

**REPORT OF THE BOARD OF DIRECTORS  
OF  
CREAMLINE DAIRY PRODUCTS LIMITED (CDPL)  
CORPORATE IDENTITY NUMBER (CIN):  
U15201TG1986PLC006912  
FOR  
THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**TO THE MEMBERS**

Your Directors are pleased to present the 33<sup>rd</sup> Board's Report of the Company along with Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2020.

**FINANCIAL SUMMARY / HIGHLIGHTS OF THE COMPANY**

The Audited Balance Sheet of your Company as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss and Cash Flow Statement for the Financial Year ended as on that date and the Report of the Auditors thereon are being circulated with this Report.

The salient features of the financial results are as follows:

	(Rs. in Lakh)	
<b>PARTICULARS</b>	<b>2019-20</b>	<b>2018-19</b>
Sales and Other Income	1,19,297.91	1,15,780.72
Earnings before Interest, Depreciation and Tax (EBITDA)	3,226.38	4,267.92
Interest and Finance Charges	178.09	204.53
Depreciation	2,733.96	2,059.63
Profit Before Tax / Extraordinary Item(s)	314.33	2,003.76
Profit After Tax	471.67	1,297.95
Other Comprehensive Income	5.62	(38.79)
<b>APPROPRIATIONS</b>		
Surplus Brought forward	12,362.33	12,771.90
Amount transferred to General Reserve	0.00	0.00
Dividend	339.74	339.74
Taxes on dividend	69.83	69.83
Surplus Carried to Balance Sheet	12,410.59	12,362.33

**REVIEW OF OPERATIONS AND THE STATE OF AFFAIRS OF THE COMPANY**

During the Financial Year 2019-20 under review, your Company has achieved a Revenue of Rs. 1,19,961.18 Lakh as compared to Rs. 1,15,780.72 Lakh last year 2018- 19. Your Company has achieved Profit Before Tax (PBT) of Rs. 314.33 Lakh for the Financial Year 2019-20 as against the PBT of Rs. 2,003.76 Lakh for the Financial Year 2018-19.

**CURRENT OPERATIONS AND FUTURE PROJECTIONS**

There was an increase in Sales of most Value added products during the Financial Year 2019-20. In volume terms, the Curd segment grew by 13.9%, Flavoured Milk by 36.2%, UHT Milk by 64.9% and Paneer by 1.7%. The Liquid Milk sales decreased by (5.4%).

The Value added products constituted 29% in the total turnover of the Company during the Financial Year 2019-20 as against 25% in 2018-19. The Company undertook several measures in maximizing the Brand Image through several ATL & BTL advertisement campaigns to strengthen

brand equity. The Company expanded its Parlour network from 214 (exit 2018-19) to 344 (exit 2019-20) with 50% value growth in this channel. E-commerce channel grew strongly at 7 times over 2018-19 sales. Modern Trade channel sales grew by 15% over 2018-19 sales.

The Company's ambition is to grow sales faster than the market with more emphasis on the Value added product range. It is also proposed to make Jersey a preferred dairy brand amongst consumers and aggressively drive our distribution. The Company continued to support brand "JERSEY" through Curd & Milkshake campaign across Andhra Pradesh, Telangana and Tamil Nadu on the promise of taste and health. Jersey continued its digital journey in 2019-20 across leading social and search platforms like Facebook, Instagram & Google. Further, it launched Recharge Whey Drink, Chikki and Flavoured Milk in Rose & Coffee flavours. The Company also released **South India Protein Gap (2019)** report highlighting the protein deficiency in India and role of dairy products to fulfil the gap.

## **CHANGE IN NATURE IN THE BUSINESS**

During the year under review, there was no change in the nature of business of your Company.

## **DIVIDEND**

Your Directors have recommended a Final Dividend at the rate of 15% (Fifteen per cent) i.e. Rs.1.50/- (Rupee One and Paise Fifty Only) per Equity Share of Rs.10/- (Rupees Ten Only) each, subject to approval of the Equity Shareholders at the ensuing 33<sup>rd</sup> (Thirty Third) Annual General Meeting (AGM) for the Financial Year 2019-20.

The Dividend will be paid to Shareholders whose names appear in the Register of Members of the Company as on date of AGM i.e. on 24<sup>th</sup> July, 2020 and in respect of Equity Shares held in dematerialized form, it will be paid to Shareholders whose names are furnished by National Securities Depository Limited (NSDL) as the beneficial owners as on that date.

## **TRANSFER TO RESERVES**

The Board of Directors does not propose any transfer to the General Reserve for the Financial Year 2019-20.

## **FIXED DEPOSITS**

Your Company has not accepted any deposits from the public, i.e., deposits covered under Chapter V of the Companies Act, 2013 [deposits within the meaning of Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014] and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

## **TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO IEPF**

There is no dividend remaining unpaid or unclaimed for a period of 7 (seven) years, which needs to be transferred by the Company to the Investor Education and Protection Fund ("IEPF") established by the Central Government under Section 125 of the Companies Act, 2013.

## **HOLDING COMPANY**

Godrej Agrovet Limited is the Holding Company of your Company, which is, *inter-alia*, engaged in the business of manufacture and marketing of Animal Feeds, Agricultural Inputs and Oil Palm.

The shareholding of Godrej Agrovet Limited in your Company as on 31<sup>st</sup> March, 2020 was 51.91% [i.e. 58,79,008 (Fifty -Eight Lakh Seventy -Nine Thousand and Eight) Equity Shares of Face Value of Rs.10/- each] of the Paid-up Equity Share Capital of the Company.

Godrej Agrovet Limited is a subsidiary of Godrej Industries Limited, which is the Ultimate Holding Company of your Company.

### **SUBSIDIARY COMPANY**

Nagavalli Milkline Private Limited had been a wholly-owned subsidiary of the Company upto 31<sup>st</sup> October, 2019.

As a part of a re-organization strategy, a Scheme of Amalgamation of Nagavalli Milkline Private Limited (Transferor Company) with your Company (Transferee Company) under Sections 230 to 232 of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 was filed with the Hon'ble National Company Law Tribunal ('NCLT'), Hyderabad Bench during the Financial Year 2018-19.

The Hon'ble NCLT, Hyderabad Bench approved/sanctioned the said Scheme vide its order dated 17<sup>th</sup> October, 2019, with Appointed Date as 1<sup>st</sup> April, 2019.

The Scheme of Amalgamation became effective on 31<sup>st</sup> October, 2019 with the filing of aforementioned order of the NCLT with the Registrar of Companies, Hyderabad, by both the companies.

As on 31<sup>st</sup> March, 2020, your Company has no Subsidiary Company.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As on 31<sup>st</sup> March, 2020, the Board of Directors of your Company comprises of:

Mr. Nadir B. Godrej  
Mr. K. Bhasker Reddy  
Mr. M. Gangadhar  
Mr. D. Chandra Shekher Reddy  
Mr. Raj Kanwar Singh  
Mr. B. S. Yadav  
Mr. S. Varadaraj  
Mr. Kavas Noshirwan Petigara  
Mr. Jude Julius John Fernandes  
Mrs. Surekha Revalli

Late Mr. C. Balraj Goud ceased to be an Executive Director on account of his sad demise on 31<sup>st</sup> October, 2019. The Board places on record, sincere appreciation for the efficient and matured guidance and advice given by Late Mr. C. Balraj Goud during his long tenure as a Whole-Time Director of the Company.

During the year under review, the Board of Directors met 6 (Six) times, on 29<sup>th</sup> April, 2019, 10<sup>th</sup> June, 2019, 24<sup>th</sup> July, 2019, 25<sup>th</sup> October, 2019, 24<sup>th</sup> December, 2019 and 24<sup>th</sup> January, 2020.

The attendance details of Directors are mentioned below:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>No. of Meetings conducted during the Financial Year 2019-20</b>	<b>No. of Meetings attended during the Financial Year 2018-19</b>
1	Mr. Nadir B. Godrej	5	3
2	Mr. K. Bhasker Reddy	5	5

3	Mr. M. Gangadhar	5	3
4	Mr. D.Chandra Shekher Reddy	5	5
5	Mr. C. Balraj Goud	5	3
6	Mr. Balram Singh Yadav	5	4
7	Mr. S. Varadaraj	5	5
8	Mr. Jude Julius John Fernandes	5	5
9	Mrs. Surekha Revalli	5	5
10	Mr. Kavas Noshirwan Petigara	5	3
11	Mr. Raj Kanwar Singh	5	5

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Article 105 of the Articles of Association of the Company, Mr. D. Chandra Shekher Reddy (DIN: 00063691), Mr. C. Balraj Goud (DIN: 00063719) and Mr. N. B. Godrej (DIN: 00066195), Directors of the Company retired by rotation at the previous 32<sup>nd</sup> (Thirty Second) Annual General Meeting of the Company held on 24<sup>th</sup> July, 2019.

Further, pursuant to the provisions of Section 152 of the Companies Act, 2013 and Article 105 of the Articles of Association of the Company, Mr. Balram Singh Yadav (DIN: 00294803) and Mr. S. Varadaraj (DIN: 00323436), Directors of the Company retire by rotation at the ensuing 33<sup>rd</sup> (Thirty Third) Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS**

Pursuant to the provisions of Section 134(3)(d) of the Companies Act, 2013, disclosure is hereby given that the Company has received declaration / confirmation of independence pursuant to Section 149(6) of the said Act from Mr. Kavas Noshirwan Petigara, Mr. Jude Julius John Fernandes and Mrs. Surekha Revalli, Independent Directors of the Company.

#### **DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED / CEASED DURING THE YEAR:**

During the year under review, the Mr. Raghava Reddy has resigned as the "Company Secretary" with effect from 15<sup>th</sup> November, 2019. Ms. Neha Poojary, has been appointed as the Company Secretary with effect from 12<sup>th</sup> December, 2019.

Late Mr. Balraj Goud ceased to be an Executive Director on account of his demise on 31<sup>st</sup> October, 2019.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the provisions of sub-sections (3)(c) and (5) of Section 134 of the Companies Act, 2013, the Directors would like to state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year (i.e., 31<sup>st</sup> March, 2020) and of the profit of the Company for that period (i.e., Financial Year 2019-20);
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the

assets of the company and for preventing and detecting fraud and other irregularities;

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

#### **AUDIT COMMITTEE**

The Audit Committee as on 31<sup>st</sup> March, 2020 comprises of:

1. Mr. Jude Julius John Fernandes - Chairman, Independent Director
2. Mr. S. Varadaraj - Member, Non- Executive Director
3. Mrs. Surekha Revalli - Member, Independent Woman Director.

The Committee met 4 (four) times during the year on 29<sup>th</sup> April, 2019, 24<sup>th</sup> July, 2019, 25<sup>th</sup> October, 2019 and 24<sup>th</sup> January 2020.

The attendance details of Committee Members are mentioned below:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>No. of Meetings conducted during the Financial Year 2019-20</b>	<b>No. of Meetings attended during the Financial Year 2018-19</b>
1	Mr. Jude Julius John Fernandes	4	4
2	Mrs. Surekha Revalli	4	4
3	Mr. S. Varadaraj	4	4

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

The Corporate Social Responsibility (CSR) Committee as on 31<sup>st</sup> March, 2020 comprises of:

1. \* Mr. Balraj Goud – Chairman Executive Director.
2. Mr. M. Gangadhar- Member, Executive Director
3. Mr. Varadaraj Subramanian - Member, Non-Executive Director
4. Mr. Jude Julius John Fernandes - Member, Independent Director.

\* Mr. C. Balraj Goud, former Executive Director and Chairman of the CSR Committee passed away on 30<sup>th</sup> October, 2019.

The Committee has met 2 (Two) times during the Financial Year 2019-20 on 29<sup>th</sup> April, 2019 and 25<sup>th</sup> October, 2019 to perform the responsibilities conferred onto the Committee as prescribed under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The attendance details of Committee Members are mentioned below:-

Sr. No.	Name of the Director	No. of Meetings conducted during the Financial Year 2019-20	No. of Meetings attended during the Financial Year 2019-20
1	*Mr. C. Balraj Goud	2	2
2	Mr. M. Gangadhar	2	0
3	Mr. Jude Julius John Fernandes	2	2
4	Mr. Varadaraj Subramanian	2	2

Late Mr. Balraj Goud ceased to be an Executive Director on account of his demise on 31<sup>st</sup> October, 2019.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2020 comprises of:

1. Mr. Jude Julius John Fernandes, Independent Director
2. Mr. Balram Singh Yadav, Non-Executive Director
3. Mrs. Surekha Revalli - Member, Independent Woman Director

The Committee has met 3 (Three) times during the Financial Year 2019-20, on 29<sup>th</sup> April, 2019, 25<sup>th</sup> October, 2019 and 24<sup>th</sup> January, 2020. The attendance details of Committee Members are mentioned below:

Sr. No.	Name of the Director	No. of Meetings conducted during the Financial Year 2019-20	No. of Meetings attended during the Financial Year 2019-20
1	Mr. Jude Julius John Fernandes	3	2
2	Mr. Balram Singh Yadav	3	2
3	Mrs. Surekha Revalli	3	2

#### **MANAGEMENT COMMITTEE:**

During the year under review, your Board of Directors has re-constituted the Management Committee consisting of the following Directors, pursuant to Article 116 of the Articles of Association of the Company. As on 31<sup>st</sup> March, 2020 the following are the Members of the Management Committee:-

1. Mr. K. Bhasker Reddy (Chairman)
2. Mr. D. Chandra Shekher Reddy (Member)
3. Mr. M. Gangadhar (Member)
4. Mr. C. Balraj Goud (Member)
5. Mr. Raj Kanwar Singh (Member)

#### **POLICY ON REMUNERATION:**

Your Company's framework of total rewards aims at a holistic utilization of elements such as fixed and variable compensation, long-term incentives, benefits and perquisites and non-compensation elements (career development, work life balance and recognition).

The rewards framework offers the flexibility to employees to customize different elements on the basis of need. It is also integrated with your Company's performance and talent management processes and designed to ensure sharply differentiated rewards for the best performers.

The total compensation for a given position is influenced by three factors: position, performance and potential.

The policy relating to the remuneration for Directors, Key Managerial Personnel (KMP) and other employees has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors, which is disclosed as “ANNEXURE - I” to this Directors’ Report.

## **CRITERIA FOR DETERMINING QUALIFICATION, POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS:**

### **1. Qualifications of Independent Directors:**

An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company’s business.

### **2. Positive Attributes of Independent Directors:**

An Independent Director shall be a person who shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising his duties;
- iii. exercise his responsibilities in a *bona fide* manner in the interest of the Company;
- iv. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- v. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board of Directors in its decision making;
- vi. not abuse his position to the detriment of the Company or its Shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- vii. refrain from any action that would lead to loss of his independence;
- viii. where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
- ix. assist the Company in implementing the best corporate governance practices.

### **3. Independence of Independent Directors:**

An Independent Director should meet the criteria for independence prescribed under Section 149(6) of the Companies Act, 2013 (as may be amended from time to time).

Nomination and Remuneration Policy is enclosed as “ANNEXURE - I” to this Directors’ Report.

### **4. Online Proficiency Self-Assessment:**

The Ministry of Corporate Affairs (MCA), with intent to foster the growth of Corporate Governance across the Boards, has introduced proficiency examinations for the Independent Directors (ID) on 22<sup>nd</sup> October, 2019. The MCA introduced the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 and the Companies (Accounts) Amendment Rules, 2019 and which came into force with effect from 1<sup>st</sup> December 1, 2019.

Mr. Jude Julius John Fernandes and Mrs. Surekha Revalli, Independent Directors of the Company have successfully registered with the Indian Institute of Corporate Affairs (IICA) under Section 150(1) of the Companies Act, 2013 to conduct Online Proficiency Self-Assessment. IICA by complying with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Mr. Kavas Noshirwan Petigara, Independent Director of the Company has also successfully registered with the Indian Institute of Corporate Affairs (IICA) and is exempted from appearing online proficiency self-assessment test as he has served for a period of not less than ten years as on the date of inclusion of his name in the databank as director or key managerial personnel of a listed public company.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company has been actively supporting various initiatives in the areas of animal welfare over the years. After introduction of Section 135 of the Companies Act 2013, the CSR Committee formulated and recommended to the Board, a detailed Corporate Social Responsibility Policy (CSR Policy) keeping in view the provisions of Section 135, CSR Rules and Schedule VII to the Companies Act, 2013.

The revised CSR Policy focuses mainly on Good & Green, Employability, Greener India, Innovating for Good & Green and Brighter Giving.

The Company also undertakes additional CSR activities under Schedule VII, such as:

**Education:** Inclusive and equitable quality education for different age groups and promotion of life-long learning opportunities for all

**Environmental sustainability:** Water conservation, clean and renewable energy, reduction of waste to landfill, environmental sustainability, ecological balance, conservation of natural resources and reduction of pollution

**Relief funds:** Contribute to government relief funds or any other fund for disaster relief and rehabilitation

**Rural development:** Integrated rural development to improve education, health, livelihoods, and environmental conditions in rural and marginalised geographies

**Poverty & hunger:** Support poverty and malnutrition projects, promote preventive healthcare and sanitation, safe drinking water.

**Gender issues:** Support empowerment programmes for girl children, adolescent girls, and women, through education, health and livelihood projects, etc.

The CSR Policy may be accessed on the Company's website at the link: [www.creamlinedairy.com](http://www.creamlinedairy.com)

During the Financial Year 2019-20, the Company has allocated Rs. 54,85,322/- (i.e., 2% of the average net profits of last three Financial Years) for the purpose of implementing the CSR activities. Against the total allocated amount, the Company has spent Rs. 54,85,000/- and the unspent amount is Rs. 322/-.

The Company received certain material below the estimated budget, as a result of which the



amount of Rs 322/- remained unspent during the Financial Year 2019 -20.

The Annual Report on CSR activities is annexed herewith marked as **Annexure II**.

## **RISK MANAGEMENT**

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented a risk management policy and in the opinion of the Board of Directors, no risks have been identified which may threaten the existence of the Company.

Your Company endeavor to become aware of different kinds of business risks and bring together elements of best practices for risk management in relation to existing and emerging risks. Rather than eliminating these risks, the decision making process at your Company considers it appropriate to take fair and reasonable risk which also enables the Company to effectively leverage market opportunities.

The Board determines the fair and reasonable extent of principal risks that your Company is willing to take to achieve its strategic objectives. With the support of the Audit Committee, it carries out a review of the effectiveness of your Company's risk management process covering all material risks.

Your Company has substantial operations spread all over Southern India and Parts of Maharashtra and its competitive position is influenced by the economic, regulatory and political situations and actions of the competitors.

## **INTERNAL FINANCIAL CONTROL SYSTEMS, INTERNAL AUDIT AND THEIR ADEQUACY**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The Company's internal audit department during the financial year had carried out detailed evaluation of the internal control systems and adequacy thereon. After carrying out their assignment, they have submitted their report observing no material deviations in the internal financial control system.

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

The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of Internal Audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. Your Company has a robust Management Information System which is an integral part of the control mechanism to maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Vigil Mechanism and Whistle Blower Policy of the Company, provides for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. Protected disclosures can be made by a whistle blower in writing to the Vigilance Officer or the Chairman of the Audit Committee. The Policy provides for complete protection to the whistle blower. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: [www.creamlinedairy.com](http://www.creamlinedairy.com)

## **POLICY ON SEXUAL HARASSMENT**

Your Company has in place, Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The Members of ICC as on 31<sup>st</sup> March, 2020 are as follows:-

1. Mrs. Sebati Iyengar - Chairperson
2. Mrs. Sanjivini Sadani - Member
3. Mr. Mohit Marwaha - Member
4. Ms. Neha Poojary - Member
5. Mrs. Sharmila Kher - External Member

The following is a summary of sexual harassment complaints received and disposed off during the Financial Year 2019-20.

No. of Complaints outstanding as on 1st April, 2019	Nil
No. of complaints received during the F.Y. 2019-20	Nil
No. of complaints disposed off during the F.Y. 2019-20	Nil
No. of Complaints outstanding as on 31st March, 2020	Nil

## **AUDITORS AND AUDITORS' REPORTS**

### **Statutory Auditors**

The Securities and Exchange Board of India ("SEBI") had issued a Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019 on the "Resignation of Statutory Auditors from listed entities and their material subsidiaries". Accordingly, the terms of appointment of Statutory Auditors of a listed entity and its material subsidiary were required to be modified / altered / amended in line with the provisions of the Circular.

Being a material subsidiary of Godrej Agrovet Limited, a Listed Public Company, the Board of Directors of your Company at its Meeting held on 25<sup>th</sup> October, 2019, on recommendation of the Audit Committee at its Meeting held on same day, has altered / amended / modified the terms of appointment of M/s. B S R & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company for their remainder term, in order to incorporate the necessary terms as required as per the aforementioned SEBI Circular.

The Report given by the M/s. B S R & Co. LLP, Chartered Accountants, the Statutory Auditors on the Financial Statements of the Company for the Financial Year under review is a part of the Annual Report. There are no qualifications, reservations, adverse remarks or disclaimer given by the Auditors in their Report.

### **Secretarial Auditor:**

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. P S Rao & Associates, Company Secretaries, to conduct Secretarial Audit for the Financial Year 2019-20. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2020 is annexed herewith marked as **Annexure III** to this Report. The Secretarial Audit Report contains the following two observations with replies from the Management.

1. Few e-forms were filed belatedly with the MCA, with payment of requisite additional fees.
2. Consequent upon the merger of Nagavalli Milkline Private Limited (a wholly-owned subsidiary of the Company) with the Company, it has initiated the process of registration of immovable property, held in the name of the said transferor Company, in its own name, which is still in progress as on date.

### **Cost Auditor:**

As per the Ministry of Corporate Affairs (MCA) Order No. GSR 425 (E) F. No. dated 30<sup>th</sup> June, 2014 read with amendments dated 31<sup>st</sup> December, 2014, the Cost Audit for Milk Powder Product is applicable. M/s. S R and Associates were the Cost Auditors of the Company for the Financial Year 2019-20.

Further, the Board of Directors, based on the recommendations of the Audit Committee, at its Meeting held on 8<sup>th</sup> May, 2020, has appointed M/s. S R and Associates, Cost Audit Firm, as the Cost Auditors of the Company for the Financial Year 2020-21. According to the said Rules, the remuneration payable to the Cost Auditor shall be approved by the Members of the Company at the ensuing 33<sup>rd</sup> (Thirty Third) Annual General Meeting of the Company.

### **ANNUAL EVALUATION OF BOARD'S PERFORMANCE:**

The Board has carried out an Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The performance evaluation of the Board as a whole, Chairman and Non-Independent Directors was carried out by the Independent Directors.

A structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. The confidential online questionnaire was responded to by all the Directors and vital feedback was received from them on how the Board currently operates and how it can enhance its effectiveness.

The Board of Directors has expressed its satisfaction with the evaluation process.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There were no material changes having impact on the financial position of the Company since 1<sup>st</sup> April, 2020 till the date of this Report.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

During the year under review, pursuant to the provisions of Section 186 of the Companies Act, 2013, the Company has made following Inter - Corporate Deposits / loans /advances:

Sr. No.	Nature of the Transaction	Opening Balance as on 01/04/2019 (in Rs.)	Made / Placed by CDPL during the year (in Rs.)	Repaid to CDPL during the year (in Rs.)	Closing Balance as on 31-03-2020 (in Rs.)
1	Godrej Tyson Foods Limited	-	100,000,000.00	100,000,000.00	NIL
2	Astec LifeSciences Limited	-	1,635,000,000.00	1,635,000,000.00	NIL
3	Godvet Agrochem Limited	-	70,000,000.00	70,000,000.00	NIL
4	Godrej Maxximilk Private Limited	-	82,800,000.00	82,800,000.00	NIL
5	Prima Foodtech Private Limited	-	30,000,000.00	30,000,000.00	NIL

There is no outstanding due as on 31-03-2020.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013:**

All Related Party Transactions entered into by your Company during the Financial Year 2019-20, were on arm's length basis and in the ordinary course of business. There were no material significant Related Party Transactions entered into by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company. Requisite prior approval of the Audit Committee of the Board of Directors was obtained for Related Party Transactions. Therefore, disclosure of Related Party Transactions in Form AOC-2 as per the provisions of Sections 134(3)(h) and 188 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable. Attention of Shareholders is also drawn to the disclosure of transactions with related parties set out in Note No. 23 of the Standalone Financial Statements, forming part of the Annual Report.

### **SIGNIFICANT REGULATORY OR COURT ORDERS:**

During the Financial Year 2019-20, there are no significant and material orders passed by the regulators or Courts or Tribunals which can adversely impact the going concern status of the Company and its operations in future.

### **DISCLOSURES ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO YOUR COMPANY:**

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo Your Company is focused on conservation of energy by inducting latest technology in the market. The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in **Annexure IV** to this Report.

### **EXTRACT OF ANNUAL RETURN**

Extract of Annual Return of the Company is annexed herewith as **Annexure V** to this Report. Copy of the Extract of the Annual Return is placed on the website of the Company at [www.creamlinedairy.com](http://www.creamlinedairy.com)

### **ADDITIONAL INFORMATION:**

The additional information required to be given under the Companies Act, 2013 and the Rules made thereunder, has been laid out in the Notes attached to and forming part of the Accounts. The Notes to the Accounts referred to the Auditors' Report are self-explanatory and therefore do

not call for any further explanation.

## **HUMAN RESOURCES:**

Your Company continues to have amicable employee relations at all locations. Your Company continues to drive a strong performance based culture through a well-defined and executed performance management system. This year, the managers underwent a training program to improve their ability to set clear goals, and give performance feedback to further strengthen the process. In addition, given changing business practices, your company created and updated all job descriptions across functions, laying the foundation for strong performance.

Recruitment from the best institutions in management and technology has helped to improve workforce capabilities and develop future leaders. This year, the onboarding process was strengthened with the launch of the induction program – ‘Aarambh’ across locations. Internal talent management processes have helped strengthen success planning for the organization across levels, resulting in many positions being filled with internal talent. Your company has continually invested in learning for employees in the areas of Dairy Technology, Safety, Quality, Energy Management, Excel Skills. In addition, this year, your company covered all sales employees in a unique sales capability development program called ‘Udaan’, designed to improve sales productivity.

Your company continues to effectively manage HR operations through technology, with Zing HR. Your company values employee feedback and ongoing communication, and conducted 10 town-halls across locations in this year. In addition, a digital connect ‘All Hands Meet’ was conducted which was viewed by employees in all locations – plants, chilling centers and sales offices. Your company also organized the first ever cricket tournament – Jersey Premier League, which saw enthusiastic participation from all employees, as well as their families.

The Board of Directors would like to place on record its sincere appreciation for the unstinted support it continues to receive from all its employees.

## **MANAGERIAL PERSONNEL AND THEIR REMUNERATION & REMUNERATION PARTICULARS OF EMPLOYEES:**

The term of the Mr. K. Bhasker Reddy, Managing Director, Mr. D. Chandra Shekher Reddy, Executive Director, Mr. M. Gangadhar Executive Director and Mr. C. Balraj Goud, Executive Director, has expired by the end of 31<sup>st</sup> March, 2020.

The remuneration paid to Directors and Key Managerial Personnel and the employees of the Company during the Financial Year 2019-20 was in accordance with the Nomination and Remuneration Policy of the Company.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as “**ANNEXURE ‘VI’**” to this Report.

The information required pursuant to Section 197 of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of your Company is available for inspection by the members at registered office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

## **INFORMATION SYSTEMS:**

Your Company continues to invest and update all softwares used by the Company in order to simplify and increase the efficiency and accuracy of various functions. Your Company has during the year has updated and upgraded the following systems:

1. Implementation of Stellapp Smart CC at 51 Chilling Centres across CDPL- This will enable on-time availability of chilling centre data with more analytical reports and is integrated to SAP.
2. Bizom – Sales Force Automation to improve sales teams productivity It captures attendance of sales team, information of retail outlets, provides visibility on our products vs competition and assets deployed at outlets.
3. Digital payment option provided to customers on their mobile app and automated collection process.

## **ACKNOWLEDGEMENT:**

The Board appreciates and places on record the contribution made by the employees during the year under review. The Board also places on record their appreciation of the support of all stakeholders particularly shareholders, bankers, customers, suppliers and business partners.

Date: 08.05.2020

Place:

**For and on behalf of  
Creamline Dairy Products Limited**

**Director**

**Director**

# B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
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India

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## INDEPENDENT AUDITORS' REPORT

**To the Members of Creamline Dairy Products Limited**

**Report on the Audit of the Financial Statements**

### Opinion

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

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

### Basis for Opinion

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

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**Creamline Dairy Products Limited**  
**Independent Auditors' report (continued)**

**Other Information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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



**Creamline Dairy Products Limited**  
**Independent Auditors' report (continued)**

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and statement of cash flows dealt with by this Report are in agreement with the books of account.

**Report on Other Legal and Regulatory Requirements (continued)**

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 33(b) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

*for B S R & Co. LLP*  
*Chartered Accountants*  
Firm Registration Number: 101248W/W-100022

**Rahul Choudhary**  
*Partner*  
Membership No. 408408  
UDIN: 20408408AAAAAG7321

Place: Jodhpur  
Date: 08 May 2020

**Creamline Dairy Products Limited**

**Annexure A to the Independent Auditor's Report on financial statements**

With reference to Annexure A referred to in the Independent Auditor's Report of even date to the members of Creamline Dairy Products Limited ('the Company') on the financial statements for the year ended 31 March 2020, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. During the previous year, the company had physically verified all its fixed assets and accordingly no physical verification has been carried out by the management during the current year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 2 on property, plant and equipment to the financial statements are held in the name of the Company, except for the following:

<b>Particulars of land</b>	<b>Gross Block (Rs in lakhs)</b>	<b>Remarks</b>
Free hold land at Uthangarai	6.50	As informed by the Management, the registration of the land is under progress.
Free hold land at Uppal, Hyderabad	193.67	As informed by the Management, the land has come into the books of the Company pursuant to the merger of Nagavalli Milkline Private Limited with the Company (refer Note 44 of the financial statements) and is in the process of being transferred in the name of the Company from that of Nagavalli Milkline Private Limited.

- ii. The inventory, except goods-in-transit and stock lying with the third parties, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmation have been obtained by the Management. The discrepancies noticed on verification between the physical stocks and the book records were not material.

**Creamline Dairy Products Limited**

**Annexure A to the Independent Auditor's Report on financial statements (continued)**

- iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has granted loans to five parties covered in the register maintained under section 189 of the Act. The maximum outstanding during the year was Rs 6,885 lakhs and the year end balances of such loans was Rs Nil.
- (a) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the register maintained under section 189 of the Act are not, prima facie, prejudicial to the interest of the company.
- (b) According to the information and explanations given to us loans granted are re-payable on demand. The borrowers have been regular in repaying the principal amounts when the Company has demanded repayment during the year. The payment of interest has been regular.
- (c) There is no overdue amount of more than ninety days in respect of loans granted to the companies listed in the register maintained under section 189.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to the loans given. According to the information and explanations given to us, the Company has not made any investment or provided any guarantees and securities in respect of which provisions of section 185 and 186 of the Act are applicable.
- v. The Company has not accepted any deposits from public within the meaning of Sections 73 to 76 of the Act and Rules framed thereunder.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees state insurance, Income tax, Goods and Services tax, Duty of customs and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained by the Management, the Company did not have any dues on account of Sales tax, Service tax, Duty of excise, Value added tax and Cess. Refer note 36(a) to the financial statements relating to provident fund contribution.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues in respect of Provident fund, Employee's State Insurance, Income tax, Goods and Services tax, Duty of customs and other material statutory dues which were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

**Creamline Dairy Products Limited****Annexure A to the Independent Auditor's Report on financial statements (continued)**

- (b) According to the information and explanations given to us, there are no dues of Goods and Services tax, Service tax, Duty of customs, Duty of excise and Value added tax which have not been deposited with the appropriate authorities on account of any dispute other than the following:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount Rs. in lakhs</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Tax	824.81 (60.00)*	AY 2017-18	Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Tax	22.13 (22.13)*	AY 1995-96 to 2000-01	High Court of Telangana and Andhra Pradesh
Income Tax Act, 1961	Tax	38.21 (33.72)*	AY 2005-06	High Court of Telangana and Andhra Pradesh
Income Tax Act, 1961	Tax	12.75 (12.75)*	AY 2008-09	Assessing officer
Income Tax Act, 1961	Tax	10.95 (10.95)*	AY 2014-15	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax	34.46 (6.90)*	AY 2016-17	Commissioner of Income-tax (Appeals)
APVAT Act, 2005	Tax	20.07 (5.01)*	FY 2004-05	Sales Tax Appellate Tribunal
APVAT Act, 2005	Tax	8.66 (7.61)*	FY 2005-06	High Court of Telangana and Andhra Pradesh
APVAT Act, 2005	Tax	15.95 (14.89)*	FY 2014-16	Deputy Commissioner (Appellate)
APVAT Act, 2005	Tax	15.26 (7.63)*	FY 2016-18	Deputy Commissioner (Appellate)
APVAT Act, 2005	Tax	0.65 (0.65)*	FY 2015-16	Deputy Commissioner (Appellate)

\* Represent amounts paid under protest or adjusted against receivable of other financial years.

- viii. According to the records of the Company examined by us and information and explanations provided to us, the Company has not defaulted in repayment of loans or borrowings to any bank. The Company does not have any loans or borrowings from any financial institution or government nor has it issued any debentures as at the balance sheet date.
- ix. The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations provided to us and based on our examination of the records of the Company, the term loans have been applied on an overall basis, for the purposes for which they have been obtained.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with schedule V to the Act.

B S R & Co. LLP

**Creamline Dairy Products Limited**

**Annexure A to the Independent Auditor's Report on financial statements (continued)**

- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provisions of clause 3(xii) of the said Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties which are in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the said Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the said Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the said Order are not applicable to Company.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022

**Rahul Choudhary**

*Partner*

Membership No.: 408408

UDIN: 20408408AAAAAG7321

**Place:** Jodhpur

**Date:** 08 May 2020

**Annexure B to the Independent Auditors' report on the financial statements of Creamline Dairy Products Limited for the period ended 31 March 2020.**

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

**(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

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

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

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

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

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

B S R & Co. LLP

**Creamline Dairy Products Limited**  
**Annexure B to the Independent Auditors' report on the financial statements (continued)**

**Auditors' Responsibility (continued)**

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

**Meaning of Internal Financial controls with Reference to Financial Statements**

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

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

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

*for B S R & Co. LLP*

*Chartered Accountants*

Firm Registration Number: 101248W/W-100022

**Rahul Choudhary**

*Partner*

Membership No. 408408

UDIN: 20408408AAAAAG7321

Place: Jodhpur

Date: 08 May 2020



**Creamline Dairy Products Limited****Balance sheet**

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

Particulars	Notes	As at 31 March 2020	As at 31 March 2019 Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	26,139.43	24,743.55
Capital work-in-progress	2	607.25	1,106.13
Other intangible assets	3	111.64	190.54
Right-of-use asset		221.72	-
Financial assets			
Other financial assets	4	425.90	330.69
Non-current tax assets (net)		497.77	157.81
Other non-current assets	5	356.93	314.30
<b>Total non-current assets</b>		<b>28,360.64</b>	<b>26,843.02</b>
<b>Current assets</b>			
Inventories	6	13,490.77	10,689.91
Financial assets			
Trade receivables	7	978.03	902.96
Cash and cash equivalents	8	1,450.29	1,055.40
Bank balances other than cash and cash equivalents	9	3.33	2.40
Other financial assets	10	182.06	148.30
Other current assets	11	870.52	606.51
<b>Total current assets</b>		<b>16,975.00</b>	<b>13,405.48</b>
<b>Total assets</b>		<b>45,335.64</b>	<b>40,248.50</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	1,132.47	1,132.47
Other equity	13	19,167.68	19,113.81
<b>Total equity</b>		<b>20,300.15</b>	<b>20,246.28</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14	773.44	2,196.88
Lease liability		135.66	-
Provisions	15	323.51	274.70
Deferred tax liabilities (Net)	16	485.72	735.64
Deferred income	17	161.75	171.09
<b>Total non-current liabilities</b>		<b>1,880.08</b>	<b>3,378.31</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	18	4,000.00	2,812.35
Trade payables	19		
a) Total outstanding dues of micro and small enterprises		266.52	394.30
b) Total outstanding dues of other than micro and small enterprises		14,809.49	9,180.69
Other financial liabilities	20	3,243.50	3,448.58
Other current liabilities	21	660.81	566.04
Deferred income	22	9.34	9.34
Provisions	23	165.75	212.61
<b>Total current liabilities</b>		<b>23,155.41</b>	<b>16,623.91</b>
<b>Total liabilities</b>		<b>25,035.49</b>	<b>20,002.22</b>
<b>Total Equity and liabilities</b>		<b>45,335.64</b>	<b>40,248.50</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of

**Creamline Dairy Products Limited**

CIN: U15201TG1986PLC006912

**Rahul Choudhary**

Partner

Membership No. 408408

Place: Jodhpur

**Raj Kanwar Singh**

Whole-time director and

Chief Executive Officer

DIN: 08028931

Place: Hyderabad

**S. Varadaraj**

Director

DIN: 00323436

Place: Mumbai

**D.Chandra Shekher Reddy**

Executive Director

DIN: 00063691

Place: Hyderabad

**K. V. Ramchandra Rao**

Chief Financial Officer

Place: Hyderabad

**Neha Poojary**

Company Secretary

Place: Mumbai

**Date: 8 May 2020**

**Creamline Dairy Products Limited****Statement of profit and loss**

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

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
Revenue from operations	24	1,19,297.91	1,15,780.72
Other income	25	663.27	322.90
<b>Total income</b>		<b>1,19,961.18</b>	<b>1,16,103.62</b>
<b>Expenses</b>			
Cost of materials consumed	26	95,770.34	87,835.65
Purchase of traded goods		1,243.36	673.74
Changes in inventories	27	(855.95)	2,592.27
Employee benefits expense	28	7,107.33	6,620.72
Finance costs	29	178.09	204.53
Depreciation and amortisation expense	30	2,733.96	2,059.63
Other expenses	31	13,469.73	14,113.32
<b>Total expenses</b>		<b>1,19,646.86</b>	<b>1,14,099.86</b>
<b>Profit before tax</b>		<b>314.32</b>	<b>2,003.76</b>
<b>Tax expense:</b>	39		
Current tax:			
- Normal tax		54.80	-
- MAT for the year		-	421.62
Deferred tax (including MAT credit entitlement)		(244.37)	232.04
Earlier year tax		32.23	52.15
		<b>(157.34)</b>	<b>705.81</b>
<b>Net profit for the year</b>		<b>471.66</b>	<b>1,297.95</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of post-employment benefit obligations	36	7.51	(59.63)
Deferred tax	39	(1.89)	20.84
<b>Total other comprehensive income for the year</b>		<b>5.62</b>	<b>(38.79)</b>
<b>Total comprehensive income for the year</b>		<b>477.28</b>	<b>1,259.16</b>
<b>Earnings per share</b>			
Basic earnings per share of Rs. 10 each	32	4.16	11.46
Diluted earnings per share of Rs. 10 each	32	4.16	11.46

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of

**Creamline Dairy Products Limited**

CIN: U15201TG1986PLC006912

**Rahul Choudhary**

Partner

Membership No. 408408

Place: Jodhpur

**Raj Kanwar Singh**

Whole-time director and

Chief Executive Officer

DIN: 08028931

Place: Hyderabad

**S. Varadaraj**

Director

DIN: 00323436

Place: Mumbai

**D.Chandra Shekher Reddy**

Executive Director

DIN: 00063691

Place: Hyderabad

**K. V. Ramchandra Rao**

Chief Financial Officer

Place: Hyderabad

**Neha Poojary**

Company Secretary

Place: Mumbai

**Date: 8 May 2020**

**Creamline Dairy Products Limited****Cash flow statement**

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019 <b>Restated</b>
<b>Cash flow from operating activities :</b>		
Profit before tax	314.32	2,003.76
<b>Adjustment for:</b>		
Depreciation and amortisation expense	2,733.96	2,059.63
Loss on sale of property, plant and equipment, net	18.10	40.56
Profit on sale of investments (net)	(32.59)	(19.20)
Amortisation of government grants	(9.34)	(9.34)
Interest income	(205.73)	(16.58)
Finance costs	178.09	204.53
Allowances for doubtful debts and advances	82.31	139.32
Investments written off	-	0.17
Liabilities no longer required written back	(149.07)	(73.81)
Bad debts written off/(Recovered), net	25.77	(0.80)
<b>Operating profit before working capital changes</b>	<b>2,955.82</b>	<b>4,328.24</b>
Inventories	(2,800.86)	2,680.38
Trade receivables	(183.16)	(53.02)
Other non-current assets and current assets	(475.45)	305.19
Other financial assets	(125.90)	(5.39)
Trade payables	5,501.02	(399.30)
Employee benefit obligations	9.46	21.38
Other financial liabilities	496.57	360.58
Other Current and non-current liabilities	94.77	95.24
<b>Cash generated from operations</b>	<b>5,472.27</b>	<b>7,333.31</b>
Taxes paid (net of refunds received)	(426.99)	(486.73)
<b>Net cash flow from operating activities</b>	<b>5,045.28</b>	<b>6,846.58</b>
<b>Cash flow from investing activities :</b>		
Payments for property, plant and equipment (net of capital advances, capital creditors and capital work-in-progress)	(3,941.38)	(5,879.06)
Proceeds from sale of property, plant and equipment	102.05	334.47
Purchase and sale of short-term investments, net	32.59	19.20
Interest received	201.74	16.24
<b>Net cash used in investing activities</b>	<b>(3,605.00)</b>	<b>(5,509.15)</b>
<b>Cash flow from financing activities :</b>		
Net proceeds from short-term borrowings	1,187.65	(687.65)
Proceeds from long-term borrowings	1,054.69	-
Repayment of long-term borrowings	(2,555.31)	(789.64)
Inter-corporate deposits given	(19,178.00)	-
Proceeds from recovery of inter-corporate deposits given	19,178.00	-
Proceeds from inter-corporate deposits taken	500.00	2,000.00
Repayment of inter-corporate deposits taken	(500.00)	(2,000.00)
Finance costs	(180.90)	(189.52)
Payment of lease liabilities	(141.95)	-
Dividend paid	(339.74)	(338.54)
Dividend tax paid	(69.83)	(69.83)
<b>Net cash used in financing activities</b>	<b>(1,045.39)</b>	<b>(2,075.18)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>394.89</b>	<b>(737.75)</b>
Cash and cash equivalents at the beginning of the year (refer note 8)	1,055.40	1,791.76
Cash and Cash equivalents taken over pursuant to merger (refer note 44)	-	1.39
<b>Cash and cash equivalents at the end of the year (refer note 8)</b>	<b>1,450.29</b>	<b>1,055.40</b>

Refer note 43 for reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities.

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of

**Creamline Dairy Products Limited**

CIN: U15201TG1986PLC006912

**Rahul Choudhary**

Partner

Membership No. 408408

Place: Jodhpur

**Raj Kanwar Singh**

Whole-time director and

Chief Executive Officer

DIN: 08028931

Place: Hyderabad

**S. Varadaraj**

Director

DIN: 00323436

Place: Mumbai

**D.Chandra Shekher Reddy**

Executive Director

DIN: 00063691

Place: Hyderabad

**K. V. Ramchandra Rao**

Chief Financial Officer

Place: Hyderabad

**Neha Poojary**

Company Secretary

Place: Mumbai

**Date: 8 May 2020**

**Creamline Dairy Products Limited****Statement of changes in equity**

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

**(a) Equity share capital**

	As at 31 March 2020	As at 31 March 2019 Restated
Balance at the beginning of the reporting year	1,132.47	1,132.47
Changes in equity share capital during the year	-	-
Bonus shares issued	-	-
<b>Balance at the end of the reporting year</b>	<b>1,132.47</b>	<b>1,132.47</b>

**(b) Other equity**

As at 31 March 2020	Retained earnings	General reserve	Securities premium	Capital reserves	Other comprehensive Income	Total
<b>Balance at 31 March 2019</b>	<b>12,362.33</b>	<b>1,443.72</b>	<b>5,720.20</b>	<b>(186.98)</b>	<b>(225.46)</b>	<b>19,113.81</b>
Impact on account of transition to IndAS 116, net of related deferred tax of Rs.7.44 Lacs (refer note 35)	(13.84)					(13.84)
<b>Total comprehensive income for the year</b>						
Profit for the year	471.66	-	-	-	-	471.66
Remeasurement of post-employment benefit obligations, net of tax	-	-	-	-	5.62	5.62
<b>Total comprehensive income for the year</b>	<b>471.66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.62</b>	<b>477.28</b>
<b>Transactions with the owners of the Company:</b>						
Dividend	(339.74)	-	-	-	-	(339.74)
Dividend distribution tax	(69.83)	-	-	-	-	(69.83)
<b>Balance at 31 March 2020</b>	<b>12,410.58</b>	<b>1,443.72</b>	<b>5,720.20</b>	<b>(186.98)</b>	<b>(219.84)</b>	<b>19,167.68</b>
<b>As at 31 March 2019 (Restated)</b>						
<b>Balance at 1 April 2018</b>	<b>11,483.47</b>	<b>1,443.72</b>	<b>5,720.20</b>	<b>174.89</b>	<b>(186.67)</b>	<b>18,635.61</b>
Adjustment on account of Merger (refer note 44)	(9.52)	-	-	(361.87)		(371.39)
Profit for the year	1,297.95	-	-	-	-	1,297.95
Remeasurement of post-employment benefit obligations, net of tax	-	-	-	-	(38.79)	(38.79)
<b>Total comprehensive income for the year</b>	<b>1,297.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38.79)</b>	<b>1,259.16</b>
<b>Transactions with the owners of the Company:</b>						
Dividend	(339.74)	-	-	-	-	(339.74)
Dividend distribution tax	(69.83)	-	-	-	-	(69.83)
<b>Balance at 31 March 2019</b>	<b>12,362.33</b>	<b>1,443.72</b>	<b>5,720.20</b>	<b>(186.98)</b>	<b>(225.46)</b>	<b>19,113.81</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of

**Creamline Dairy Products Limited**

CIN: U15201TG1986PLC006912

**Rahul Choudhary**

Partner

Membership No. 408408

Place: Jodhpur

**Raj Kanwar Singh**

Whole-time director and

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DIN: 08028931

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Director

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**D.Chandra Shekher Reddy**

Executive Director

DIN: 00063691

Place: Hyderabad

**K. V. Ramchandra Rao**

Chief Financial Officer

Place: Hyderabad

**Neha Poojary**

Company Secretary

Place: Mumbai

**Date: 8 May 2020**

**Creamline Dairy Products Limited**
**Notes to the financial statements**

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

**Note 2**
**Property, Plant and Equipment and Capital work-in-progress**

Particulars	Free hold Land	Buildings	Plant and Machinery	Electrical Installations	Furniture and Fixtures	Vehicles	Office equipment	Crates, Cans & Milk-o-Testers	Wind and Solar Equipment	Computers	Total of Property, Plant and Equipment	Capital work-in-progress
<b>Gross Block</b>												
As at 1 April 2019	3,121.87	8,755.53	19,164.79	1,022.47	224.69	627.40	227.42	463.17	2,644.91	566.19	36,818.44	1,106.13
Additions	-	781.10	2,587.93	425.31	38.33	71.41	38.41	5.85	56.25	40.30	4,044.89	3,546.01
Disposals	(10.84)	-	(261.12)	(5.01)	(1.97)	(144.79)	(1.74)	(8.96)	-	(24.18)	(458.61)	-
Capitalisation	-	-	-	-	-	-	-	-	-	-	-	(4,044.89)
<b>As at 31 March 2020</b>	<b>3,111.03</b>	<b>9,536.63</b>	<b>21,491.60</b>	<b>1,442.77</b>	<b>261.05</b>	<b>554.02</b>	<b>264.09</b>	<b>460.06</b>	<b>2,701.16</b>	<b>582.31</b>	<b>40,404.72</b>	<b>607.25</b>
<b>Accumulated Depreciation</b>												
As at 1 April 2019	-	1,453.54	7,993.06	434.92	113.47	318.75	138.54	402.83	864.30	355.48	12,074.89	-
For the year	-	286.40	1,849.14	94.36	15.98	56.29	26.87	19.59	111.23	69.00	2,528.86	-
Disposals	-	-	(210.55)	(3.76)	(1.83)	(93.68)	(1.16)	(5.58)	-	(21.90)	(338.46)	-
<b>As at 31 March 2020</b>	<b>-</b>	<b>1,739.94</b>	<b>9,631.65</b>	<b>525.52</b>	<b>127.62</b>	<b>281.36</b>	<b>164.25</b>	<b>416.84</b>	<b>975.53</b>	<b>402.58</b>	<b>14,265.29</b>	<b>-</b>
<b>Net Block as at 31 March 2020</b>	<b>3,111.03</b>	<b>7,796.69</b>	<b>11,859.95</b>	<b>917.25</b>	<b>133.43</b>	<b>272.66</b>	<b>99.84</b>	<b>43.22</b>	<b>1,725.63</b>	<b>179.73</b>	<b>26,139.43</b>	<b>607.25</b>
<b>Gross Block</b>												
As at 1 April 2018	2,893.63	6,791.48	13,319.26	765.84	154.21	1,026.86	184.05	642.98	2,644.91	555.43	28,978.65	3,425.59
Assets taken over pursuant to merger (refer note 44)	193.68	-	-	-	0.05	0.15	-	-	-	-	193.88	-
Additions	41.38	1,977.64	6,474.80	273.73	81.67	36.75	49.29	6.81	-	24.29	8,966.36	6,646.90
Disposals	(6.82)	(13.59)	(629.27)	(17.10)	(11.24)	(436.36)	(5.92)	(186.62)	-	(13.53)	(1,320.45)	-
Capitalisation	-	-	-	-	-	-	-	-	-	-	-	(8,966.36)
<b>As at 31 March 2019</b>	<b>3,121.87</b>	<b>8,755.53</b>	<b>19,164.79</b>	<b>1,022.47</b>	<b>224.69</b>	<b>627.40</b>	<b>227.42</b>	<b>463.17</b>	<b>2,644.91</b>	<b>566.19</b>	<b>36,818.44</b>	<b>1,106.13</b>
<b>Accumulated Depreciation</b>												
As at 1 April 2018	-	1,236.71	7,251.87	383.37	106.44	328.69	125.54	563.79	755.41	301.52	11,053.34	-
On assets taken over pursuant to merger (refer note 44)	-	-	-	-	0.05	0.15	-	-	-	-	0.20	-
For the year	-	223.52	1,342.33	67.51	17.66	99.77	18.59	22.36	108.89	66.46	1,967.09	-
Disposals	-	(6.69)	(601.14)	(15.96)	(10.68)	(109.86)	(5.59)	(183.32)	-	(12.50)	(945.74)	-
<b>As at 31 March 2019</b>	<b>-</b>	<b>1,453.54</b>	<b>7,993.06</b>	<b>434.92</b>	<b>113.47</b>	<b>318.75</b>	<b>138.54</b>	<b>402.83</b>	<b>864.30</b>	<b>355.48</b>	<b>12,074.89</b>	<b>-</b>
<b>Net Block as at 31 March 2019 (Restated)</b>	<b>3,121.87</b>	<b>7,301.99</b>	<b>11,171.73</b>	<b>587.55</b>	<b>111.22</b>	<b>308.65</b>	<b>88.88</b>	<b>60.34</b>	<b>1,780.61</b>	<b>210.71</b>	<b>24,743.55</b>	<b>1,106.13</b>

**Notes:**

(i) Refer to note 33(a)(i) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) During the year, the Company has capitalised borrowing cost amounting to Rs. Nil (31 March 2019 Rs. 114.56 lakhs) on qualifying assets.

(iii) Free hold land located at Uthangarai, Tamilnadu to the extent of Rs. 6.50 lakhs is in the process of being transferred in the name of the Company.

(iv) Free hold land located at Uppal Hyderabad to the extent of Rs. 193.67 lakhs was received as a part of merger of Nagavalli Milkline Private Limited and is in the process of being transferred in the name of the Company

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 3****Intangible assets**

<b>Particulars</b>	<b>Computer Software</b>	<b>Total</b>
<b>Gross Block</b>		
As at 1 April 2019	618.65	618.65
Additions	-	-
Disposals	-	-
<b>As at 31 March 2020</b>	<b>618.65</b>	<b>618.65</b>
<b>Accumulated amortisation</b>		
As at 1 April 2019	428.11	428.11
For the year	78.90	78.90
Disposals	-	-
<b>As at 31 March 2020</b>	<b>507.01</b>	<b>507.01</b>
<b>Net Block as at 31 March 2020</b>	<b>111.64</b>	<b>111.64</b>

<b>Particulars</b>	<b>Computer Software</b>	<b>Total</b>
<b>Gross Block</b>		
As at 1 April 2018	617.64	617.64
Additions	7.06	7.06
Disposals	(6.05)	(6.05)
<b>As at 31 March 2019</b>	<b>618.65</b>	<b>618.65</b>
<b>Accumulated amortisation</b>		
As at 1 April 2018	341.29	341.29
For the year	92.54	92.54
Disposals	(5.72)	(5.72)
<b>As at 31 March 2019</b>	<b>428.11</b>	<b>428.11</b>
<b>Net Block as at 31 March 2019 (Restated)</b>	<b>190.54</b>	<b>190.54</b>

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

	As at 31 March 2020	As at 31 March 2019 Restated
<b>Note 4</b>		
<b>Other non-current financial assets</b>		
(unsecured, considered good)		
Security deposits	425.15	329.01
Fixed deposits with maturity of more than 12 months *	0.75	1.68
	<b>425.90</b>	<b>330.69</b>

\*Fixed deposits with scheduled banks held as margin money towards Sales tax registration

**Note 5****Other non-current assets**

(unsecured, considered good)

Capital advances	255.06	200.71
Prepaid expenses	82.38	106.22
Others	19.49	7.37
	<b>356.93</b>	<b>314.30</b>

**Note 6****Inventories**

(Valued at lower of cost and net realisable value)

Raw materials*	5,519.13	3,699.82
Packing materials	743.13	682.92
Finished goods**	6,039.87	5,405.02
Work-in-progress	623.55	442.07
Stock-in-trade (Animal feed)	68.95	29.33
Consumables, stores and spares	496.14	430.75
	<b>13,490.77</b>	<b>10,689.91</b>

\*Includes skim milk powder purchased and produced by the Company.

\*\* Includes inventory of butter which are for sale and for the purpose of reconstitution into milk and milk products.

The write-down/ (reversal) of inventories to net realisable value and other provisions / losses during the year amounted to Rs. 326.88 Lacs (31 March 2019: Rs. 532.66 Lacs). The write-downs/ provisions/ losses and (reversals) are included in cost of materials consumed and other expenses

**Note 7****Trade receivables****Trade receivables, unsecured**

Considered good	1,111.42	989.54
Credit impaired	229.69	197.64
	<b>1,341.11</b>	<b>1,187.18</b>
Adjustment on account of merger (refer note 44)	-	(3.45)
	<b>1,341.11</b>	<b>1,183.73</b>
Loss allowance	(363.08)	(280.77)
	<b>978.03</b>	<b>902.96</b>

(i) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) The Company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 37.2.

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 8****Cash and cash equivalents**

Cash on hand	284.66	474.54
Cheques on hand	60.77	97.14
<b>Balance with banks</b>		
- In current accounts	1,104.86	482.33
- In current accounts- Adjustment on account of merger (refer note 44)	-	1.39
	<b>1,450.29</b>	<b>1,055.40</b>
Cash and cash equivalents as per the cash flow statement	<b>1,450.29</b>	<b>1,055.40</b>

**Note 9****Bank balances other than cash and cash equivalents**

In deposit accounts (due to mature within 12 months from the reporting date)*	0.93	-
Unpaid dividend accounts	2.40	2.40
	<b>3.33</b>	<b>2.40</b>

\*Fixed deposits with scheduled banks held as margin money towards bank guarantees

**Note 10****Other current financial assets**

(unsecured, considered good)

Security deposits	106.76	113.69
Advances to employees	30.19	11.28
Interest receivable	17.33	13.34
Other receivables	27.78	9.99
	<b>182.06</b>	<b>148.30</b>

**Note 11****Other current assets**

(Unsecured)

**Considered good:**

Advances to suppliers	79.48	71.68
Advances to milk suppliers	306.67	125.79
Prepaid expenses	299.01	250.73
GST receivables	151.75	107.30
Others	33.61	51.01
	<b>870.52</b>	<b>606.51</b>

**Considered doubtful:**

Advances to suppliers	9.95	9.95
Advances to milk suppliers	34.92	34.92
Less: Allowance for doubtful advances	(44.87)	(44.87)
	-	-
	<b>870.52</b>	<b>606.51</b>



**Creamline Dairy Products Limited**

**Notes to the financial statements (continued)**

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

**Note 12**

**Share capital**

**Authorised:**

17,150,000 (31 March 2019: 15,000,000 ) equity shares of Rs. 10/- each

1,715.00	1,500.00
<b>1,715.00</b>	<b>1,500.00</b>

**Issued, Subscribed and Paid-up:**

11,324,700 (31 March 2019: 11,324,700) equity shares of Rs. 10/- each fully paid up

1,132.47	1,132.47
<b>1,132.47</b>	<b>1,132.47</b>

**Reconciliation of number of shares outstanding at the beginning and end of the year :**

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Equity shares :</b>				
Outstanding at the beginning of the year	1,13,24,700	1,132.47	1,13,24,700	1,132.47
Issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>1,13,24,700</b>	<b>1,132.47</b>	<b>1,13,24,700</b>	<b>1,132.47</b>

**Terms and rights attached to equity shares:**

Equity shares of the Company have a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Number of Shares held by holding company:**

	As at 31 March 2020	As at 31 March 2019 Restated
<b>Equity shares:</b>		
Godrej Agrovet Limited (The ultimate parent is Godrej Industries Limited)	58,79,008	58,79,008

**Shareholders holding more than 5% shares in the company is set out below:**

	As at 31 March 2020		As at 31 March 2019 Restated	
	No. of shares	%	No. of shares	%
<b>Equity shares:</b>				
Godrej Agrovet Limited	58,79,008	51.91%	58,79,008	51.91%
K.Bhasker Reddy	8,68,500	7.67%	8,68,500	7.67%
D.Chandra Shekhar Reddy	8,35,292	7.38%	8,35,292	7.38%
Late C.Balraj Goud	6,54,892	5.78%	6,54,892	5.78%
M.Gangadhar	5,68,508	5.02%	5,68,508	5.02%

**Note 13**

**Other equity**

**Retained earnings**

Opening balance 12,362.33 11,483.47  
 Adjustment on account of Merger (refer note 44) - (9.52)  
 Impact on account of transition to IndAS 116, net of related deferred tax (refer note 35) (13.84) -  
 Add: Net profit for the year 471.66 1,297.95

12,362.33	11,483.47
-	(9.52)
(13.84)	-
471.66	1,297.95
<b>12,820.15</b>	<b>12,771.90</b>

**Appropriations:**

Dividend (339.74) (339.74)  
 Dividend distribution tax (69.83) (69.83)  
**Closing balance 12,410.58 12,362.33**

(339.74)	(339.74)
(69.83)	(69.83)
<b>12,410.58</b>	<b>12,362.33</b>

**Other comprehensive income:**

**Items that will not be reclassified to profit or loss:**

Remeasurement of post-employment benefit obligation:  
 Opening balance (225.46) (186.67)  
 Remeasurement during the year 7.51 (59.63)  
 Tax impact (1.89) 20.84  
**Closing balance (219.84) (225.46)**

(225.46)	(186.67)
7.51	(59.63)
(1.89)	20.84
<b>(219.84)</b>	<b>(225.46)</b>

**General reserve:**

Opening balance 1,443.72 1,443.72  
 Transferred from retained earnings during the year - -  
**Closing balance 1,443.72 1,443.72**

1,443.72	1,443.72
-	-
<b>1,443.72</b>	<b>1,443.72</b>

Securities premium 5,720.20 5,720.20

**Capital reserve**

Opening balance (186.98) 174.89  
 Adjustment on account of Merger (refer note 44) - (361.87)  
**Closing balance (186.98) (186.98)**

(186.98)	174.89
-	(361.87)
<b>(186.98)</b>	<b>(186.98)</b>

<b>19,167.68</b>	<b>19,113.81</b>
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**Creamline Dairy Products Limited**  
**Notes to the financial statements (continued)**

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

**General reserve**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

**Securities premium**

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

**Retained earnings**

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit and loss less dividend distribution and transfers to general reserve. It also includes retained earnings received from Nagavalli Milkline Private Limited as a part of merger

**Capital reserve**

Capital reserve represents the difference between the value of consideration transferred and the value of net assets taken over pursuant to amalgamations/mergers under Court approved schemes

**Other comprehensive income**

Remeasurements of the net defined benefit liability/(asset) comprising of actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset) and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

**Dividend**

In respect of the year ended 31 March 2020, the directors have proposed a dividend of Rs.1.50 per share to be paid on fully paid shares. This equity dividend is subject to approval at the Annual General Meeting and has not been included as a liability in the financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. Dividend would attract dividend distribution tax when declared or paid.

**Note 14**

**Long-term borrowings**

**From banks, unsecured**

**Term loans**

Yes Bank

HSBC Bank

Citi Bank

	Non-current		Current	
	As at 31 March 2020	As at 31 March 2019 Restated	As at 31 March 2020	As at 31 March 2019 Restated
Yes Bank	-	196.88	-	98.44
HSBC Bank	773.44	-	281.25	-
Citi Bank	-	2,000.00	-	260.00
	<b>773.44</b>	<b>2,196.88</b>	<b>281.25</b>	<b>358.44</b>

**Term loans are unsecured and other terms are given below:**

**Yes Bank**

The Loan was repayable in 16 structured quarterly instalments commencing from January 2018 and carries the interest at MCLR. The Company has repaid entire outstanding loan amount before maturity on 15th November 2019

**HSBC Bank**

The Loan is repayable in 16 structured quarterly instalments commencing from 31st December 2019 and carries interest at Treasury bill rate + 100 bps spread p.a. Current interest rate of the loan is 6.27% per annum

**Citi Bank**

a. **Term loan of Rs. 260 lakhs:** The Loan was repayable in two tranches. 50% of draw down amount is repayable in 18 months from the date of draw down and balance 50% at the end of 36 months from the date of draw down. Loan carries the interest at Treasury Bill Rate + 0.19 spread p.a. The first tranche of the term loan of Rs. 260 lakhs has been paid during 2018-19 and second tranche of Rs. 260 Lakhs was repaid during the current year.

b. **Term Loan of Rs. 2,000 lakhs:** The Loan was repayable in a single tranche in April 2020. The term loan carries interest at one month treasury bill rate+ 21 bps spread p.a. The Company has prepaid the loan on 7th September 2019

**Note 15**

**Non-current provisions**

**Provision for employee benefits:**

- Provision for compensated absences
- Provision for gratuity (refer note 36)

	179.25	116.89
	144.26	157.81
	<b>323.51</b>	<b>274.70</b>

**Note 16**

**Deferred tax liabilities**

Deferred tax liabilities (net) (refer note 39)

	485.72	735.64
	<b>485.72</b>	<b>735.64</b>

**Note 17**

**Deferred income**

**Non-current**

Deferred grant (Refer Note below)

	161.75	171.09
	<b>161.75</b>	<b>171.09</b>

**Note:** Represents government grants towards cold storages under cold chain project scheme. These subsidies are received towards acquisition of depreciable assets and the amount in proportion to the depreciation is transferred to the statement of Profit and Loss. There are no unfulfilled conditions or other contingencies attached to these grants. The group did not benefit directly from any other forms of government assistance.

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 18****Current borrowings****Unsecured**

Citi Bank- Short term loan	4,000.00	2,500.00
HDFC Bank- Working capital loan	-	312.35
<b>Total</b>	<b>4,000.00</b>	<b>2,812.35</b>

**Terms of short term Loan/ Working capital loans:**

All the above short term loans are unsecured and repayable within one year. Interest rate applicable is in the range of 5.96% p.a. to 6.5% p.a for the loans outstanding as on 31 March 2020. (31 March 2019 interest applicable was in the range of 6.10% p.a. to 6.70% p.a)

Interest rate applicable for the working capital loan is in the range of 8.05% p.a. to 8.40% p.a.

**Note 19****Trade payables**

Trade Payables		
dues to micro and small enterprises (refer note 42)	266.52	394.30
dues to other than micro and small enterprises	3,980.42	4,208.68
Acceptances	10,829.07	4,972.01
	<b>15,076.01</b>	<b>9,574.99</b>

Trade payables includes payables to related parties Rs. 217.51 lakhs ( 31 March 2019 Rs. 299.67 lakhs ). Refer note 40.

**Note 20****Other financial liabilities - Current**

Current maturities of long-term debt (refer note 14)	281.25	358.44
Security deposits	1,404.41	1,326.87
Capital creditors	539.10	880.12
Employee related payables	380.08	489.65
Interest accrued but not due on borrowings	0.32	20.31
Lease liability	108.77	-
Unclaimed dividend	2.40	2.40
Provision for expenses	527.17	370.79
	<b>3,243.50</b>	<b>3,448.58</b>

**Note 21****Other current liabilities**

Advances from customers	491.46	356.35
Statutory liabilities	169.35	209.69
	<b>660.81</b>	<b>566.04</b>

**Note 22****Deferred income****Current**

Deferred grant (refer note 17)	9.34	9.34
	<b>9.34</b>	<b>9.34</b>

**Note 23****Provisions****Current****Provision for employee benefits:**

- Provision for compensated absences	65.75	112.61
- Provision for gratuity (refer note 36)	100.00	100.00
	<b>165.75</b>	<b>212.61</b>

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
<b>Note 24</b>		
<b>Revenue from operations</b>		
Sale of products	1,17,754.76	1,14,708.69
<b>Other operating revenue:</b>		
Sale of power	168.93	157.20
Processing charges	24.41	103.88
Scrap sales	65.29	96.36
Sale of animal feed	1,284.52	714.59
	<b>1,19,297.91</b>	<b>1,15,780.72</b>
<b>Reconciliation of revenue recognised with the contracted price is as follows:</b>		
Contract price	1,23,742.49	1,20,190.08
<b>Adjustments for:</b>		
Discounts and incentives	(4,444.58)	(4,409.36)
	<b>1,19,297.91</b>	<b>1,15,780.72</b>
<b>Note 25</b>		
<b>Other income</b>		
Interest income	205.73	28.22
Amortisation of government grants (refer note 17)	9.34	9.34
Net gain on sale of investments	32.59	19.20
Liabilities no longer required written back	149.07	73.81
Bad Debts recovered	7.50	0.80
Miscellaneous income	259.04	191.53
	<b>663.27</b>	<b>322.90</b>
<b>Note 26</b>		
<b>Cost of materials consumed</b>		
<b>Raw materials:</b>		
Material at the commencement of the year	3,699.82	3,998.05
Add : Purchases*	92,980.62	83,168.26
Less: Raw material at the end of the year	5,519.13	3,699.82
	<b>91,161.31</b>	<b>83,466.49</b>
<b>Packing materials:</b>		
Material at the Commencement of the year	682.92	473.04
Add : Purchases*	4,669.24	4,579.04
Less: Packing material at the end of the year	743.13	682.92
	<b>4,609.03</b>	<b>4,369.16</b>
	<b>95,770.34</b>	<b>87,835.65</b>
* Represents the balancing figure and includes certain production/ procurement overheads.		
<b>Note 27</b>		
<b>Changes in inventories</b>		
<b>At the commencement of the year</b>		
Stock-in-trade	29.33	25.21
Work-in-progress	442.07	583.10
Finished goods	5,405.02	7,860.38
	<b>5,876.42</b>	<b>8,468.69</b>
<b>At the end of the year</b>		
Stock-in-trade	68.95	29.33
Work-in-progress	623.55	442.07
Finished goods	6,039.87	5,405.02
	<b>6,732.37</b>	<b>5,876.42</b>
	<b>(855.95)</b>	<b>2,592.27</b>

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
<b>Note 28</b>		
<b>Employee benefits expense</b>		
Salaries, wages and bonus	6,155.81	5,665.77
Contribution to provident and other funds	421.92	349.63
Gratuity (refer note 36)	91.02	99.75
Compensated absences	87.11	104.65
Staff welfare expense	351.47	400.92
	<b>7,107.33</b>	<b>6,620.72</b>
<b>Note 29</b>		
<b>Finance costs</b>		
<b>Interest expense on:</b>		
Long-term loans	92.11	97.90
Short-term loans	66.77	97.44
Vehicle loans	-	0.83
Unwinding of interest on lease liability (refer note 35)	17.18	-
Others	2.03	8.36
	<b>178.09</b>	<b>204.53</b>
<b>Note 30</b>		
<b>Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	2,528.86	1,967.09
Amortization of intangible assets	78.90	92.54
Amortization of right-of-use asset	126.20	-
	<b>2,733.96</b>	<b>2,059.63</b>
<b>Note 31</b>		
<b>Other expenses</b>		
Consumption of stores and spares	565.34	630.57
Power and fuel	2,456.03	2,333.20
Rent	65.31	192.94
Rates and taxes	128.14	156.28
Repairs and maintenance:		-
- Machinery	439.19	463.96
- Buildings	26.04	21.53
- Other assets	271.89	317.56
Other manufacturing expenses	2,713.09	2,825.22
Travelling and conveyance	475.42	564.25
Professional and consultancy charges	286.10	462.52
Office maintenance	34.53	22.37
Auditor's remuneration (refer note below)	27.29	26.08
Bad debts written off	33.27	-
Allowances for doubtful debts and advances	82.31	139.32
Loss on sale/scrapping of property, plant and equipment, net	18.10	40.56
Selling, distribution and advertisement	4,910.44	4,918.05
Corporate social responsibility (refer note 41)	54.85	68.62
Miscellaneous expenses	882.39	930.29
	<b>13,469.73</b>	<b>14,113.32</b>
<b>Note:</b>		
Statutory audit fee*	18.00	18.24
Other services	7.50	7.50
Reimbursement of expenses	1.79	0.34
	<b>27.29</b>	<b>26.08</b>

\* includes fees paid to auditors of the subsidiary company.

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 32: Earnings per share****Computation of earnings per share**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
<b>Calculation of weighted average number of equity shares:</b>		
<b>Basic and diluted:</b>		
Number of equity shares outstanding at the beginning of the year	1,13,24,700	1,13,24,700
Number of shares issued during the year	-	-
Weighted average number of equity shares outstanding at the end of the year	<b>1,13,24,700</b>	<b>1,13,24,700</b>
Profit attributable to equity shareholders	471.66	1,297.95
Earnings per equity share (face value of share Rs.10 each):		
- Basic earnings per share	4.16	11.46
- Diluted earnings per share	4.16	11.46

**Note 33: Contingent liabilities and commitments**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
<b>a. Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	936.40	1,558.51
(ii) Export obligation under EPCG (refer note below)	48.87	127.29
The total customs duty saved against EPCG licenses was Rs. 8.14 lakhs.		
<b>b. Contingent Liabilities- Claims against the Company not acknowledged as debt in respect of (to the extent not provided for)</b>		
(i) Income tax*	897.48	72.67
(ii) Indirect tax cases*	47.31	29.94
(iii) Other matters	146.65	153.84
* Tax paid under protest as at 31 March 2020: Rs. 123.1 lakhs (31 March 2019 - Rs. 43.43 lakhs).		

c. The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. The company has started complying with this prospectively from the month of March 2019. In respect of the past period there are significant implementation and interpretative challenges that the management is facing and is awaiting for clarity to emerge in this regard, pending which, this matter has been disclosed under the Contingent liability section in the financial statements. The impact of the same is not ascertainable.

**Note 34: Segment reporting**

The Company is in the business of processing and selling milk and milk products. The Chief Operating Decision Maker (CODM) of the Company who is the Chief Executive Officer of the company makes the decisions relating to allocating and utilisation of the resources of the company. The CODM reviews the results of all milk and milk products together and therefore the company has identified that it has only one reportable segment. The revenue, results, assets and liabilities of the power business of the Company are not material (lower than 1% of total revenue) in the context of the financial statements and hence is not a reportable segment. Further, the Company operates within India and does not have operations in economic environments with different risk and returns. Hence, it is considered as operating in a single geographical segment.

**Creamline Dairy Products Limited**

**Notes to the financial statements (continued)**

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

**35 Note 35: Leases**

**Transition to Ind AS 116**

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

The following are the changes in the carrying value of right-of-use assets for the year ended March 31, 2020:

Particulars	Buildings
<b>Cost</b>	
As at 1 April 2019	236.37
Additions	111.55
Disposals	-
Balance at 31 March 2020	<b>347.92</b>
<b>Accumulated amortisation and impairment</b>	
As at 1 April 2019	-
Amortisation	126.20
Impairment loss	-
Eliminated on disposals of assets	-
Balance at 31 March 2020	<b>126.20</b>
<b>Carrying amounts</b>	
As at 1 April 2019	236.37
Balance at 31 March 2020	221.72

The following is the rental expense recorded for short-term leases, variable leases and low value leases for the year ended 31 March 2020

Particulars	Year ended 31st March 2020
Short-term lease expense	32.68
Low value lease expense	-
Variable lease expenses (other than short term)	32.63
<b>Total lease expense</b>	<b>65.31</b>

Following are the changes in the lease Liability for the year ended March 31, 2020:

Particulars	Year ended 31st March 2020
As at 1 April 2019	257.64
Additions	111.56
Finance cost accrued during the period	17.18
Deletions	
Payment of lease liabilities	(141.95)
<b>Balance at 31 March 2020</b>	<b>244.43</b>

The following is the cash outflow on leases during the year ended 31 March 2020:

Particulars	Year ended 31st March 2020
Payment of lease liabilities	124.77
Interest on lease liabilities	17.18
Short-term lease expense	32.68
Low value lease expense	-
Variable lease expenses other than short term	32.63
<b>Total cash outflow on leases</b>	<b>207.26</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Particulars	Less than 1 year	Between 1 and 2 years	2 and 5 years	Over 5 years	Weighted average effective interest rate %
<b>31-Mar-20</b>					
Lease liabilities	122.24	77.10	58.85	13.73	7%

**Creamline Dairy Products Limited**  
**Notes to the financial statements (continued)**

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

**Note. 36 Assets and liabilities related to employee benefits**

**A) Defined Contribution Plans**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contribution to provident fund charged to the statement of profit and loss is Rs. 350.90 lakhs (31 March 2019: Rs. 278.08 lakhs).

**B) Defined benefit plan**

The Company provides gratuity for its employees as per the Payment of Gratuity Act, 1972. In case of employees who have joined prior to 1st November 2017, gratuity was paid as per their respective employment agreements. Effective 1st October 2019, all employees are eligible for gratuity after completion of continuous service for a period of 5 years. The amount of gratuity payable on retirement/ termination is the employees' last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity payable to employees beyond 5 years of employment is a funded plan and the Company makes contributions to LIC of India. For employees eligible for gratuity from 1 to 5 years, unfunded and payable directly by the Company. Liability with regard to this plan is determined based on actuarial valuation as at the end of the year and are charged to the statement of profit and loss.

**Funding**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**Net defined benefit obligation as at balance sheet date:**

	As at 31 March 2020	As at 31 March 2019 Restated
Defined benefit obligation	666.38	635.23
Fair value of plan assets	(422.12)	(377.42)
<b>Net defined benefit (obligation)/assets</b>	<b>244.26</b>	<b>257.81</b>

**Movement in net defined benefit obligation and plan assets:**

The following table shows a reconciliation from the opening balances to the closing balances:

	Defined benefit obligation		Fair value of plan assets	
	As at 31 March 2020	As at 31 March 2019 Restated	As at 31 March 2020	As at 31 March 2019 Restated
<b>Opening balance</b>	<b>635.23</b>	<b>520.51</b>	<b>377.42</b>	<b>294.74</b>
Current service cost	88.59	82.83	-	-
Past service cost	(16.05)	-	-	-
Interest cost/ Interest income on plan assets	45.52	39.01	27.04	22.09
Benefits paid	(88.27)	(66.02)	(82.34)	(38.68)
Contributions paid by the employer	-	-	100.00	100.00
<b>Actuarial loss (gain) arising from:</b>				
Demographic assumptions	(4.74)	-	-	-
Financial assumptions	47.47	9.02	-	-
Experience adjustment	(50.24)	49.88	-	-
Acquisition adjustment	8.87	-	-	-
Return on plan assets excluding interest	-	-	-	(0.73)
<b>Closing balance</b>	<b>666.38</b>	<b>635.23</b>	<b>422.12</b>	<b>377.42</b>

**Effect of any Amendments, Curtailments and Settlements:**

During the year ended 31 March 2020, the past service cost of negative Rs. 16.05 lakhs had been recognised in the statement of profit and loss, due to change in vesting criteria from certain category of employees from zero years to 5 years

**Expense recognized in the statement of profit and loss:**

	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
Current service cost	88.59	82.83
Past service cost	(16.05)	-
Net interest cost	18.48	16.92
	<b>91.02</b>	<b>99.75</b>



**Creamline Dairy Products Limited**  
**Notes to the financial statements (continued)**

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

**Note. 36 Assets and liabilities related to employee benefits (continued)**

**Remeasurements recognised in other comprehensive income :**

	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
Actuarial loss/(gain) arising from Defined Benefit Obligation	(7.51)	58.90
Return on plan assets excluding interest income	-	0.73
	<u>(7.51)</u>	<u>59.63</u>

**Plan assets:**

Plan assets comprise of the following:

	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
Group Gratuity cum Life Assurance with LIC	422.12	377.42
Coverage of plan asset	100%	100%

**Summary of actuarial assumptions:**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
Discount rate	5.60%	7.15%
Future salary growth	5.00%	5.00%
Rate of employee turnover	20.00%	15.00%
Mortality rate	Indian Assured Lives Mortality(2012-14)	Indian Assured Lives Mortality(2006-08)

Assumptions regarding future mortality have been based on published statistics and mortality tables.

**Sensitivity analysis:**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	For the year ended 31 March 2020		For the year ended 31 March 2019 Restated	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(25.55)	27.65	(25.08)	27.41
Future salary growth (1% movement)	27.00	(25.38)	27.02	(25.09)
Rate of employee turnover (50% of attrition rate)	(10.86)	(10.86)	13.16	(25.98)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

**Expected contribution**

The expected contributions for defined benefit plan for the next financial year will be in line with the contribution for the period and is expected by the Management to be Rs. 100.00 lakhs (31 March 2019: Rs. 100 lakhs).

**Expected future cash flows:**

The expected future cash flows in respect of gratuity as at Balance sheet dates were as follows (undiscounted):

Expected future benefit payments	As at 31 March 2020	As at 31 March 2019 Restated
March 31, 2021	185.12	211.25
March 31, 2022	118.11	93.22
March 31, 2023	93.49	81.48
March 31, 2024	80.53	65.27
Thereafter	375.58	449.84
	<u>852.83</u>	<u>901.06</u>

**C) Other long-term employee benefits:**

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year-end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and the amount charged to the statement of profit and loss is Rs. 87.11 lakhs (31 March 2019 Rs. 104.65 lakhs)

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 37: Financial instruments – Fair values and risk management****Note 37.1: Accounting classification and fair values**

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 March 2020:	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>							
Trade receivables	-	978.03	978.03	-	-	-	-
Cash and cash equivalents	-	1,450.29	1,450.29	-	-	-	-
Bank balances other than cash and cash equivalents	-	3.33	3.33	-	-	-	-
Other financial assets	-	607.96	607.96	-	-	-	-
	-	<b>3,039.60</b>	<b>3,039.60</b>	-	-	-	-
<b>Financial liabilities:</b>							
Borrowings (excluding current maturities)	-	4,773.44	4,773.44	-	-	-	-
Trade payables	-	15,076.01	15,076.01	-	-	-	-
Other financial liabilities	-	3,243.50	3,243.50	-	-	-	-
	-	<b>23,092.95</b>	<b>23,092.95</b>	-	-	-	-
<b>As at 31 March 2019 (Restated):</b>							
As at 31 March 2019 (Restated):	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>							
Investments	-	-	-	-	-	-	-
Trade receivables	-	902.96	902.96	-	-	-	-
Cash and cash equivalents	-	1,055.40	1,055.40	-	-	-	-
Bank balances other than cash and cash equivalents	-	2.40	2.40	-	-	-	-
Other financial assets	-	478.99	478.99	-	-	-	-
	-	<b>2,439.75</b>	<b>2,439.75</b>	-	-	-	-
<b>Financial liabilities:</b>							
Borrowings (excluding current maturities)	-	5,009.23	5,009.23	-	-	-	-
Trade payables	-	9,574.99	9,574.99	-	-	-	-
Other financial liabilities	-	3,448.58	3,448.58	-	-	-	-
	-	<b>18,032.80</b>	<b>18,032.80</b>	-	-	-	-

**Note**

The carrying amounts of the above financial assets and liabilities are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values. The amortised cost of the long term borrowings with banks are considered to be at their fair values.

**Note 37.2: Financial risk management objectives and policies**

The Company has exposure to the following risks arising from financial instruments:

- A) Credit risk
- B) Liquidity risk
- C) Market risk
  - (i) Currency risk
  - (ii) Interest rate risks

**Risk management framework:**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

## Creamline Dairy Products Limited

### Notes to the financial statements (continued)

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

#### Note 37: Financial instruments – Fair values and risk management (continued)

##### Note 37.2: Financial risk management objectives and policies (continued)

###### A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The carrying amount of following financial assets represents the maximum credit exposure:

###### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the geography in which it operates. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The company operates only in one geographical location i.e in India.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Further the company segments the customers into Distributors, Agents, Modern trade parties and others for credit monitoring.

The Company maintains security deposits for sales made to its customers. The Company individually monitors the sanctioned credit limits as against the outstanding balances. Accordingly, the Company makes specific provisions against such trade receivables wherever required and monitors the same at periodic intervals.

The Company also establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

The carrying amounts of trade receivables as disclosed in note no 8 represent the maximum credit risk exposure.

###### Impairment

Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables other than from government bodies and Modern trade parties are in default, if the payments are due more than 180 days past due.

The ageing of trade receivables that are past due and expected credit loss are given below:

Year	1 to 30 days	31 to 90 days	91 to 180 days	Above 180 days	Gross receivables	ECL/ Impairment	Net trade receivables
As at 31 March 2020	762.01	261.60	40.96	276.54	1,341.11	(363.08)	978.03
As at 31 March 2019 (Restated)	551.38	201.01	84.65	346.69	1,183.73	(280.77)	902.96

The movement in loss allowance in respect of trade receivables is as follows:

	As at 31 March 2020	As at 31 March 2019 Restated
Opening	280.77	251.00
Loss allowance recognised	115.58	139.32
Amounts written off	(33.27)	(109.55)
Closing	363.08	280.77

###### Other financial assets

This comprises mainly of balances with banks, deposits with Government authorities and other receivables. Credit risk arising from these financial assets is limited and there is no collateral held against these because the counterparties are banks and government organizations. The Company considers that its balances with banks have low credit risk based on the external credit ratings of the counterparties. The Company has created the loss allowance for other receivables on specific identification basis.

The movement in respect of loss allowance is as follows:

	As at 31 March 2020	As at 31 March 2019 Restated
Opening	44.87	44.87
Loss allowance recognised	-	-
Closing	44.87	44.87

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 37: Financial instruments – Fair values and risk management (continued)****Note 37.2: Financial risk management objectives and policies (continued)****B) Liquidity risk**

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

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

As at 31 March 2020	Carrying values	Contractual cash flows				
		0-6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities:</b>						
Term loans (including current maturities)	1,054.69	140.62	140.62	281.25	492.20	-
Current borrowings	4,000.00	4,000.00	-	-	-	-
Trade payables	15,076.01	15,076.01	-	-	-	-
Other financial liabilities (excluding current	2,962.25	2,962.25	-	-	-	-
<b>Total</b>	<b>23,092.95</b>	<b>22,178.88</b>	<b>140.62</b>	<b>281.25</b>	<b>492.20</b>	<b>-</b>

  

As at 31 March 2019 (Restated)	Carrying values	Contractual cash flows				
		0-6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities:</b>						
Term loans (including current maturities)	2,555.32	46.88	311.55	2,112.50	84.39	-
Current borrowings	2,812.35	2,812.35	-	-	-	-
Trade payables	9,512.66	9,512.66	-	-	-	-
Other financial liabilities (excluding current	3,090.13	3,090.13	-	-	-	-
<b>Total</b>	<b>17,970.46</b>	<b>15,462.02</b>	<b>311.55</b>	<b>2,112.50</b>	<b>84.39</b>	<b>-</b>

**C) Market risk**

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

Our Board of Directors and Audit Committee are responsible for overseeing our risk assessment and management policies. Our major market risks of foreign exchange and interest rate risk are managed by our treasury department, which evaluates and exercises independent control over the entire process of market risk management.

**Currency risk:**

The functional currency of group is primarily the local currency in which it operates. The currencies in which these transactions are primarily denominated are Indian Rupees. The Company is exposed to currency risk in respect of transactions in foreign currency. The transactions of the Company primarily in foreign currency are import of machineries and spares. There are no foreign currency revenue. There are no foreign currency receivables or payables as at 31 March 2020 and 31 March 2019.

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 37: Financial instruments – Fair values and risk management (continued)****Note 37.2: Financial risk management objectives and policies (continued)****C) Market risk (continued)****Interest rate risk:**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	As at 31 March 2020	As at 31 March 2019 Restated
<b>Fixed-rate instruments</b>		
Vehicle loans	-	-
<b>Variable -rate instruments</b>		
Long-term and short-term borrowings	5,054.69	5,367.67
	<b>5,054.69</b>	<b>5,367.67</b>

**Cash flow sensitivity analysis for variable-rate instruments:**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	31 March 2020 Profit/ (loss)		31 March 2019 (Restated) Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
Variable-rate instruments ( Movements - 100 basis points)	(50.55)	50.55	(53.68)	53.68
<b>Cash flow sensitivity (net)</b>	<b>(50.55)</b>	<b>50.55</b>	<b>(53.68)</b>	<b>53.68</b>

**Fair value sensitivity analysis for fixed-rate instruments:**

The company does not have any fixed-rate instruments and therefore a change in interest rates would not affect the fair value of the instrument

**Note 38 Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The primary objective of the Company's Capital Management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in the economic environment and the requirements of the financial covenants, if any.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt as defined as interest-bearing loans and borrowings less cash and cash equivalents. Adjusted Equity comprises all components of equity.

The Company's policy is to keep the ratio below 2.00. The Company's adjusted net debt to equity ratio at balance sheet dates are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019 Restated
	Interest bearing loans and borrowings	5,054.69
Less: cash and cash equivalents	(1,450.29)	(1,055.40)
<b>Adjusted net debt</b>	<b>3,604.40</b>	<b>4,312.28</b>
Total equity	20,300.15	20,246.28
<b>Adjusted net debt to total equity ratio</b>	<b>0.18</b>	<b>0.21</b>

**Creamline Dairy Products Limited**  
**Notes to the financial statements (continued)**

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

**Note 39. Tax expense**

The major component of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

**(a) Amounts recognised in the statement of profit and loss:**

	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
<b>Tax expense</b>		
<b>Current tax:</b>		
- Normal tax	54.80	-
- MAT for the year	-	421.62
<b>Deferred income tax liability / (asset), net</b>		
- Origination and reversal of temporary	19.45	299.44
- Reduction in tax rate	(333.29)	-
- Increase in tax rate	-	2.07
- MAT Credit reversal/ (entitlement)	69.47	(69.47)
<b>Deferred tax</b>	<b>(244.37)</b>	<b>232.04</b>
Earlier year tax	32.23	52.15
<b>Tax expense for the year</b>	<b>(157.34)</b>	<b>705.81</b>

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate are as follows:

**A) Current tax**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
Profit before tax	314.32	2,003.76
Income tax rate of Company's domestic tax rate	25.168%	34.944%
Tax using Company's domestic tax rate	79.11	700.19
<b>Tax effects of :</b>		
Non-deductible expenses (net)	29.12	52.21
Indexation benefit on freehold land	(35.54)	(30.33)
Special tax deductions	-	(14.65)
Effect of change in tax rates*	(333.29)	2.07
Impact of derecognition of deferred tax asset on MAT credit entitlement **	69.47	-
Adjustment of tax expense relating to earlier periods	33.79	(3.68)
	<b>(157.34)</b>	<b>705.81</b>

\*The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated by the President of India on 20 September 2019. The Ordinance has amended the Income Tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to a domestic company to pay income tax at reduced rate of 22%. The Company has elected to exercise this option to pay income tax at a reduced rate of 22%.

\*\* Includes reversal of deferred tax asset on Minimum Alternate Tax (MAT) credit recognised for the year ending 31 March 2019 of Rs. 69.47 Lacs. The deferred tax asset on MAT credit was de recognised as the Company cannot claim such credit having opted for lower rate of tax in terms of Income Tax Act, 1961

**B) Deferred tax**

Particulars	Balance as at 1 April 2018	Accounted through statement of profit and loss	Accounted through OCI	Balance as at 31 March 2019 (Restated)	Accounted through statement of profit and loss	Accounted through OCI	Accounted through retained earnings	Balance as at 31 March 2020
<b>Deferred tax liabilities:</b>								
Accelerated depreciation for tax purposes	1,031.99	370.36	-	1,402.35	(327.10)	-	-	1,075.25
<b>Deferred tax assets:</b>								
Indexation benefit on freehold land	(275.48)	(30.33)	-	(305.81)	(60.12)	-	-	(365.93)
MAT credit entitlement	-	(69.47)	-	(69.47)	69.47	-	-	-
Provision for employee benefits	(129.67)	(8.78)	(20.84)	(159.29)	42.16	1.89	-	(115.24)
Impact on account of transition to IndAS 116 (refer note 35)	-	-	-	-	1.72	-	(7.44)	(5.72)
Expenditure allowable on payment basis	-	(18.34)	-	(18.34)	18.34	-	-	-
Loss allowance for trade receivables and	(102.40)	(11.40)	-	(113.80)	11.16	-	-	(102.64)
<b>Deferred tax liabilities, net</b>	<b>524.44</b>	<b>232.04</b>	<b>(20.84)</b>	<b>735.64</b>	<b>(244.37)</b>	<b>1.89</b>	<b>(7.44)</b>	<b>485.72</b>

**Notes:**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

## **Creamline Dairy Products Limited**

### **Notes to the financial statements (continued)**

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

#### **Note 40: Related party disclosures**

As per the Indian Accounting Standard on “Related Party Disclosures” (IND AS 24), the related parties of the Company are as follows:

##### **I. Name of related parties and nature of relationships:**

**(i) Ultimate Holding Company:**

Godrej Industries Limited

**(ii) Holding Company:**

Godrej Agrovet Limited (GAVL)

**(iii) Key Management Personnel and relatives of such Personnel**

1	K. Bhasker Reddy	(Managing Director – Managerial Services)
2	M. Gangadhar	(Executive Director – Managerial Services)
3	D. Chandra Shekher Reddy	(Executive Director – Managerial Services)
4	Late C. Balraj Goud	(Executive Director – Managerial Services - Till 31st October 2019)
5	Raj Kanwar Singh	(Whole-time Director & CEO & Whole Time Director)
6	Govind Panduranga Shelar	(Chief Financial Officer - Till 31st January 2019)
7	K.V. Ramchandra Rao	(Chief Financial Officer - Effective from 3rd January 2019)
8	S.Raghava Reddy	(Company Secretary- Till 15th November 2019)
9	Neha Poojary	(Company Secretary- Effective from 12th December 2019)
10	Sandhya Kondapalli	(Wife of K.Bhasker Reddy)
11	Rama Kumari Mandava	(Wife of M.Gangadhar)
12	Deepika Devireddy	(Wife of D. Chandra Shekher Reddy)
13	Mangaraj Chinthala	(Wife of Late C.Balraj Goud)

**(iv) Other entities controlled by Key management personnel and their relatives**

- 1 Khammam Milkline Private Limited
- 2 Dhulipalla Milkline Private Limited
- 3 Mohan Milkline Private Limited
- 4 Vidya Milkline Private Limited
- 5 Ongole Milkline Private Limited
- 6 Pamuru Milkline Private Limited
- 7 Kavali Milkline Private Limited
- 8 Pragathi Milkline Private Limited
- 9 My Village Model Village Foundation
- 10 Prima Food tech Private Limited
- 11 Orga Farms Private Limited

**(v) Other group entities**

- 1 Godrej & Boyce Manufacturing Company Limited
- 2 Godrej Consumer Products Limited
- 3 Godrej Tyson Foods Limited
- 4 Astec Life Sciences Limited
- 5 Godrej Properties Limited
- 6 Godrej Maximilk Private Limited
- 7 Godrej Agrochem Limited

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 40: Related party disclosures (continued)****II. Related party transactions during the year:**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
<b>A Ultimate Holding Company:</b>		
Godrej Industries Limited		
Sale of products	78.45	117.33
<b>B Holding Company - Godrej Agrovet Limited</b>		
Reimbursement of expenses	150.82	180.35
Sale of products	5.40	6.65
Purchase of traded goods	1,243.36	673.74
Purchase of other goods	58.56	54.05
Inter corporate deposit received and repaid	500.00	2,000.00
Interest paid on inter corporate deposit	1.59	7.24
Dividend paid	176.37	176.37
<b>C Fellow subsidiaries</b>		
<b>Godrej &amp; Boyce Manufacturing Company Limited</b>		
Purchases of materials	19.97	13.10
<b>Godrej Consumer Products Limited</b>		
Purchase of property, plant and equipment	1.57	207.29
Sale of products	3.83	4.30
<b>Godrej Tyson Foods Limited</b>		
Sale of power	134.93	18.15
Sale of products	0.93	0.77
Inter corporate deposit given and recovered	1,000.00	-
Interest income on inter corporate deposit	28.21	-
<b>Godrej Properties Limited</b>		
Sale of products	1.93	-
<b>Godrej Maximilk Private Limited</b>		
Inter corporate deposit given and recovered	828.00	-
Interest income on inter corporate deposit	29.68	-
<b>Godrej Agrochem Limited</b>		
Inter corporate deposit given and recovered	700.00	-
Interest income on inter corporate deposit	37.27	-
<b>Astec Life Sciences Limited</b>		
Sale of products	1.10	-
Inter corporate deposit given and recovered	16,350.00	-
Interest income on inter corporate deposit	65.68	-



**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 40: Related party disclosures (continued)****D Key Management Personnel ('KMP') and relatives****Short Term Employee Benefit:**

K. Bhasker Reddy	92.93	92.93
M. Gangadhar	74.80	74.80
D. Chandra Shekher Reddy	92.84	92.84
Late C. Balraj Goud	92.80	92.80
Raj Kanwar Singh	137.72	132.20
K.V. Ramchandra Rao	48.26	17.67
Govind Panduranga Shelar	-	36.88
S.Raghava Reddy	9.41	14.06
Neha Poojary	3.97	-
Sandhya Kondapalli	29.02	29.02
Deepika Devireddy	29.02	29.02
Mangaraj Chinthala	29.02	29.02
Rama Kumari Mandava	29.02	29.02

**Note:** Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

**E Dividend paid**

K. Bhasker Reddy	26.06	26.06
M. Gangadhar	17.06	17.06
D. Chandra Shekher Reddy	25.06	25.06
Late C. BalrajGoud	19.65	19.65
Sandhya Kondapalli	8.70	8.70
Deepika Devireddy	6.15	6.15
Mangaraj Chinthala	13.03	13.03
Rama Kumari Mandava	7.54	7.54

**II. Related party transactions during the year: (continued)**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
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**F Enterprise over which KMP exercise significant influence with relatives****Purchases of milk and services**

Ongole Milkline Private Limited	2,262.47	2,999.26
Mohan Milkline Private Limited	3,184.15	3,560.73
Vidya Milkline Private Limited	687.90	886.41
Khammam Milkline Private Limited	1,324.46	1,575.92
Pamuru Milkline Private Limited	1,046.79	1,180.24
Kavali Milkline Private Limited	2,340.32	2,783.94
Pragathi Milkline Private Limited	468.12	558.26
Dhulipalla Milkline Private Limited	-	9.25
Orga Farms Private Limited	-	31.65
Prima FoodTech Private Limited	20.73	43.69

**Prima Food tech Private Limited**

Inter corporate deposit given and recovered	300.00	-
Interest income on inter corporate deposit	3.52	-

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 40: Related party disclosures (continued)**

<b>Sale of products</b>		
Khammam Milkline Private Limited	12.28	19.30
<b>My Village Model Village Foundation</b>		
Corporate Social Responsibility	5.00	5.00
<b>G Director Sitting Fees</b>	7.20	7.40
<b>H Rent paid to relatives of Key Management Personnel</b>		
Sandhya Kondapalli	16.54	16.54
Rama Kumari Mandava	16.47	16.47
Deepika Devireddy	16.47	16.47
Mangaraj Chinthala	16.47	16.47

**III. Related party balances at the end of the year:**

Particulars	As at 31 March 2020	As at 31 March 2019 Restated
<b>A Ultimate Holding Company:</b>		
<b>Godrej Industries Limited</b>		
Trade receivable	4.27	6.00
<b>B Holding Company - Godrej Agrovet Limited</b>		
Trade payables, net	82.54	133.69
<b>C Fellow subsidiaries</b>		
<b>Godrej Tyson Foods Limited</b>		
Trade receivable	-	18.15
<b>D Enterprise over which KMP exercise significant influence with relatives:</b>		
<b>Trade payables:</b>		
Kavali Milkline Private Limited	20.88	30.45
Khammam Milkline Private Limited	57.50	54.96
Mohan Milkline Private Limited	30.55	22.72
Pamuru Milkline Private Limited	8.37	14.06
Pragathi Milkline	1.22	5.95
Vidya MilkLine Private Limited	1.62	11.16
Ongole MilkLine Private Limited.	10.83	22.20
Prima FoodTech Private Limited	4.00	4.48
<b>E Payable to key management personnel</b>		
K V Ramchandra Rao	1.01	0.21
Raj Kanwar Singh	-	-
S.Raghava Reddy	-	0.46
Neha Poojary	0.27	-

**Creamline Dairy Products Limited****Notes to the financial statements (continued)**

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

**Note 41 : Corporate social responsibility expenditure**

As per Section 135 of the Companies Act 2013, the Company has formed a Corporate Social Responsibility (CSR) Committee. The CSR Committee approved CSR Policy where certain focus areas out of list of activities covered in Schedule VII of the Companies Act 2013, have been identified to incur CSR expenditure.

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019 Restated
Amount required to be spend by the Company	54.85	68.88
<b>Amount spent:</b>		
Construction/acquisition of any asset	-	-
<b>On purposes other than above:</b>		
Contribution to NGOs	5.00	5.00
Amount spent/ provided for by the Company on various welfare activities*	49.85	63.62
<b>Total amount spent</b>	<b>54.85</b>	<b>68.62</b>

\* Includes provision of Rs. 9.85 Lacs for a contractual commitment entered by the company which is in progress and shall be completed in the ensuing financial year

**Note 42 : Dues to micro and small enterprises**

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 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 Act 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 2020	For the year ended 31 March 2019 Restated
the amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	266.52	394.30
- Interest	-	-
the amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006);	-	-
the amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
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 enterprises for the purposes of disallowances as a deductible expenditure under the MSMED Act, 2006;	-	-

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Creamline Dairy Products Limited**  
**Notes to the financial statements (continued)**

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

**Note 43 : Borrowings movement**

Reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities for movement in the statement of cash flow are given below:

Particulars	As at 1 April	Cash flow*	As at	Cash flow*	As at
	2018		31 March 2019		31 March 2020
			Restated		
Long-term borrowings	1,344.97	1,210.34	2,555.31	(1,500.63)	1,054.69
Short-term borrowings	5,500.00	(2,687.65)	2,812.35	1,187.65	4,000.00
	<b>6,844.97</b>	<b>(1,477.31)</b>	<b>5,367.66</b>	<b>(312.98)</b>	<b>5,054.69</b>

\*There are no non cash transactions from financing activities.

**Note 44 : Merger of Nagavalli Milkline Private Limited**

During the year, the National Company Law Tribunal (NCLT) has vide its order dated 17th October 2019 approved the scheme of amalgamation of Nagavalli Milkline Private Limited (NMPL), a wholly owned subsidiary, with the Company with an appointed date of 1st April 2019 (the Scheme). The Company has filed the aforementioned NCLT order with the Registrar of Companies on 30th October 2019. Accordingly, NMPL has merged with the Company. The accounting for the merger has been done in accordance with the Scheme which is as follows:

1. All the assets and liabilities of NMPL have been recorded by the company at their existing carrying values as appearing in the books of NMPL;
2. The identity of the reserves, including the negative balance of retained earnings of NMPL has been maintained and have been recorded as such in the books of the company;
3. The difference between the net assets so taken over, the reserves taken over and the carrying value of the investment held by the company in NMPL has been recorded as Capital Reserve; and
4. All intercompany receivables/payables have been cancelled out while giving the above accounting impact.

Since NMPL was a wholly owned subsidiary of the Company, the effect of this transaction has been included retrospectively i.e. from the earliest period presented in the financial statements and hence the previous year figures have been restated to that effect.

The following table summarises the impact of the transaction:

Particulars	Amount (Rs.)
<b>Assets</b>	
Non-current assets	193.88
Current assets	1.52
<b>Total Assets (A)</b>	<b>195.40</b>
<b>Liabilities</b>	
Non-current liabilities	0.00
Current liabilities	0.43
<b>Total Liabilities (B)</b>	<b>0.43</b>
<b>Net Assets Taken over (C=A-B)</b>	<b>194.97</b>
<b>Reserves of Transferor company vested in transferee Company</b>	
Retained Earnings	(9.52)
<b>Total Reserves (D)</b>	<b>(9.52)</b>
<b>Cancellation of receivables from Transferor Company held by the transferee company (E)</b>	<b>3.45</b>
<b>Cancellation of investment in Transferor Company held by the transferee company (F)</b>	<b>562.91</b>
<b>Capital Reserves or Goodwill on amalgamation (C-D-E-F)</b>	<b>(361.87)</b>

As per our report of even date attached

for **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101248W/W-100022

for and on behalf of the Board of Directors of  
**Creamline Dairy Products Limited**  
CIN: U15201TG1986PLC006912

**Rahul Choudhary**  
Partner  
Membership No. 408408  
Place: Jodhpur

**Raj Kanwar Singh**  
Whole-time director and  
Chief Executive Officer  
DIN: 08028931  
Place: Hyderabad

**S. Varadaraj**  
Director  
DIN: 00323436  
Place: Mumbai

**D.Chandra Shekher Reddy**  
Executive Director  
DIN: 00063691  
Place: Hyderabad

**K. V. Ramchandra Rao**  
Chief Financial Officer  
Place: Hyderabad

**Neha Poojary**  
Company Secretary  
Place: Mumbai

Date: 8 May 2020