	96,305,161
- MAT Credit Entitlement		(41,212,710)	-
- Current tax for earlier years		115,791	1,903,120
- Deferred tax (credit)/ charge	2.28	(5,259,928)	1,058,036
		2,541,482	99,266,317
Profit for the year		153,359,627	275,716,468
Earnings per equity share (par value of ₹ 10 per share) Basic & diluted	2.31	46.83	84.19
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: 7 September 2015

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

Place: Hyderabad
Date: 7 September 2015

Cash flow statement

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

	For the year ended 31 March 2015	For the year ended 31 March 2014
I. Cash flow from operating activities		
Profit before tax	155,901,109	374,982,785
Adjustments:		
Depreciation and amortisation	127,236,684	46,681,035
Transfer from Government grant	(218,686)	(218,686)
Interest income	(812,013)	(9,513,130)
Dividend income	(29,491,069)	(14,122,850)
Net profit on sale of investments in mutual funds	(20,034,564)	(16,118,998)
Profit on sale of investments in associate	(552,486)	-
Net loss on sale/ retirement of fixed assets	1,008,920	1,203,465
Provision for impairment on live stock	51,941,192	13,179,163
Provision for diminution in the value of investment	1,110,974	-
Interest expenses	75,581,078	30,080,842
Unrealised foreign exchange (gain)/ loss	1,644,682	(3,531,801)
Operating cash flows before working capital changes	363,315,821	422,621,825
(Increase)/ decrease in trade receivables	(5,025,763)	9,238,886
(Increase)/ decrease in inventories	(934,174,647)	273,392,494
(Increase)/ decrease in loans and advances and other current assets	23,354,636	(25,737,292)
Increase/ (decrease) in liabilities and provisions	153,306,919	44,716,338
Cash generated from/ (used in) operations	(399,223,034)	724,232,251
Income taxes paid, net of refunds	(15,563,495)	(113,468,777)
Net cash generated from/ (used in) operating activities (A)	(414,786,528)	610,763,474
II. Cash flows from investing activities		
Purchase of fixed assets, change in capital work-in-progress, and capital advances	(502,934,291)	(577,583,518)
Proceeds from sale of fixed assets	951,829	3,512,120
Investment in subsidiary	(274,112,630)	(61)
Proceeds from sale of investment in associate	2,180,904	-
Investment in mutual funds	(934,491,235)	(1,088,116,529)
Redemption of mutual fund investments	1,283,516,793	1,142,652,033
(Investment in)/ redemption of inter corporate deposit	55,000,000	(55,000,000)
Deposits placed (having original maturity of more than 3 months)	(2,405,000)	(141,556,186)
Deposits matured (having original maturity of more than 3 months)	-	145,994,183

Dividend received on other investments	29,491,069	14,122,850
Interest received	3,443,107	6,269,678
Net cash used in investing activities (B)	(339,359,454)	(549,705,430)
III. Cash flow from financing activities		
Receipt of long term borrowings from banks	-	205,000,000
Repayment of long term borrowing to banks	(230,495,833)	(85,000,000)
Repayment of long term borrowing to other than banks	(603,191)	(1,347,730)
Receipt/ (Repayment) of short term borrowings, net	742,012,702	(83,774,084)
Interest paid	(74,635,287)	(28,918,949)
Net cash generated from financing activities (C)	436,278,3 91	5,959,237
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(317,867,591)	67,017,281
Cash and cash equivalents at the beginning of the year	428,109,862	361,092,581
Cash and cash equivalents at the end of the year (refer note 2.15)	110,242,271	428,109,862

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

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: 7 September 2015

Place: Hyderabad
Date: 7 September 2015

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 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 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:

- a. it is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. 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:

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. 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.

1.4 Current and non-current classification (continued)

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 Management:

Description*	Useful life in years
Laboratory equipment	3 years

*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.

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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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 activities of the Company are segregated.

Notes to financial statements

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

2.1 Share capital	As at 31 March 2015		As at 31 March 2014	
Authorised				
6,000,000 (previous year: 6,000,000) equity shares of ₹ 10 each	600,00,000		600,00,000	
	600,00,000		600,00,000	
Issued, subscribed & paid up share capital				
3,274,823 (previous year: 3,274,823) equity shares of ₹10 each fully paid up	327,48,230		327,48,230	
	327,48,230		327,48,230	
a) Reconciliation of shares outstanding at the beginning and at the end of the year				
	As at 31 March 2015		As at 31 March 2014	
Particulars	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	32,74,823	327,48,230	32,74,823	327,48,230
Issued during the year	-	-	-	-
Outstanding at the end of the year	32,74,823	327,48,230	32,74,823	327,48,230
b) Rights, preferences and restrictions attached to equity shares:				
<p>The Company has a single class of equity shares as at 31 March 2015 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.</p>				
c) Details of equity shareholders holding more than 5% shares in the Company				
	As at 31 March 2015		As at 31 March 2014	
Name of the shareholder	Number of shares	%	Number of shares	%
Mr. D. Sunil Reddy	8,32,124	25.41	8,32,124	25.41
Mrs. D. Girija Reddy	8,22,120	25.10	8,22,120	25.10
Mrs. Deepa Reddy	3,63,256	11.09	3,63,256	11.09
Mr. D. Subba Reddy	3,37,499	10.31	3,37,499	10.31
BR CPF Holdings (Mauritius) Limited	-	-	7,74,823	23.66
Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd	7,74,823	23.66	-	-

Notes to financial statements (continued)

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

2.2 Reserves and surplus	As at 31 March 2015	As at 31 March 2014
<i>Capital reserve</i>		
Balance at the beginning and end of the year	20,00,000	20,00,000
	20,00,000	20,00,000
<i>Capital redemption reserve</i>		
Balance at the beginning and end of the year	120,00,000	120,00,000
	120,00,000	120,00,000
<i>Securities premium account</i>		
Balance at the beginning and end of the year	10922,51,770	10922,51,770
	10922,51,770	10922,51,770
<i>Surplus i.e. balance in statement of profit and loss</i>		
Balance at the beginning of the year	8773,71,286	6016,54,818
Add: Profit for the year	1533,59,627	2757,16,468
Balance at the end of the year	10307,30,913	8773,71,286
	21369,82,683	19836,23,056
2.3 Long-term borrowings		
<i>Secured</i>		
Term loans		
- from banks (see note (i) below)	809,24,133	1268,16,366
	809,24,133	1268,16,366
Terms of repayment for borrowings		
(i) 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 Company Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount as at 31 March 2015 is ₹ 93,886,200 (previous year: ₹ 120,199,600).	
b)	Term loan of ₹ 55,000,000 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 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. Sessa Reddy. Outstanding amount as at 31 March 2015 is ₹ 36,666,666 (previous year: 55,000,000).	
c)	Term loan of ₹ 50,000,000 taken from ICICI Bank during the financial year 2009-2010 which carries interest rate of ICICI bank base rate, which is 10% per annum presently. It is repayable in 20 quarterly installments of ₹ 2,500,000 each commencing from 15 May 2010. The term loan is secured by first charge on Company's movable and immovable assets both present and future, second charge on the entire current assets of the Company, both present and future and personal guarantees furnished by the promoters of the Company, Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount as at 31 March 2015 is ₹ Nil (previous year: ₹ 10,000,000).	

- d) Term loan of ₹ 100,000,000 taken from Yes Bank during the financial year 2012-2013 which carries interest rate of Yes Bank base rate, which is 10.50% per annum presently. It is repayable in 4 quarterly installments of ₹ 25,000,000 each commencing from 31 July 2013. The term loan is secured by subservient charge on all current and movable assets of the Company and personal guarantees furnished by the promoters of the Company, Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount as at 31 March 2015 is ₹ Nil (Previous year: ₹ 25,000,000).
- e) Term loan of ₹ 150,000,000 taken from Yes Bank during the financial year 2013-2014 carries interest rate of Yes Bank base rate, which is 10.75% per annum presently. It is repayable in 4 quarterly installments of ₹ 37,500,000 each commencing from 31 July 2014. The term loan is secured by subservient charge on all current and movable assets of the Company and personal guarantees furnished by the promoters of the Company Mr. Sunil Reddy and Mr. Sessa Reddy. Outstanding amount as at 31 March 2015 is ₹ Nil (previous year: ₹ 150,000,000). The loan has been preclosed on 7 April 2014. Hence, the entire balance of the loan was disclosed under current maturities of long term debt in the previous year 2013-14. Since the loan has been preclosed, the Company has not created charge on the loan and the necessary forms for creation of charge were not filed with ROC.

2.4 Long-term provisions	As at 31 March 2015	As at 31 March 2014
<i>Provision for employee benefits</i>		
Gratuity (refer note 2.30)	147,68,254	105,28,554
Compensated absences	241,98,911	79,13,045
	389,67,165	184,41,599

2.5 Short-term borrowings		
<u>Loans repayable on demand from banks</u>		
<i>Secured</i>		
Cash credit	128,98,003	1,37,388
Overdraft	3477,52,087	-
<u>Other loans from banks</u>		
<i>Secured</i>		
Working capital demand loans	7715,00,000	2900,00,000
<i>Unsecured</i>		
Working capital demand loan	-	1000,00,000
	11321,50,090	3901,37,388

Terms of repayment of short term borrowings from banks

Secured

i) ICICI Bank:

- a) The Company has availed 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 11% to 12% per annum.
- b) The Company has availed bank overdraft facility from ICICI Bank, secured by way of pari passu first charge on the selected mutual fund investments of the Company and carries an interest rate of 10.20% per annum (refer note 2.12).

- ii) SCB: The Company has availed various facilities with SCB which includes working capital demand loan and pre-shipment finance. 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 promoters of the Company, Mr Sunil Reddy and Mr. Sessa Reddy. Interest rate on these facilities ranges from 9.75% to 10.75% per annum.

- iii) ING Vysya Bank (Kotak Mahindra Bank): The Company has availed various facilities with ING Vysya Bank which includes cash credit and working capital demand loan. 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). Interest rate on cash credit ranges from 12.75% to 13.50% per annum and interest rate on working capital demand loan ranges from 10.75% to 11% per annum.
- iv) HDFC Bank: The Company has availed various facilities with HDFC Bank which includes cash credit and working capital demand loan. All these facilities are secured by pari passu first charge on all the current assets of the Company and pari passu second charge on all the fixed assets of the Company other than those financed by ICICI Bank and SCB Bank. Cash credit carries an interest rate of 11.25% per annum and working capital demand loan carries an interest rate of 10.50% per annum.

Unsecured

- v) HDFC Bank: The Company has taken a short term loan from HDFC Bank, secured by post dated cheque and personal guarantees furnished by the director of the Company Mr Sunil Reddy and carries an interest rate of 10.50% per annum. The same has been repaid during the year.

2.6 Trade payables		
- dues to micro and small enterprises (refer note 2.35)	-	-
- dues to other than micro and small enterprises	3625,44,861	2568,82,338
	3625,44,861	2568,82,338

2.7 Other current liabilities		
Current maturities of long term debt from banks (refer note 2.3)	496,28,733	2333,83,234
Current maturities of long term debts from other than banks (see note (i) below)	-	6,03,191
Interest accrued but not due on borrowings	35,18,271	27,77,098
Capital creditors	121,02,228	116,80,701
Creditors for expenses	648,25,575	546,65,856
Advance from customers	130,83,850	105,12,203
Security deposits	208,32,422	138,42,767
Employee payables	357,53,201	295,88,802
Statutory liabilities	60,67,820	73,26,406
Other payables	10,89,597	5,91,432
	2069,01,697	3649,71,690

(i) Secured term loan from others:

Vehicle loan from BMW India Financial Services Private Limited is secured by way of hypothecation of the vehicle and is repayable in 35 equated monthly installments (EMI) of ₹ 124,539 commencing from 16 October 2011 and carries a rate of interest of 11.07% per annum Outstanding amount as at 31 March 2015 is ₹ Nil (previous year: ₹ 603,191).

2.8 Short-term provisions		
<i>Provision for employee benefits</i>		
Gratuity (refer note 2.30)	18,85,669	9,86,170
Compensated absences	24,51,607	14,22,336
<i>Other provisions</i>		
Provision for taxation [Net of advance tax: ₹ 26,613,520 (previous year: ₹ Nil)]	264,28,127	-
Provision for wealth tax	1,02,081	37,020
	308,67,484	24,45,526

Notes to financial statements (continued)

(All the 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 2014	As at 31 March 2015	As at 1 April 2014	Charge for the year	As at 31 March 2015	As at 1 April 2014	As at 31 March 2015	As at 31 March 2014
Tangible assets, owned								
Freehold land	526,03,776	162,175,303	-	-	-	-	162,175,303	526,03,776
Buildings	1591,61,595	3112,11,116	1520,49,521	73,47,008	419,94,103	-	2692,17,013	1245,14,500
Plant and equipment	6104,15,061	8340,71,986	2250,06,328	535,18,059	1937,35,060	-	6403,36,926	4694,22,053
Electrical installation	335,66,501	716,51,198	380,84,697	31,30,713	151,08,877	-	565,42,321	215,88,337
Electronic data processors	329,04,324	360,10,530	4,08,471	64,15,595	297,97,461	-	62,13,069	91,14,445
Office equipments	86,79,340	110,19,913	24,12,744	38,19,208	59,03,040	-	51,16,873	65,54,432
Furniture and fixtures	91,98,245	151,88,600	59,90,355	13,36,572	39,13,656	-	112,74,944	66,21,161
Laboratory equipment	652,05,555	1323,42,267	681,83,867	471,76,960	521,87,066	-	801,55,201	600,75,660
Vehicles	110,86,634	191,54,407	88,02,203	24,70,982	59,46,274	-	132,08,133	73,05,348
Live stock	-	230,37,431	-	6,44,572	6,44,572	-	185,16,007	38,76,852
Total (A)	9828,21,031	16158,62,751	6366,53,350	1258,59,669	3492,30,109	-	185,16,007	7577,99,712
Previous year	8170,89,043	1715,78,281	58,46,293	451,65,337	2250,21,319	-	-	7577,99,712
Intangible assets, owned								
Computer software	51,27,992	59,48,071	8,20,079	13,77,015	40,50,716	-	18,97,355	24,54,291
Total (B)	51,27,992	59,48,071	8,20,079	13,77,015	40,50,716	-	18,97,355	24,54,291
Previous year	37,29,774	51,27,992	13,98,218	15,15,698	26,73,701	-	24,54,291	-
Grand total (A+B)	9879,49,023	16218,10,822	6374,73,429	1272,36,684	3532,80,825	-	185,16,007	7602,54,003
Previous Year	8208,18,817	9879,49,023	58,46,293	466,81,035	2276,95,020	-	7602,54,003	-

Note

- Pursuant to the Companies Act 2013 (the 'Act'), being effective from 1 April 2014, the Company has 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 year ended 31 March 2015 is higher and profit for the year is lower by ₹ 41,055,663. Further with effect from 1 April 2014, the Management has 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 is higher and profit for the year is lower by ₹ 6,001,090.
- Live stock represents milking animals net of impairment provision.

2.10 Non-current investments	As at 31 March 2015	As at 31 March 2014
<i>Trade investments</i>		
Unquoted at cost		
Investments in equity instruments of associate company		
Abyssinia Bharat Food Parks PLC, Ethiopia	-	16,28,418
Nil (previous year: 59,400) equity shares of face value INR 10 each, fully paid up (at cost)		
Investments in equity instruments of subsidiary companies		
Dodla Singapore Pte. Limited, Singapore	-	61
Nil (previous year: 100) equity shares of face value USD 0.01 each, fully paid up (at cost)		
Dodla Holding Pte. Limited, Singapore	2741,12,630	-
(4,500,290 (previous year: Nil) equity shares of face value USD 1.00 each, fully paid up (at cost)		
	2741,12,630	16,28,479
Aggregate book value of non current investments - unquoted	2741,12,630	16,28,479
2.11 Long-term loans and advances		
<i>Unsecured, considered good</i>		
<u>To other than related parties</u>		
Deposits	327,26,947	284,22,280
Capital advances	2341,15,297	2510,72,702
Advance tax [Net of provision for tax: ₹ 215,262,588 (previous year: ₹ 285,966,676)]	262,80,613	374,46,429
<u>To related parties</u>		
Share application money pending allotment	210,00,000	210,00,000
Less : Provision for doubtful advance	(210,00,000)	(210,00,000)
	2931,22,857	3169,41,411
Share application money pending allotment to related parties above represents the amount due from directors or other officers, or any of them, either severally or jointly with any other person or from firm or private companies in which any director is a partner or a director or a member.		
2.12 Current investments		
<i>Non-trade investments</i>		
Quoted (at lower of cost or fair value)		
Investments in mutual funds		
Nil (previous year: 1,394,737.65) units of ICICI Prudential Gilt Fund	-	530,86,505
Nil (previous year: 2,797,390.59) units of ICICI Prudential Income Fund	-	1000,00,000
Nil (previous year: 3,402,911.53) units of SBI Dynamic Bond Fund	-	500,00,000
Nil (previous year: 3,559,276.19) units of IDFC Dynamic Bond Fund	-	500,00,000
Nil (previous year: 3,185,930.93) units of Reliance Dynamic Bond Fund	-	500,00,000
13,145.89 (previous year: 13,145.89) units of Franklin India Short Term Income Plan - Retail Plan - Growth*	300,00,000	300,00,000

Nil (previous year: 264,538.27) units of L&T Income Opportunities Fund	-	35,00,000
2,513,503.80 (previous year: 2,513,503.80) units of HDFC High Interest Fund*	1000,00,000	1000,00,000
5,000,000.00(previous year: 5,000,000.00)units of HDFC FMP 1175 D Regular Growth plan	500,00,000	500,00,000
481,688.74 (previous year: Nil) units of ICICI Prudential Flexible DailyDividend*	509,31,723	-
Nil (previous year:15,104,020) units of ICICI Prudential Interval Fund	-	1510,40,970
Nil (previous year: 5,029,280.54) units of IDFC Ultra Short Term Fund	-	508,38,176
Nil (previous year: 1,832,577.49) units of IDFC Money Manager Fund	-	184,53,872
5,000,000.00 (previous year: 5,000,000.00) units of HDFC FMP 3360D Regular Quarterly Dividend plan	500,00,000	500,00,000
Nil (previous year: 998,931.14) units of Reliance Interval Fund Quarterly Plan	-	100,00,000
Nil (previous year: 5,020,000.00) units of Reliance Fixed Horizon Fund Series - 29	-	502,00,000
Nil (previous year: 3,498,215.97) units of Kotak Quarterly Interval Fund	-	350,23,088
Nil (previous year: 50,179.50) units of Axis Liquid Fund	-	501,89,525
1,036,495.03 (previous year: Nil) units of ICICI Prudential Liquid Plan*	1037,15,423	-
10,287,331.12 (previous year: Nil) units of ICICI Prudential Regular Saving Fund	1058,11,354	-
4,986,738.86 (previous year: Nil) units of L & T Short Term Income Fund*	512,57,158	-
2,193,690.10 (previous year: Nil) units of Reliance Short Term Fund*	305,14,570	-
	5722,30,228	9023,32,136
Aggregate write-down due to valuation of current investments at fair value	11,10,974	-
Aggregate book value of current investments - quoted	5733,41,202	9023,32,136
Aggregate market value of current investments - quoted	6097,26,997	9256,09,546
*The investment in mutual funds have been hypothicated against the overdraft facility taken from ICICI bank (refer note 2.5 (i)(b)).		

2.13 Inventories

(valued at the lower of cost and net realisable value)

Raw materials	2800,45,764	2308,14,043
Work in progress	4247,78,706	1003,86,070
Finished goods*	6959,12,619	1372,58,818
Stock-in-trade	5,08,134	2,02,320
Stores and spares	154,13,009	138,22,334
	14166,58,232	4824,83,585
*include goods in transit amounting to ₹ 8,746,198 (previous year: ₹ 11,629,326)		

2.14 Trade receivables

Trade receivables outstanding for a period exceeding six months from the date they became due for payment

- Unsecured, considered good	19,981	2,21,517
- Unsecured, considered doubtful	23,92,681	23,92,681
Other debts		
- Unsecured, considered good	114,96,417	62,69,118
	139,09,079	88,83,316
Less: Provision for doubtful receivables	(23,92,681)	(23,92,681)
	115,16,398	64,90,635

2.15 Cash and bank balances		
<i>Cash and cash equivalents</i>		
Cash on hand	123,91,305	448,16,451
Balances with banks		
- in current accounts	978,50,966	3101,78,202
- in deposit accounts (with original maturity of less than three months)	-	731,15,209
	1102,42,271	4281,09,862
<i>Other bank balances</i>		
Margin money deposit against bank guarantee (due to mature within 12 months of reporting date)*	24,05,000	-
	1126,47,271	4281,09,862
*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'	978,50,966	3832,93,411
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	24,05,000	-
Bank deposits due to mature after 12 months of the reporting date included under 'Other non current assets'	-	-
	1002,55,966	3832,93,411
2.16 Short term loans and advances		
<u>To other than related parties</u>		
<i>Unsecured, considered good</i>		
Advance for supply of goods	424,00,488	681,96,253
Prepaid expenses	54,04,443	52,85,885
Employee advances	21,57,439	22,25,088
MAT credit entitlement	412,12,710	-
Inter corporate deposits	-	550,00,000
Other advances	54,06,130	25,89,067
<i>Unsecured, considered doubtful</i>		
Other advances	25,751	-
Less : Provision for doubtful advances	(25,751)	-
<u>To related parties (refer note 2.30)</u>		
<i>Unsecured, considered good</i>		
Share application money pending allotment-Dodla Milk Processing Plc - Ethiopia *	129,81,269	147,35,324
Advance for supply of goods	-	143,25,497
Employee advances	81,083	-
Excess remuneration paid to managing director held in trust	115,35,022	-
Other advances	-	2,68,062
<i>Unsecured, considered doubtful</i>		
Share application money pending allotment-Dodla Milk Processing Plc - Ethiopia *	17,54,055	-

Advance for supply of goods	143,25,497	-
Other advances	412,35,243	196,21,464
Less : Provision for doubtful advances	(573,14,795)	(196,21,464)
	1211,78,584	1626,25,176

*The Company has decided to wind up Dodla Milk Processing Plc in the board meeting held on 25 June 2014, since it does not intend to pursue the business opportunities in Ethiopia. Accordingly, the Company has initiated the process of recovering the share application money.

2.17 Other current assets		
Interest accrued	10,61,781	36,92,874
Derivative financial assets	112,70,475	120,66,057
	123,32,256	157,58,931

2.18 Revenue from operations		
Sale of products (refer note 2.36A)		
- Finished goods	101527,95,102	84126,22,893
- Traded goods	252,71,285	21,00,838
	101780,66,387	84147,23,731
Sale of services		
- Conversion service charges	24,00,083	21,37,124
	24,00,083	21,37,124
Other operating revenue		
- Sale of scrap	37,75,132	41,94,404
	37,75,132	41,94,404

2.19 Other income		
Interest income		
- on deposits	8,12,013	95,13,130
- on others	42,40,895	67,48,084
Dividend income - on current investment	294,91,069	141,22,850
Net gain on account of foreign exchange fluctuations	-	35,05,973
Profit on sale of current investments, net	200,34,564	161,18,998
Profit on sale of investment in associate	5,52,486	-
Power subsidy	-	21,84,220
Other non-operating income	64,72,400	136,13,682
	616,03,427	658,06,937

2.20 Cost of material consumed		
Consumption of raw material (refer note 2.36 B)	89053,78,864	60716,22,874
Consumption of packing material (refer note 2.36 C)	3241,56,560	2614,48,502
	92295,35,424	63330,71,376

2.21 Changes in inventories of finished goods, work-in progress and stock-in trade		
a) Finished goods		
Opening stock	1372,58,818	3373,48,033
Closing stock	(6959,12,619)	(1372,58,818)
	(5586,53,801)	2000,89,215
b) Work-in-progress		
Opening stock	1003,86,070	3801,67,200
Closing stock	(4247,78,706)	(1003,86,070)
	(3243,92,636)	2797,81,130
c) Stock-in-trade		
Opening stock	2,02,320	59,192
Closing stock	(5,08,134)	(2,02,320)
	(3,05,814)	(1,43,128)
	(8833,52,251)	4797,27,217
	For the year ended 31 March 2015	For the year ended 31 March 2014
2.22 Employee benefits expense		
Salaries, wages and bonus	2971,44,317	2375,51,835
Contribution to provident and other funds	298,04,736	176,41,738
Staff welfare expenses	71,45,731	101,33,163
	3340,94,784	2653,26,736
2.23 Finance costs		
Interest expense	652,55,151	268,39,256
Interest on income tax	41,43,318	
Other borrowing costs	61,82,609	32,41,586
	755,81,078	300,80,842

2.24 Other expenses		
<i>Manufacturing expenses</i>		
Power and fuel	1661,05,494	1262,31,009
Consumption of stores and spares (refer note 2.36 G)	779,44,503	670,60,192
Conversion and process charges	41,02,365	-
Milk procurement expenses	78,81,854	70,88,926
Freight inward and handling	2447,21,302	1754,43,689
Repairs and maintenance:		
- building	57,34,436	50,05,962
- machinery	90,06,215	78,90,535
- other assets	13,50,441	10,24,288
	5168,46,610	3897,44,601
<i>Administrative expenses</i>		
Rent (refer note 2.34)	355,16,585	273,98,804
Rates and taxes	75,35,355	109,54,643
Communication expenses	82,86,984	73,37,847
Printing and stationery	37,52,802	34,32,945
Travelling and conveyance	336,20,927	356,19,963
Vehicle hire charges	57,59,093	51,78,060
Bank charges	56,29,642	48,49,357
Legal and professional charges (refer note 2.26)	275,80,677	278,15,182
Security expenses	139,11,247	103,21,974
Advances written off	2,68,062	-
Provision for doubtful debts	-	7,17,733
Provision for doubtful advances	377,19,082	406,21,464
Insurance	63,81,660	15,13,393
Loss on sale/ retirement of fixed assets, net	10,08,920	12,03,465
Diminution in value of investment in mutual funds	11,10,974	
Net loss on account of foreign exchange fluctuations	16,56,182	-
Miscellaneous expenses	171,37,834	188,14,904
	2068,76,026	1957,79,734
<i>Sales expenses</i>		
Freight and forwarding	1596,19,654	1371,91,773
Advertisement expenses	108,58,184	250,66,237
Distribution expenses	2343,00,539	1940,93,145
	4047,78,377	3563,51,155
	11285,01,013	9418,75,490

Notes to the financial statements

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

2.25 Commitments and contingent liabilities

Particulars	As at 31 March 2015	As at 31 March 2014
(i) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	246,682,520	28,421,662
(ii) Other commitments		
Investment in subsidiary Dodla Holdings Pte. Limited, Singapore	31,277,249	-
(iii) Contingent liabilities		
Claims against Company not acknowledged as debts :		
(a) The Company avails deduction under Section 80IB (11A) of the Income-tax Act, 1961 ('Act') for income generated from its various 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 by the Company.		
During the year, the Company has received a notice under Section 143(3) of Act for Assessment Year - 2012-13, wherein deduction claimed under Section 80IB (11A) of the Act for income generated from its various Milk Processing Units has been disallowed. The disallowance has been made on the ground that the Company has not satisfied the requirements of the said section for its operations at Milk Processing Units. Accordingly, a demand for ₹ 30,367,280 (including interest of ₹ 10,254,579) has been made on the Company. The Management has preferred an appeal before the CIT(A). The Management believes that it will be able to demonstrate that the operations at the Milk Processing Units include all the three listed activities of 'processing, preservation and packaging'. Accordingly, no provision in respect of the demand has been made in the books.		
(b) Other income tax matters	993,322	993,332

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

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Audit fees		
Statutory audit*	3,762,000	3,146,080
Other services	456,000	463,440
Out-of-pocket expenses	339,514	118,320
Total	4,557,514	3,727,840

*Includes ₹ 300,000 billed in the current year for the statutory audit for the year ended 31 March 2014.

2.27 Corporate social responsibility

Gross amount required to be spent by the Company during the year amounts to ₹ 7,369,448

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

2.28 Deferred tax liabilities (net):

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

Particulars	As at 31 March 2015	As at 31 March 2014
Deferred tax assets:		
- Provision for gratuity	5,660,668	3,913,855
- Provision for leave encashment	9,058,511	3,173,096
- Provision for bonus	4,030,069	2,598,757
- Provision for doubtful debts and advances	20,303,324	7,482,608
Total	39,052,572	17,168,316
Deferred tax liabilities:		
- Excess of depreciation on fixed assets under Income tax Act over depreciation provided in accounts	119,047,545	105,006,211
- Others	3,195,837	612,843
Total	122,243,382	105,619,054
Deferred tax liabilities, net	83,190,810	88,450,738

2.29 Remuneration to the managing director

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries and allowances	4,254,974	15,789,996
Perquisites	4,210,008	4,210,004
Total	8,464,982	20,000,000

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.

2.30 Employee Benefits (continued)

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 2015	As at 31 March 2014
Present value of defined benefit obligation	29,784,544	20,448,711
Fair value of plan assets	13,130,621	8,933,987
Liability recognised in balance sheet	16,653,923	11,514,724

Classification into current/ non-current	As at 31 March 2015	As at 31 March 2014
Current benefit obligation (refer note 2.8)	1,885,669	986,170
Non-current benefit obligation (refer note 2.4)	14,768,254	10,528,554
Liability recognised in balance sheet	16,653,923	11,514,724

Movement in present value of the defined benefit obligation

	As at 31 March 2015	As at 31 March 2014
Opening defined benefit obligation	20,448,711	19,361,943
Interest cost	1,843,740	1,778,503
Current service cost	9,427,191	1,533,849
Benefits paid	(375,670)	(638,138)
Actuarial (gains)/ losses on obligation	(1,559,428)	(1,587,446)
Closing defined benefit obligation	29,784,544	20,448,711

Movement in fair value of plan assets

	As at 31 March 2015	As at 31 March 2014
Opening fair value of plan assets	8,933,987	8,596,713
Expected returns	921,434	752,212
Contributions	3,569,035	234,657
Benefits paid	(375,670)	(638,138)
Actuarial gain/ (loss) on assets	81,835	(11,457)
Closing fair value of plan assets	13,130,621	8,933,987

Expense recognised in statement of profit and loss

	For the year ended 31 March 2015	For the year ended 31 March 2014
Current service cost	9,427,191	1,533,849
Interest cost	1,843,740	1,778,503
Expected return on plan assets	(921,434)	(752,212)
Net actuarial (gain)/ loss recognised in the year	(1,641,263)	(1,575,989)
Net benefit expense	8,708,234	984,151

2.30 Employee Benefits (continued)

Actual return on plan assets

	For the year ended 31 March 2015	For the year ended 31 March 2014
Expected return on plan assets	921,434	(740,755)
Actuarial gain/ (loss) on plan asset	81,835	-
Actual return on plan assets	1,003,269	(740,755)

Principal actuarial assumptions

	For the year ended 31 March 2015	For the year ended 31 March 2014
Salary escalation rate	12.00%	12.00%
Discount rate	7.77%	9.10%
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.

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.

Experience adjustments

Particulars	For the year ended 31 March				
	2015	2014	2013	2012	2011
Defined benefit obligation	29,784,544	20,448,711	19,361,943	13,439,314	10,676,700
Fair value of plan assets	13,130,621	8,933,987	8,596,713	-	-
Deficit in the plan	16,653,923	11,514,724	10,765,230	13,439,314	10,676,700
Experience adjustments arising on plan liabilities gain/ (loss)	1,641,263	3,097,076	(4,041,373)	(1,594,647)	(3,191,666)
Experience adjustments arising on plan assets gain/ (loss)	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 2015	For the year ended 31 March 2014
Earnings		
Profits attributable to equity shareholders	153,359,627	275,716,468
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	46.83	84.19

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. 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.

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 Milk Processing Plc, Ethiopia ('DMP') Dodla Singapore Pte. Limited, Singapore Dodla Holdings Pte Limited, Singapore Lakeside Dairy Limited, Uganda
Associate	Abyssinia Bharat Food Parks PLC, Ethiopia (till 8 July 2014)
Key Management Personnel ('KMP')	Mr. D. Sunil Reddy, Managing Director Mr. B.V.K. Reddy, CEO (w.e.f. 26 March 2015)
Relatives of KMP	Mr. D. Sessa Reddy, Father of Mr. D Sunil Reddy
Enterprise over which KMP have significant influence	Dodla Dairy, Vinjimuru D Soft India Private Limited (till 28 October 2013) Surekha Milk Chilling Centre Global VetMed Concept Private Limited ('GVC') Dodla Engineering, a Partnership Firm

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

Transactions	For the year ended 31 March 2015	For the year ended 31 March 2014
Lease rent paid		
- Dodla Dairy, Vinjumur	1,200,000	1,200,000
- Surekha Milk Chilling Centre	700,000	600,000
Software maintenance expense		
- D Soft India Private Limited	-	450,000
Remuneration paid		
- Mr. D Sunil Reddy	8,464,982	20,000,000
- Mr. B.V.K. Reddy	256,833	-
Purchase of raw material		
- GVC	2,713,371	6,573,139
Other non-operating income		
- GVC	-	7,578,749

2.33 Related party disclosures (continued)

Transactions	For the year ended 31 March 2015	For the year ended 31 March 2014
Expenditure incurred on behalf of		
- GVC	24,327,150	12,430,843
- Dodla Singapore Pte Limited, Singapore	-	268,062
- Dodla Holdings Pte Limited, Singapore	17,630	-
Reimbursement of expenses paid to		
- D Soft India Private Limited	-	18,108
- D Sunil Reddy	-	188,165
- GVC	-	625,598
Consultancy expense		
- D Sessa Reddy	3,600,000	3,600,000
Unsecured loans given		
- Dodla Engineering	91,500,000	82,625,000
Share application money paid		
- Dodla Milk Processing Plc, Ethiopia	-	14,735,324
Investment made in the shares		
- Dodla Singapore Pte. Limited, Singapore	-	61
- Dodla Holdings Pte. Limited, Singapore.	274,112,630	-
Investment written off		
- Dodla Singapore Pte. Limited, Singapore	61	-
Advances written off		
- Dodla Singapore Pte. Limited, Singapore	268,062	-
Unsecured loans repaid		
- Dodla Engineering	91,500,000	82,625,000
Interest earned on unsecured loans		
- Dodla Engineering	-	1,129,179

(iii) Balances with related parties:

Particulars	As at 31 March 2015	As at 31 March 2014
Long term loans and advances		
- GVC- Share application money pending allotment	21,000,000	21,000,000
- GVC - Provision for doubtful advance	(21,000,000)	(21,000,000)
Short term loans and advances		
- DMP	14,735,324	14,735,324
- GVC	55,560,740	33,946,961
- Dodla Singapore Pte. Limited, Singapore	-	268,062
- D Sunil Reddy - Advance given against salary	62,283	-
- B.V.K. Reddy - Advance given against salary	18,800	-
- Dodla Engineering	-	1,129,179
- Excess remuneration recoverable from D Sunil Reddy - managing director	11,535,022	-
- Provision for doubtful advances - DMP	(1,754,055)	-
- Provision for doubtful advances - GVC	(55,560,740)	(19,621,464)

2.33 Related party disclosures (continued)

Particulars	As at 31 March 2015	As at 31 March 2014
Other current liabilities		
- D Sunil Reddy - remuneration payable	-	773,187

Notes:

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

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 ₹ 35,516,585 (previous year: ₹ 27,398,804) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

2.35 Dues to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 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 2015	For the year ended 31 March 2014
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.

2.36 Additional information

A.	Particulars of sales of goods	For the year ended 31 March 2015	For the year ended 31 March 2014
	Processed products:		
	Milk	9,572,832,668	7,278,145,973
	Ghee/ fat	436,547,836	911,476,491
	Other products	143,414,598	223,000,429
	Total	10,152,795,102	8,412,622,893
	Trading:		
	UHT milk	25,271,285	2,100,838
	Total	25,271,285	2,100,838
	Grand total	10,178,066,387	8,414,723,731

B.	Consumption of raw material	For the year ended 31 March 2015	For the year ended 31 March 2014
	Raw milk	8,435,138,695	5,996,495,064
	Others	470,240,169	75,127,810
	Total	8,905,378,864	6,071,622,874

C.	Consumption of packing material	For the year ended 31 March 2015	For the year ended 31 March 2014
	Packing film	231,633,643	175,134,769
	Others	92,522,917	86,313,733
	Total	324,156,560	261,448,502

D.	CIF value of import	For the year ended 31 March 2015	For the year ended 31 March 2014
	Raw materials	6,509,198	1,848,728
	Capital goods	4,819,075	19,919,340
	Stores and spares	3,013,489	-
	Total	14,341,762	21,768,068

E.	Expenditure in foreign currency	For the year ended 31 March 2015	For the year ended 31 March 2014
	Travelling and conveyance	1,170,460	1,746,933
	Other expenses	439,617	606,990
	Total	1,610,077	2,353,923

F.	Raw materials consumed	For the year ended 31 March 2015		For the year ended 31 March 2014	
		₹	%	₹	%
	Imported*	2,594,700	0.03	963,733	0.02
	Indigenous	8,902,784,164	99.97	6,070,659,141	99.98
		8,905,378,864	100.00	6,071,622,874	100.00

*excluding ₹ 3,845,129 (previous year : ₹ 884,995) transferred to capital work in progress

G.	Stores and spares consumed	For the year ended 31 March 2015		For the year ended 31 March 2014	
		₹	%	₹	%
	Imported	981,138	1.26	-	-
	Indigenous	76,963,365	98.74	67,060,192	100.00
		77,944,503	100.00	67,060,192	100.00

*excluding ₹ 1,453,965 (previous year: ₹ Nil) 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 2015:

Particulars	As at 31 March 2015		As at 31 March 2014	
	USD	Equivalent ₹	USD	Equivalent ₹
Cross currency swap and interest rate swap	1,500,000	81,487,500	2,000,000	108,650,000

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

Particulars	Currency	As at 31 March 2015		As at 31 March 2014	
		Foreign currency	INR	Foreign currency	INR
Capital advances	EURO	19,001	1,282,763	108,245	8,938,457
Advance for supply of goods	EURO	39,600	2,673,407	-	-
Trade payables	EURO	-	-	689	56,909

2.38 Provision for impairment of live stock

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Capital work-in-progress	41,392,739	13,179,163
Tangible fixed assets	10,548,453	-
Total provision created for the year	51,941,192	13,179,163

2.39 During the previous year 2013-14, the Company purchased raw materials from GVC amounting to ₹ 619,807 and sold goods to GVC amounting to ₹ 7,578,749 in which Mr. D. Sunil Reddy, Managing Director is a Director. The said transactions are covered under Section 297 of the Companies Act, 1956 and requires prior approval of the Central Government of India ('CG'). The Company has not obtained the approval of CG. The Company has filed the requisite applications to the CG for compounding of the default, as required by the Companies Act, 1956. The response from CG on compounding application is awaited. As per provision of Section 629A of the Companies Act, 1956 Company has made provision towards penalty. Further, Management expects the offence to be compounded.

2.40 During the period from 1 April 2013 to 11 September 2013, the Company has given loans aggregating ₹ 47,125,000 and recovered an amount of ₹ 34,125,000 from Dodla Engineering (Partnership Firm) in which Mr. D. Sunil Reddy, Managing Director and Mr. D. Sessa Reddy, Chairman are partners. As per the provisions of Section 295 of the Companies Act, 1956, such loans require prior approval of the Central Government of India ('CG'). The Company had not obtained the approval of CG. The Company further advanced an amount of ₹ 127,000,000 during the period 12 September 2013 to 31 March 2015. The loan was fully recovered by 31 March 2015. According to the sub-section 1 of the Section 185 of the Companies Act, 2013, which was applicable from 12 September 2013, no Company shall give any loan to parties in which Directors are interested. As per the sub-section 2 of Section 185 of the Companies Act, 2013, if any loan is given in contravention of the sub-section 1 of Section 185 of the Companies Act, 2013, the Company shall be punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees.

Subsequent to the year end, the Company has filed two separate applications to the CG for compounding of the default, as required by the Companies Act, 1956 and Companies Act, 2013 respectively.

Further, the Company has not accrued any interest on the said loan for the year ended 31 March 2015. As per provisions of sub-section 7 of Section 186 of the Companies Act, 2013 no loan shall be given at a rate lower than the prevailing yield of one year Government Security which is closest to the tenure of the said loans. As per sub-section 13 of Section 186, if Company contravenes the provision of this Section, the Company shall be punishable with fine which shall not be less than twenty five thousand rupees but which may extend to five lakh rupees and every officer in default of the Company who is in default shall be punishable with imprisonment for a term which may extend to two years and fine which shall not be less than twenty five thousand rupees but which may extend to one lakh rupees. The Company is in process of filing necessary approval/compounding of the default.

The Management is of the view that all these defaults will not have material impact on the profit for the year or the net assets of the Company as at 31 March 2015

2.41 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 2015, 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.

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

Place: Hyderabad
Date: 7 September 2015

Place: Hyderabad
Date: 7 September 2015

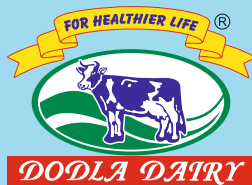




Sunil Reddy - MD receiving the award for operational excellence among the best emerging companies. The Award constituted by Business Today in association with Yes Bank.



BVK Reddy - CEO receiving the TV5 Business Leader Award



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