



**CREAMLINE DAIRY PRODUCTS LIMITED**

**Corporate Identity Number (CIN): U15201TG1986PLC006912**

**Registered Office:** H.No.6-3-1238/B/21, Asif Avenue, Rajbhavan Road,  
Somajiguda, Hyderabad - 500082

**Tel.:** 040-23412323; **E-mail:** cdpl.secretarial@godrejcdpl.com

**NOTICE**

**NOTICE** is hereby given that the **35<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of **CREAMLINE DAIRY PRODUCTS LIMITED** ("the Company") [Corporate Identity Number (CIN): U15201TG1986PLC006912] will be held on **Wednesday, July 27, 2022 at 2.00 p.m. (IST)** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

**ORDINARY BUSINESS:**

**1. Adoption of Financial Statements:**

To consider and adopt the Audited Financial Statements for the Financial Year ended March 31, 2022, the Report of the Board of Directors and the Report of the Statutory Auditors thereon.

**2. Re-appointment of Mr. Nadir Burjor Godrej, Director retiring by rotation:**

To appoint a Director in place of Mr. Nadir B. Godrej [Director Identification Number (DIN): 00066195], Non-Executive, Non-Independent Director & Chairman, who retires by rotation and, being eligible, offers himself for re-appointment, as a "Director" of the Company and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Mr. Nadir Burjor Godrej [Director Identification Number (DIN): 00066195] as a "Director", who shall be liable to retire by rotation."

**3. Re-appointment of Mr. S Varadaraj, Director retiring by rotation:**

To appoint a Director in place of Mr. S Varadaraj [Director Identification Number (DIN): 00323436], Non-Executive, Non-Independent Director, who retires by rotation and, being eligible, offers himself for re-appointment, as a “Director” of the Company and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Mr. S Varadaraj [Director Identification Number (DIN): 00323436] as a “Director”, who shall be liable to retire by rotation.”

**SPECIAL BUSINESS:**

**4. To re-appoint M/s. B S R & Co. LLP, Chartered Accountants as “Statutory Auditors” of the Company for a second term of 5 (Five) years:**

To consider and approve re-appointment of B S R & Co. LLP, Chartered Accountants as the “Statutory Auditors” of the Company for a second term of 5 (Five) years and if thought fit, to pass, the following as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force] and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, B S R & Co. LLP, Chartered Accountants, having Firm Registration No. 101248W/W-100022, be and are hereby re-appointed as the “Statutory Auditors” of the Company for a second term of 5 (Five) consecutive years, commencing from the conclusion of the 35<sup>th</sup> (Thirty Fifth) Annual General Meeting till the conclusion of the 40<sup>th</sup> (Fortieth) Annual General Meeting (i.e., to conduct the Statutory Audit of the Company from the Financial Year 2022-23 upto the Financial Year 2026-27), at such remuneration as may be decided by the Company.”

**“RESOLVED FURTHER THAT** any Director of the Company and/or the Chief Financial Officer and/or the Company Secretary be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**5. To ratify the remuneration payable to M/s. S. R. and Associates, Cost Accountants and the Cost Auditors of the Company for the Financial Year 2021-22:**

To consider and ratify the remuneration of M/s. S. R. and Associates, Cost Accountants and the Cost Auditors, Mumbai as the "Cost Auditors" of the Company for the Financial Year ending 31<sup>st</sup> March, 2023 and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. S. R. and Associates, Cost Accountants (Firm Regn. No. 0540) [represented by Mr. K.S.V. Subba Rao (Membership No.: 20548), Partner], which has been appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year 2022-23, amounting to Rs. 80,000/- (Rupees Eighty Thousand Only) plus Goods and Service Tax (GST) as applicable and reimbursement of out-of-pocket expenses incurred by them in connection with the aforesaid audit at actuals, be and is hereby confirmed and approved."

**By Order of the Board  
For Creamline Dairy Products Limited**

**Date: 5<sup>th</sup> May, 2022  
Place: Mumbai**

**Sd/-  
Neha Poojary  
Company Secretary**

## **NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs has, vide its General Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, General Circular No.17/2020 dated 13<sup>th</sup> April, 2020 and General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020, General Circular No.02/2021 dated 13<sup>th</sup> January, 2021, General Circular No. 19/2021 dated 8<sup>th</sup> December 2021, General Circular No. 21/2021 dated 14<sup>th</sup> December, 2021 and General Circular No. 2/2022 dated 5<sup>th</sup> May, 2022 (collectively referred to as “**MCA Circulars**”), permitted the holding of the Annual General Meeting (“**AGM**”) through Video Conferencing (“**VC**”) or Other Audio Visual Means (“**OAVM**”), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“**the Act**”) and MCA Circulars, the 35<sup>th</sup> (Thirty-Fifth) AGM of the Company is being held through VC / OAVM.

2. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts relating to Business Item No. 3 and 4 to be transacted at the AGM, as set out in this Notice, is annexed hereto.

Further, additional information pursuant to Secretarial Standard on General Meetings (“**SS-2**”) issued by the Institute of Company Secretaries of India (“**ICSI**”), in respect of Director seeking re-appointment at this AGM as mentioned in Item No. 2 of this AGM Notice is also annexed hereto.

3. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

4. Corporate Shareholders intending to appoint their Authorized Representative(s) to attend the AGM, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, an original / scanned certified true copy of the Board Resolution with attested specimen signature of the duly authorized signatory(ies) who are authorized to attend and vote on their behalf at the AGM.

5. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

6. The attendance of the Members attending the AGM through VC /OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

7. Any request for inspection of the Register of Directors and Key Managerial Personnel and their Shareholding, maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which the Directors are interested, maintained under Section 189 of the Act, may please be sent to [cdpl.secretarial@godrejcdpl.com](mailto:cdpl.secretarial@godrejcdpl.com).

8. All the documents in connection with the accompanying Notice and Explanatory Statement are available for inspection through electronic mode on the basis of request being sent on [cdpl.secretarial@godrejcdpl.com](mailto:cdpl.secretarial@godrejcdpl.com).
9. Shareholders are requested to register / intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), bank details including change in bank account number, IFSC Code, MICR Code, name of bank and branch details, to their Depository Participant(s) (DPs) in case the shares are held by them in electronic form and to XL Softech Systems Limited, Registrar and Share Transfer Agent of the Company, in case the shares are held by them in physical form.
10. Shareholders are requested to note that the Notice of AGM and the Annual Report for the Financial Year 2021-2022 will be available on the Company's website [www.creamlinedairy.com](http://www.creamlinedairy.com).
11. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), all Equity Shares on which dividend has not been paid or claimed for 7 (Seven) consecutive years or more shall be transferred to the Investor Education and Protection Fund (IEPF) authority after complying with the procedure laid down under the said Rules.  
  
Pursuant to the provisions of Sections 124 and 125 of the Act, there is no amount of Dividend remaining unclaimed / unpaid for a period of 7 (Seven) years and/or unclaimed Equity Shares which are required to be transferred to the Investor Education and Protection Fund (IEPF).  
  
Shareholders who have not encashed the dividend warrants for the previous year(s), are requested to submit their claim with the Company / XL Softech Systems Limited, Registrar and Share Transfer Agent of the Company at 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad - 500 034 or at their e-mail id [xlfield@gmail.com](mailto:xlfield@gmail.com) with a copy to [cdpl.secretarial@godrejcdpl.com](mailto:cdpl.secretarial@godrejcdpl.com).
12. Shareholders can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act read with the Rules made thereunder. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Registrar and Transfer Agent. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
13. The details of the Directors seeking appointment and re-appointment under Item Nos. 2 and 3 of the Notice are annexed hereto in terms Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

14. Shareholders are requested to send in their queries at least a week in advance to the Company Secretary at [cdpl.secretarial@godrejcdpl.com](mailto:cdpl.secretarial@godrejcdpl.com) to facilitate clarifications during the AGM.
15. Members who would like to express their views or ask questions during the AGM, are requested to contact Ms. Neha Poojary at [cdpl.secretarial@godrejcdpl.com](mailto:cdpl.secretarial@godrejcdpl.com).
16. The link for joining the Meeting: [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_MjMxZTlhNmItZGZiOC00YzdmLWFIM2QtZjM3Y2JmMmFhZjA3%40thread.v2/0?context=%7b%22Tid%22%3a%22bfa3dfb0-91d5-4bf7-9a0c-fbf6ff337187%22%2c%22Oid%22%3a%227bd0c54d-b499-4615-b8a8-f20e68147366%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_MjMxZTlhNmItZGZiOC00YzdmLWFIM2QtZjM3Y2JmMmFhZjA3%40thread.v2/0?context=%7b%22Tid%22%3a%22bfa3dfb0-91d5-4bf7-9a0c-fbf6ff337187%22%2c%22Oid%22%3a%227bd0c54d-b499-4615-b8a8-f20e68147366%22%7d)
17. For the purpose of Para 1.2.4 of the Secretarial Standards on General Meeting (SS-2) read with the Clarification/Guidance on applicability thereof dated 15<sup>th</sup> April, 2020, issued by the Institute of Company Secretaries of India, the venue of the AGM shall be deemed to be the Registered Office of the Company at No. D-6-3-1238/B/21 Asif Avenue, Rajbhavan Road, Somajiguda, Hyderabad, Telangana - 500082.
18. The manner of Voting during the 35<sup>th</sup> AGM shall be show of hands unless poll is demanded.
19. All Members who join the AGM through VC/OAVM shall be eligible to vote on all the business Items, unless interested.
20. The Chairperson of the 35<sup>th</sup> AGM shall be appointed in accordance with Section 104 of the Act;

**(A) INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:**

- a) The facility of participation at the AGM through VC/OAVM will be made available for all the members of the Company.
- b) The Members can join the AGM in the VC / OAVM mode 15 (Fifteen) minutes before and after the scheduled time of commencement of the AGM
- c) Members are encouraged to join the Meeting through Laptops for better experience.
- d) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the AGM.
- e) Please note that members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

f) Members who need assistance before or during the AGM, can contact on [cdpl.secretarial@godrejcdpl.com](mailto:cdpl.secretarial@godrejcdpl.com).

#### **INSTRUCTIONS FOR VOTING BY POLL**

- Poll will take place by way of email.
- During the meeting, where a poll on any item is required, the members shall cast their vote on the resolutions only by sending emails through their email addresses which are registered with the Company.
- The said emails shall only be sent to [cdpl.secretarial@godrejcdpl.com](mailto:cdpl.secretarial@godrejcdpl.com). The Chairman shall regulate the process of poll through email.
- The Company shall maintain the confidentiality of the password and other privacy issues associated with the designated email address at all times
- Due safeguards with regard to authenticity of email address(es) and other details of the members shall also be taken by the Company;
- In case the counting of votes requires time, the said meeting shall be adjourned and called later to declare the result.

**By Order of the Board  
For Creamline Dairy Products Limited**

**Date: 5<sup>th</sup> May, 2022  
Place: Mumbai**

**Sd/-  
Neha Poojary  
Company Secretary**

**ANNEXURE TO THE NOTICE**

**BRIEF RESUME OF THE DIRECTOR(S) SEEKING APPOINTMENT / RE-APPOINTMENT  
AT THE 35<sup>th</sup> (THIRTY FIFTH) AGM OF THE COMPANY,  
IN PURSUANCE OF COMPANIES ACT, 2013**

|  |   |
|--|---|
| <b>Name of the Director</b>  | <b>Mr. Nadir B. Godrej</b>  |
| <b>Director Identification Number (DIN)</b>                                  | 00066195  |
| <b>Date of Birth</b>   | 26/08/1951  |
| <b>Age (in Years)</b>  | 70 Years  |
| <b>Nationality</b>   | Indian  |
| <b>Date of Appointment</b>   | 07/01/2016  |
| <b>Qualification</b>   | Master of Science degree in Chemical Engineering from Stanford University and MBA from Harvard Business School  |
| <b>Nature of expertise in specific functional areas</b>                      | <ul style="list-style-type: none"><li>• Strategy &amp; Business</li><li>• Industry &amp; Market Expertise</li><li>• Technology Perspective</li><li>• Governance, Finance &amp; Risk</li></ul>   |
| <b>Number of Board Meetings attended during the Financial Year 2020-2021</b> | 4 out of 4  |
| <b>No. of shares held by the Director</b>                                    | Nil   |
| <b>Directorships held in other Companies*</b>                                | <ol style="list-style-type: none"><li>1. Godrej Agrovet Limited</li><li>2. Astec LifeSciences Limited</li><li>3. Godrej Industries Limited</li><li>4. Godrej Consumer Products Limited</li><li>5. Godrej Properties Limited</li><li>6. Godrej Tyson Foods Limited</li></ol> |



|   |   |
|---|---|
|   | 7. Godrej & Boyce Manufacturing Company Limited   |
| <b>Chairmanships of Committees in other Companies**</b>   | <p><b><u>Godrej Agrovet Limited</u></b></p> <ol style="list-style-type: none"> <li>1. Stakeholders' Relationship Committee</li> <li>2. Risk Management Committee</li> </ol> <p><b><u>Godrej Industries Limited</u></b></p> <ol style="list-style-type: none"> <li>1. Corporate Social Responsibility Committee</li> <li>2. Risk Management Committee</li> </ol> <p><b><u>Godrej Consumer Products Limited</u></b></p> <ol style="list-style-type: none"> <li>1. Corporate Social Responsibility Committee</li> </ol>  |
| <b>Memberships of Committees in other Companies**</b>   | <p><b><u>Godrej Agrovet Limited</u></b></p> <ol style="list-style-type: none"> <li>1. Corporate Social Responsibility Committee</li> </ol> <p><b><u>Godrej Industries Limited</u></b></p> <ol style="list-style-type: none"> <li>2. Stakeholders' Relationship Committee</li> </ol> <p><b><u>Godrej Consumer Products Limited</u></b></p> <ol style="list-style-type: none"> <li>3. Risk Management Committee</li> </ol> <p><b><u>Godrej Tyson Foods Limited</u></b></p> <ol style="list-style-type: none"> <li>4. Nomination and Remuneration Committee</li> </ol> |
| <b>Relationships between directors inter-se</b>   | Nil   |
| <b>Terms and conditions of appointment / re- appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.</b> | Terms and conditions of appointment or re-appointment are as per the Nomination and Remuneration Policy of the Company; No remuneration is proposed to be paid in the capacity of Non-Executive Director  |

|   |   |
|---|---|
| <b>Name of the Director</b>   | <b>Mr. S. Varadaraj</b>   |
| <b>Director Identification Number (DIN)</b>   | 00323436  |
| <b>Date of Birth</b>  | 30/03/1969  |
| <b>Age (in Years)</b>   | 53 years  |
| <b>Nationality</b>  | Indian  |
| <b>Date of Appointment</b>  | 20/03/2009  |
| <b>Qualification</b>  | Chartered Accountant  |
| <b>Nature of expertise in specific functional areas</b>   | Finance & Management  |
| <b>Number of Board Meetings attended during the Financial Year 2021-22</b>  | 4 out of 4  |
| <b>No. of shares held by the Director</b>   | Nil   |
| <b>Directorships held in other Companies*</b>   | 1. Godvet Agrochem Limited<br>2. Godrej Tyson Foods Limited<br>3. Godrej Maxximilk Private Limited  |
| <b>Chairmanships and Memberships of Committees in other companies**</b>   | 1. <b>Godrej Tyson Foods Limited</b><br>Corporate Social Responsibility Committee   |
| <b>Relationships between directors inter-se</b>   | Nil   |
| <b>Terms and conditions of appointment / re- appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.</b> | Terms and conditions of appointment or reappointment are as per the Nomination and Remuneration Policy of the Company; No remuneration is proposed to be paid in the capacity of Non-Executive Director |

\*Includes names of Public Companies in which the person holds directorship.

\*\*The directorship, Committee memberships and Chairmanships do not include positions in foreign companies and private companies and position in companies under Section 8 of the Companies Act, 2013.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102(1) OF  
THE COMPANIES ACT, 2013:**

The following Explanatory Statement in terms of the provisions of Section 102(1) of the Companies Act, 2013 (**“the Act”**), sets out all material facts relating to the Business at Item Nos. 3 and 4 mentioned in the accompanying Notice for convening the **35<sup>th</sup> (Thirty Fifth) Annual General Meeting** of Creamline Dairy Products Limited on **Wednesday, July 27, 2022 at 2.00 p.m. (IST)**:

**Item No. 4:**

B S R & Co. LLP, Chartered Accountants, Mumbai (Firm Registration Number: 101248W/W-100022), were appointed as the “Statutory Auditors” of your Company by the Shareholders at the 30<sup>th</sup> (Thirtieth) Annual General Meeting held on 27<sup>th</sup> July, 2017, for a term of 5 (Five) consecutive years, i.e., to hold office upto the ensuing 35<sup>th</sup> (Thirty Fifth) Annual General Meeting of the Company, at such remuneration as may mutually be agreed upon between them and the Company.

B S R & Co. LLP is eligible for re-appointment for a second term of 5 (Five) years and have provided a written confirmation that they are willing and eligible for re-appointment and are not disqualified to be re-appointed in terms of the applicable provisions of the Companies Act, 2013 and the Rules framed thereunder.

Based on the recommendation made by the Audit Committee and the Board of Directors at their respective Meetings held on 5<sup>th</sup> May, 2022, the re-appointment of B S R & Co. LLP as the “Statutory Auditors” of the Company for a second term of 5 (five) years, to hold office from the conclusion of the 35<sup>th</sup> (Thirty Fifth) Annual General Meeting till the conclusion of the 40<sup>th</sup> (Fortieth) Annual General Meeting (i.e., from the Financial Year 2022-23 upto the Financial Year 2026-27) is placed for approval of the Shareholders at the ensuing 35<sup>th</sup> (Thirty Fifth) Annual General Meeting of the Company, at such remuneration as may be mutually agreed between the Board of Directors and Statutory Auditors for conducting the audit. The Board of Directors, in consultation with the Audit Committee, may alter and vary the terms and conditions of re-appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India (**“ICAI”**). B S R is registered in Mumbai, Gurugram, Bengaluru, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur, Kochi and Vijayawada. BSR audits various companies listed on stock exchanges in India. B S R & Co. LLP holds the ‘Peer Review’ Certificate as issued by ICAI.

None of the Directors / Key Managerial Personnel of the Company / or their relatives is in any way concerned or interested financially or otherwise, in the proposed Resolution set out in Item No. 4.

The Board recommends the Ordinary Resolution set forth in Item No. 4 for approval of the Shareholders.

**Item No. 5:**

The Board of Directors of the Company, based on the recommendation of the Audit Committee, at its Meeting held on 5<sup>th</sup> May, 2022, has appointed M/s. S R and Associates, Cost Accountants, Mumbai (Firm Regn. No. 0540), as the “Cost Auditors” of the Company for the Financial Year 2022-23, pursuant to Section 148 and other applicable provisions of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014.

Pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors for the Financial Year 2022-23 shall be Rs. 80,000/- (Rupees Eighty Thousand Only) and Goods and Service Tax (GST) as applicable and reimbursement of out-of-pocket expenses at actuals, payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors, shall require subsequent ratification by the Shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed Resolution set out in Item No. 5.

The Board recommends the Ordinary Resolution set forth in Item No. 5 for approval of the Shareholders.

**By Order of the Board  
For Creamline Dairy Products Limited**

**Date: 5<sup>th</sup> May, 2022  
Place: Mumbai**

**Sd/-  
Neha Poojary  
Company Secretary**

**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, 2022**

**TO THE MEMBERS**

Your Directors are pleased to present the 35<sup>th</sup> Board's Report of the Company along with Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2022.

**FINANCIAL SUMMARY / HIGHLIGHTS OF THE COMPANY**

The Audited Balance Sheet of your Company as on 31<sup>st</sup> March, 2022, the Statement of Profit and Loss and the Cash Flow Statement for the Financial Year ended as on that date and the Report of the Statutory Auditors thereon are being circulated along with this Report.

The salient features of the financial results are as follows:

|  | (In Lakh)         |                |
|--|-------------------|----------------|
| <b>Particulars</b>   | <b>2021-22</b>    | <b>2020-21</b> |
| Revenue from Operations                                    | 1,17,500.13       | 1,03,223.99    |
| Other Income   | 354.74            | 643.30         |
| Total Income   | 1,17,854.87       | 1,03,867.29    |
| Total Expenses   | 1,21,089.40       | 1,03,138.51    |
| <b>Profit / (Loss) Before Tax Before Exceptional Items</b> | <b>(3,234.53)</b> | <b>728.78</b>  |
| Exceptional Item   | 1,728.33          | 0.00           |
| <b>Profit / (Loss) Before Tax</b>                          | <b>(4,962.86)</b> | <b>728.78</b>  |
| Less: Current Tax  | 0.00              | 166.63         |
| Less: Deferred Tax   | (1,306.83)        | (19.24)        |
| Less: Adjustment for Tax of previous years                 | 9.58              | (12.65)        |
| <b>Profit / (Loss) After Tax</b>                           | <b>(3,665.61)</b> | <b>594.04</b>  |
| Other Comprehensive Income (Net of Tax)                    | (21.91)           | (64.28)        |
| <b>Total Comprehensive Income</b>                          | <b>(3,687.52)</b> | <b>529.76</b>  |
| Surplus Brought Forward                                    | 11,588.03         | 12,190.74      |
| Amount transferred to general Reserve                      | 0.00              | 0.00           |
| Dividend   | 905.98            | 1132.47        |
| Taxes on Dividend  | 0.00              | 0.00           |
| Surplus Carried to Balance Sheet                           | 6994.53           | 11588.03       |

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

Your Company is in the business of processing of milk and manufacturing and selling of milk and milk products. The Company is also engaged in generation of power through renewable energy sources.

This year, your Company managed to grow our topline despite Covid by 13.8 % from Rs.1,032.30 Crore during the Financial Year 2020-21 to Rs.1,175.10 Crore during the Financial Year 2021-22.

Dairy Industry was plagued by low margins because of higher milk procurement prices and the industry not taking consumer price hikes. Procurement prices have impacted our Profit Before Tax (PBT) by Rs.22.40 Crore vs. Annual Operating Plan (AOP).

Fuel and packing material inflation has also impacted your Company's Profit Before Tax, as a result it has ended up at a loss of Rs.32.30 Crore before exceptional items in Financial Year 2021-22.

During the year, your Company took the opportunity of building Jersey Ghee as a retail brand (54.7 % Volume growth over last year) and resolved the issue of excess butter.

In Premium Value Added Products (PVADP), your Company has grown further than non-Covid years by 49% over the Financial Year 2019-20, has utilized its full capacity, leading to further capacity expansion on all PVADP beverages range planned for the coming year.

There has been no change in the nature of business of your Company during the Financial Year 2021-22.

## **DIVIDEND**

Your Directors do not recommend any Final Dividend for the Financial Year 2021-22.

During the Financial Year 2021-22, your Company has paid Interim Dividend 3 (three) times, as per the following details: -

| <b>Sr. No.</b> | <b>Date of Declaration by the Board of Directors</b> | <b>Rate of Interim Dividend</b> | <b>Interim Dividend per Equity Share</b> |
|----------------|--|---------------------------------|--|
| 1.             | 3 <sup>rd</sup> May, 2021                            | 20%                             | Rs. 2/- (Rupees Two Only)                |
| 2.             | 2 <sup>nd</sup> August, 2021                         | 20%                             | Rs. 2/- (Rupees Two Only)                |
| 3.             | 29 <sup>th</sup> October, 2021                       | 20%                             | Rs. 2/- (Rupees Two Only)                |

## **IMPACT OF COVID-19 PANDEMIC ON THE BUSINESS:**

The outbreak of COVID-19 pandemic globally and in India is causing significant disruption and slowdown of the economic activity. Currently, the global economic environment is highly unpredictable as the duration and the impact of unprecedented COVID-19 pandemic is difficult to ascertain.

The lock-down, significant number of restrictions and unexpected variables may also make some impact on the operations and future growth plans of the Company. Also, the revenue of the Company will be impacted in few segments due to lower demand.

The Company remains confident of meeting the current challenges on the strength of its strong fundamentals.

## **TRANSFER TO RESERVES**

The Board of Directors does not propose any transfer to the General Reserve for the Financial Year 2021-22.

## **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] during the Financial Year 2021-22 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, 2022 was 51.91% [i.e., 58,79,008 (Fifty-Eight Lakh Seventy-Nine Thousand and Eight) Equity Shares of Face Value of Rs.10/- (Rupees Ten Only) 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**

During the Financial Year 2021-22 and as on 31<sup>st</sup> March, 2022, your Company had/has no Subsidiary Company.

## **ASSOCIATE COMPANY**

During the Financial Year 2021-22 and as on 31<sup>st</sup> March, 2022, your Company had/has no Associate Company.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL AND CHANGES THEREIN**

As on 31<sup>st</sup> March, 2022, the Board of Directors of your Company comprised of the following Directors:

1. Mr. Nadir B. Godrej (Chairman – Non-Executive) \*

2. Mr. K. Bhasker Reddy (Managing Director) \$
3. Mr. D. Chandra Shekher Reddy (Executive Director) \$
4. Mr. M. Gangadhar (Executive Director) \$
5. Mr. Bhupendra Suri (Whole-Time Director & Chief Executive Officer) @
6. Mr. Balram Singh Yadav (Non-Executive, Non-Independent Director)
7. Mr. S. Varadaraj (Non-Executive, Non-Independent Director) \*
8. Mr. Jude Julius John Fernandes (Independent Director) #
9. Mr. Kannan Sitaram (Independent Director) %
10. Mrs. C. Manga Raj (Non-Executive, Non-Independent Director) ^

\* Pursuant to the provisions of Section 152 of the Companies Act, 2013 and Article 105 of the Articles of Association of the Company, Mr. Nadir B. Godrej, Non-Executive Director and Chairman and Mr. S. Varadaraj, Non-Executive Director of the Company retire by rotation at the ensuing 35<sup>th</sup> (Thirty Fifth) Annual General Meeting and being eligible, offer themselves for re-appointment.

# Mr. Jude Fernandes had been re-appointed as an “Independent Director” of the Company for a second term for a period of 5 (five) years w.e.f. 11<sup>th</sup> April, 2021 upto 10<sup>th</sup> April, 2026.

% Mr. Kannan Sitaram had been appointed as an “Independent Director” of the Company for a period of 5 (five) years w.e.f. 23<sup>rd</sup> April, 2021 to 22<sup>nd</sup> April, 2026.

@ The appointment of Mr. Bhupendra Suri as the “Whole – Time Director” of the Company was approved by the Shareholders at the 34<sup>th</sup> (Thirty-Fourth) Annual General Meeting of the Company held on 2<sup>nd</sup> August, 2021.

^ Mrs. C. Manga Raj was appointed as an “Executive Director” with effect from 28<sup>th</sup> January, 2022, vide approval of the Board of Directors at its Meeting held on 28<sup>th</sup> January, 2022. The Shareholders of the Company have approved the said appointment vide resolution passed at the Extra-ordinary General Meeting of the Company held on 25<sup>th</sup> March, 2022.

\$ Mr. Bhasker Reddy (Managing Director), Mr. D. Chandra Shekher Reddy (Executive Director) and Mr. M. Gangadhar (Executive Director) have been re-appointed with effect from 28<sup>th</sup> January, 2022, vide approval of the Board of Directors at its Meeting held on the same day. The Shareholders of the Company have approved the said re-appointment vide resolutions passed at the Extra-ordinary General Meeting of the Company held on 25<sup>th</sup> March, 2022.

## MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, the Board of Directors met 4 (four) times during the Financial Year 2021-22, on 3<sup>rd</sup> May, 2021, 2<sup>nd</sup> August, 2021, 29<sup>th</sup> October, 2021 and 28<sup>th</sup> January, 2022.

The attendance details of Directors are mentioned below:

| Sr. No. | Name of the Director | No. of Board Meetings attended during the Financial Year 2021-22 |
|---------|----------------------|--|
| 1.      | Mr. Nadir B. Godrej  | 4 out of 4   |



|     |                                |            |
|-----|--------------------------------|------------|
| 2.  | Mr. K. Bhasker Reddy           | 4 out of 4 |
| 3.  | Mr. M. Gangadhar               | 4 out of 4 |
| 4.  | Mr. D. Chandra Shekher Reddy   | 4 out of 4 |
| 5.  | Mr. Balram Singh Yadav         | 4 out of 4 |
| 6.  | Mr. S. Varadaraj               | 4 out of 4 |
| 7.  | Mr. Jude Julius John Fernandes | 4 out of 4 |
| 8.  | Mr. Kannan Sitaram             | 4 out of 4 |
| 9.  | Mr. Bhupendra Suri             | 4 out of 4 |
| 10. | Mrs. C. Manga Raj              | 3 out of 4 |

## **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. Jude Julius John Fernandes and Mr. Kannan Sitaram Independent Directors of the Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the provisions of sub-sections (3)(c) and (5) of Section 134 of the Companies Act, 2013 ("the Act"), 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, 2022) and of the profit of the Company for that period (i.e., Financial Year 2021-22);
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 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, 2022 comprised of the following Members:

1. Mr. Jude Julius John Fernandes - Chairman, Independent Director

2. Mr. S. Varadaraj - Member, Non- Executive Director
3. Mr. Kannan Sitaram - Member, Independent Director.

The Committee met 4 (four) times Financial Year 2021-22, on 3<sup>rd</sup> May, 2021, 2<sup>nd</sup> August, 2021, 29<sup>th</sup> October, 2021 and 28<sup>th</sup> January, 2022.

The attendance details of Committee Members are mentioned below:

| <b>Sr. No.</b> | <b>Name of the Director</b>    | <b>No. of Meetings attended during the Financial Year 2021-2022.</b> |
|----------------|--------------------------------|--|
| 1              | Mr. Jude Julius John Fernandes | 4 out of 4   |
| 2              | Mr. S. Varadaraj               | 4 out of 4   |
| 3              | *Mr. Kannan Sitaram            | 4 out of 4   |

\*Mr. Kannan Sitaram has been inducted as a Member of Audit Committee w.e.f. 23<sup>rd</sup> April, 2021, upon cessation of directorship of Mr. Kavas N. Petigara w.e.f. 1<sup>st</sup> April, 2021.

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

The Corporate Social Responsibility (CSR) Committee as on 31<sup>st</sup> March, 2022 comprised of the following Members:

1. Mr. Jude Julius John Fernandes - Chairman, Independent Director
2. Mr. D. Chandra Shekher Reddy- Member, Executive Director
3. Mr. Varadaraj Subramanian - Member, Non-Executive Director.

The Committee has met 2 (two) times during the Financial Year 2021-22 on 3<sup>rd</sup> May, 2021 and 29<sup>th</sup> October, 2021 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:

| <b>Sr. No.</b> | <b>Name of the Director</b>    | <b>No. of Meetings attended during the Financial Year 2021-22</b> |
|----------------|--------------------------------|---|
| 1              | Mr. Jude Julius John Fernandes | 2 out of 2  |
| 2              | Mr. Varadaraj Subramanian      | 2 out of 2  |
| 3              | Mr. D. Chandra Shekher Reddy   | 2 out of 2  |

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

The Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2022 comprised of the following Members:

1. Mr. Jude Julius John Fernandes, Independent Director
2. Mr. Kannan Sitaram, Independent Director
3. Mr. Balram Singh Yadav, Non-Executive Director

The Committee has met 2 (two) times during the Financial Year 2021-22, on 3<sup>rd</sup> May,

2021 and 28<sup>th</sup> January, 2022. The attendance details of Committee Members are mentioned below:

| <b>Sr. No.</b> | <b>Name of the Director</b>    | <b>No. of Meetings attended during the Financial Year 2021-22</b> |
|----------------|--------------------------------|---|
| 1              | Mr. Jude Julius John Fernandes | 2 out of 2  |
| 2              | Mr. Balram Singh Yadav         | 2 out of 2  |
| 3              | *Mr. Kannan Sitaram            | 2 out of 2  |

\*Mr. Kannan Sitaram has been inducted as a Member of Nomination and Remuneration Committee w.e.f. 23<sup>rd</sup> April, 2021, upon cessation of directorship of Mr. Kavas N. Petigara w.e.f. 1<sup>st</sup> April, 2021.

#### **MANAGEMENT COMMITTEE:**

As on 31<sup>st</sup> March, 2022 the following are the Members of the Management Committee:

- |                                 |                                    |
|---------------------------------|------------------------------------|
| 1. Mr. Nadir B. Godrej          | (Chairman, Non-Executive Director) |
| 2. Mr. K. Bhasker Reddy         | (Member, Managing Director)        |
| 3. Mr. D. Chandra Shekher Reddy | (Member, Executive Director)       |
| 4. Mr. M. Gangadhar             | (Member, Executive Director)       |
| 5. Mr. Balram S. Yadav          | (Member, Non-Executive Director)   |
| 6. Mr. S. Varadaraj             | (Member, Non-Executive Director)   |

#### **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 read with (as may be amended from time to time).

## **4. Registration in Independent Directors' Databank and Online Proficiency Self-Assessment:**

Mr. Jude Julius John Fernandes and Mr. Kannan Sitaram, Independent Directors of the Company have successfully renewed their term of registration with the Indian Institute of Corporate Affairs (IICA) as per Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, they are exempt from the requirement of passing the Online Proficiency Self- Assessment Test in terms of the aforesaid provision.

## **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 and Schedule VII to the Companies Act, 2014 and also the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Further, your Company has amended the CSR Policy, at the Meetings of the CSR Committee and the Board of Directors held on 3<sup>rd</sup> May, 2021, in accordance with the modification(s)/ amendment(s) issued by the Ministry of Corporate Affairs (MCA) vide Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated 22<sup>nd</sup> January, 2021.

The revised CSR Policy continues to focus 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: <https://www.creamlinedairy.com/csr-policy>

During the Financial Year 2021-22, the Company had a CSR obligation of Rs. 23,43,666/- (i.e., 2% of the average net profits of last three Financial Years) for the purpose of implementing the CSR activities. Against the total mandatory amount, the Company has spent Rs.23,68,125/-, i.e., to say, your Company has spent Rs.24,459/- over and above the mandatory CSR obligation.

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 endeavors 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 some 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 the Statutory Auditors are periodically apprised of Internal Audit findings and the 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. 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:

<https://www.creamlinedairy.com/whistle-blower-policy>

## **POLICY ON SEXUAL HARASSMENT**

Your Company has in place, Policy on Prevention of Sexual Harassment of Women at Workplace, 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, 2022 are as follows:

1. Ms. Neeyati Shah – Presiding Officer
2. Mrs. Bindu Madhavi – Member
3. Mr. Shyamal Kumar Roy – Member
4. Ms. Neha Poojary – Member
5. Mr. Vaibhav Garg – Member
6. Mrs. Sharmila Kher – External Member

The following is a summary of sexual harassment complaints received and disposed off during the Financial Year 2021-22.

|  |   |
|--|---|
| No. of Complaints outstanding as on 1 <sup>st</sup> April, 2021  | 0 |
| No. of Complaints received during the F.Y. 2021-22               | 0 |
| No. of Complaints disposed off during the F.Y. 2021-22           | 0 |
| No. of Complaints outstanding as on 31 <sup>st</sup> March, 2022 | 0 |

## **AUDITORS AND AUDITORS' REPORTS**

### **Statutory Auditors:**

M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration Number: 101248W/W-100022) were appointed as the "Statutory Auditors" of your Company by the Shareholders at the 30<sup>th</sup> (Thirtieth) Annual General Meeting held on 27<sup>th</sup> July, 2017, for a term of 5 (five) consecutive years, which was subject to ratification by the Members at every Annual General Meeting.

The Shareholders of the Company, at their 30<sup>th</sup> (Thirtieth) Annual General Meeting held on 27<sup>th</sup> July, 2017, have ratified the appointment of Statutory Auditors to hold office from the conclusion of the 30<sup>th</sup> (Thirtieth) Annual General Meeting till the conclusion of the 35<sup>th</sup> (Thirty Fifth) Annual General Meeting, i.e., for the Financial Years from 2016-2017 to 2021-22, at such remuneration as may be mutually agreed upon between them and the Company.

Thus, the term of M/s. B S R & Co. LLP, Chartered Accountants as the Statutory Auditors

of the Company will come to an end at the ensuing 35<sup>th</sup> (Thirty Fifth) Annual General Meeting of the Company and being eligible for a second term of 5 (five) years, they offer themselves for re-appointment.

In terms of the provisions of Section 139(2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors of your Company have recommended re-appointment of M/s. B S R & Co. LLP, Chartered Accountants as the "Statutory Auditors" for a further term of 5 (five) years, to hold office from the conclusion of the 35<sup>th</sup> (Thirty Fifth) Annual General Meeting till the conclusion of the 40<sup>th</sup> (Fortieth) Annual General Meeting, subject to approval of the Shareholders at the ensuing 35<sup>th</sup> (Thirty Fifth) Annual General Meeting of the Company.

Your Company has obtained a written confirmation from M/s. B S R & Co. LLP, Chartered Accountants that they are willing and eligible for re-appointment and are not disqualified to be re-appointed in terms of the aforesaid provisions of the Companies Act, 2013 and the Rules framed thereunder.

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 Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 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 2022-23. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2022 is annexed herewith and marked as **Annexure III** to this Report. The Secretarial Audit Report contains the following observations with replies from the Management.

(1) The Company has made certain belated filings of e-forms with MCA. The said forms were filed with Additional Fee, subject to payment of penalty as prescribed under relevant provisions of the Act. - The delay was inadvertent and the requisite additional fees have been duly paid.

(2) The Board's Report ought to have provided full explanation on the observations made in the Secretarial Audit Report of the previous FY 2020-21- The necessary explanation has been duly provided in the Board's Report in the opinion of the Management.

(3) 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. - This is still in progress due to restrictions imposed during Covid-19 outbreak and the Company is now actively pursuing the same.

#### **Cost Auditors:**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, the cost



records are required to be maintained by your Company and the same are required to be audited. Your Company accordingly maintains the required cost accounts and records.

Your Board of Directors had, on recommendation of the Audit Committee, at its Meeting held on 5<sup>th</sup> May, 2022, re-appointed M/s. S. R. & Associates, Cost Accountants, Mumbai (Firm Registration Number: 0540) represented by Mr. K. S. V. Subba Rao (Membership No.: 20548), Partner as the “Cost Auditors” of the Company for the Financial Year 2022-23.

Further, your Board of Directors has, upon recommendation of the Audit Committee, at its Meeting held on 5<sup>th</sup> May, 2022, has re-appointed M/s. S. R. & Associates as the “Cost Auditors” of your Company for the Financial Year 2022-23, subject to ratification of their remuneration at the ensuing 35<sup>th</sup> (Thirty Fifth) AGM.

#### **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 an impact on the financial position of the Company since 1<sup>st</sup> April, 2022 till the date of this Report.

#### **FRAUD REPORTING BY STATUTORY AUDITORS:**

In terms of Section 143(3) read with 143(12) of the Companies Act, 2013, the Statutory Auditors, in Statutory Auditors’ Report, have not reported any offence of fraud committed in the Company by its officers or employees.

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

As required to be reported pursuant to the provisions of Section 186 and Section 134(3)(g) of the Companies Act, 2013, the particulars of loans, guarantees and investments by the Company under the aforesaid provisions during the Financial Year 2021-22, have been provided in the Notes to the Financial Statement.

#### **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 2021-22, were on arm's length basis and in the ordinary course of business. Requisite prior approval of the Audit Committee of the Board of Directors was obtained for Related Party Transactions. Attention of Shareholders is also drawn to the disclosure of transactions with related parties set out in Note No. 42 of the Financial Statements, forming part of the Annual Report.

Further, 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.

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

During the Financial Year 2021-22, 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:**

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.

#### **ANNUAL RETURN:**

A copy of the Annual Return in accordance with Section 92(3) of the Companies Act, 2013 is placed on the website of your Company at [www.creamlinedairy.com](http://www.creamlinedairy.com).

#### **HUMAN RESOURCES:**

Your Company continues to drive a strong performance-based culture and continues to enhance employee relations across all locations. Despite the second and third COVID outbreaks, your Company continued operations by ensuring business continuity and focused on the well-being of all employees and their families. During the pandemic, your Company provided all health and vaccination support to its employees. All employees are fully vaccinated now. Your Company have also extended support to families of deceased employees.

Your Company will continue to build capability of its employees through various developmental programs. With a steady focus on driving a performance culture, your company will drive business results through people. Your Company will manage the talent landscape by investing on workforce capabilities to develop future leaders and will continue to motivate all employees by recognizing their efforts and contributions to the business. Your Company values employee feedback and believes in an ongoing communication with all employees. Your company encourages all employees to become ambassadors of Jersey.

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 disclosure as per Section 197 of the Companies Act, 2013 read with Rule 5 (2) and Rule 5 (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 Shareholders upto the date of the ensuing 35<sup>th</sup> (Thirty-Fifth) Annual General Meeting. If any Shareholder is interested in inspecting the records thereof, such Shareholder may write to the Company Secretary at [cdpl\\_secretarial@godrejcdpl.com](mailto:cdpl_secretarial@godrejcdpl.com). However, as per the provisions of Section 136 of the Companies Act, 2013, the Annual Report is being sent to the Shareholders, excluding the disclosure as mentioned above.

## **INFORMATION SYSTEMS:**

Your Company has undertaken various IT & Digital initiatives taken to ensure information security and business continuity.

Such measures include the follow:

- Disaster Recovery drills are conducted at regular intervals for business-critical applications;
- Microsoft's email security framework implemented to ensure high level of information security in organization;
- Data Leakage and Prevention software is being evaluated for departments holding critical information. This step would help and ensure security during entire information lifecycle in the organization;
- All business-critical applications are available to users through highly secured Virtual Private Network and SDWAN;
- EDR (Endpoint detection and response) software implemented in all business machines for pro-active / predictive security;
- Business locations are connected to central site thru secure private gateway and 24 x 7 monitoring mechanism available for all business critical applications;
- NIST Cybersecurity framework is adopted to further strengthened information security in the organization;
- Information Security guidelines are implemented and security campaign launched to enhance security awareness in business users;
- Various digital initiatives are adopted to enhance customer experience.

## **SECRETARIAL STANDARDS:**

Your Company is in compliance with the Secretarial Standards on Meeting of the Board of Directors (SS-1) and Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") as amended from time to time.

## **DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:**

During the Financial Year 2021-22, there was no application made and proceeding initiated /pending under the Insolvency and Bankruptcy Code, 2016, by any Financial and/or Operational Creditors against your Company.

As on the date of this Report, there is no application or proceeding pending against your Company under the Insolvency and Bankruptcy Code, 2016.

**DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:**

During the Financial Year 2021-22, the Company has not made any settlement with its Bankers from which it has accepted any loan from the Banks or Financial Institutions.

**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.

**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.

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

Date: 5<sup>th</sup> May, 2022  
Place: Hyderabad

**Sd/-  
Director**

**Sd/-  
Director**

## NOMINATION AND REMUNERATION POLICY

### I. INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and Rules thereunder (as amended from time to time), this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NAR") and approved by the Board of Directors of the Company.

### II. PURPOSE OF THE POLICY

The purpose of this Policy is to establish and govern the procedure applicable:

- a) to formulate the criteria in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) to ensure appointment and level of composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully
- c) to ensure that the Remuneration payable to the Directors, Key Managerial Personnel and Senior Management meets appropriate performance benchmarks.
- d) to ensure that, the remuneration payable creates a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and the goals.
- e) to formulate a criteria for evaluation of performance of the Members of the Board.

### III SCOPE OF APPLICATION

The Policy applies to the Directors, Key Managerial Personnel (KMP) and Senior Management of Creamline Dairy Products Limited (the "Company").

### IV. DEFINITIONS

'Act' means the Companies Act, 2013

'Board' or 'Directors' means the Board of Directors of Creamline Dairy Products Limited (CDPL)

'Committee' means the Nomination and Remuneration committee of the Company, constituted and re-constituted by the Board from time to time

'Company' means Creamline Dairy Products Limited (CDPL)

'Independent Director' means a director appointed pursuant to Section 149(6) of the Act, as amended from time to time

'Key Managerial Personnel' (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act namely:

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director
- Chief Financial Officer
- Company Secretary
- such other officer as may be prescribed

'Nomination and Remuneration Committee' or 'NAR Committee', by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act

'Other employees' means all the employees other than the Directors, KMPs and the Senior Management Personnel

'Policy' or 'This Policy' means, 'Nomination and Remuneration policy'

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads as defined in the Companies Act, 2013

#### V. INTERPRETATION

Terms, words and expressions used in this policy and not defined herein in this policy shall have the same meaning assigned to them in the Companies Act, 2013 as may be amended from time to time

#### VI. CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) constituted the Nomination and Remuneration Committee (NAR Committee) on March 25th, 2015 as per the requirements under the Companies Act, 2013 and rules thereunder (as amended from time to time). The Committee shall comprise of atleast three Directors, all of whom shall be non-executive Directors and atleast half shall be Independent. The Board has the authority to reconstitute this Committee from time to time. The term of the Committee shall be continued unless terminated by the Board of Directors.

#### VII. FUNCTIONING OF THE COMMITTEE

The meeting of the Committee shall be held at such regular intervals as may be required. Minimum two (2) Members shall constitute a quorum for the Committee meeting. The Members of the Committee present at the meeting shall choose amongst them to act as a Chairman. Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## VIII. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be reviewed and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

## IX. ROLE OF THE COMMITTEE

The role of the Committee, inter alia, will be the following :

- To formulate a Nomination and Remuneration policy as per the provisions of section 178 (4) of the Companies Act, 2013 and Rules there under.
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board, relating to the remuneration for the directors, key managerial personnel and other employees.
- To develop a succession plan for the Board and to regularly review the plan
- To assist the Board in fulfilling responsibilities
- To perform such other functions as may be necessary or appropriate for the performance of its duties

## X. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- i. Appointment Criteria and Qualifications
  - a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
  - b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
  - c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- ii. Term / Tenure
  - a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
  - b) Independent Director:
    - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

iii. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

iv. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

v. Retirement

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

XI. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

i. Remuneration to Managing / Whole-time / Executive Director, KMP and Senior Management Personnel:

- The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.
- The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.

ii. Remuneration to Non-Executive / Independent Director

- Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the



Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

## XII. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

## XIII. REVIEW AND AMENDMENT

- i. The NAR Committee or the Board may review the Policy as and when it deems necessary.
- ii. The NAR Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NAR Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

Jude Juliusjohn Fernandes  
Chairman  
Nomination and Remuneration Committee

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**  
**OF CREAMLINE DAIRY PRODUCTS LIMITED**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

**1. Brief Outline on CSR Policy of the Company:**

Creamline Dairy Products Limited (“CDPL”) believes that Corporate Social Responsibility (CSR) should not just be about philanthropy and compliance but that it should also offer a more holistic corporate approach towards economic, social, and environmental impacts as a whole. CDPL’s CSR Policy is aimed at demonstrating care for the community through its focus on rural livelihoods, education, skill development, environment and other social causes.

**2. Composition of CSR Committee:**

| <b>Sr. No.</b> | <b>Name of Director</b>      | <b>Designation in the Committee</b> | <b>Number of Meetings of CSR Committee held during the year</b> | <b>Number of Meetings of CSR Committee attended during the year</b> |
|----------------|------------------------------|-------------------------------------|---|---|
| 1.             | Mr. Jude Fernandes           | Chairman                            | 2   | 2   |
| 2.             | Mr. D. Chandra Shekher Reddy | Member                              | 2   | 2   |
| 3.             | Mr. S. Varadaraj             | Member                              | 2   | 2   |

**3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are uploaded:**

[www.creamlinedairy.com/board-committees](http://www.creamlinedairy.com/board-committees)

[www.creamlinedairy.com/csr-policy](http://www.creamlinedairy.com/csr-policy)

**4. Details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:**  
**Not Applicable**

**5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.: NIL**

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in Rs.) | Amount required to be set-off for the financial year, if any (in Rs.) |
|---------|----------------|--|---|
| 1       | 2019-20        | -  | -   |
| 2       | 2020-21        | -  | -   |
| 3       | 2021-22        | -  | -   |

6. Average Net Profit of the Company as per Section 135(5): **Rs. 11,71,83,279/-**

7.

a) Two percent of Average Net Profit of the Company as per Section 135(5):  
**Rs.23,43,666/-**

b) Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years: **NIL**

c) Amount required to be set off for the financial year, if any: **NIL**

d) Total CSR obligation for the Financial Year (7a+7b-7c). **Rs.23,43,666/-**

8.

a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.)  |                  |  |        |                  |
|---|--|------------------|--|--------|------------------|
|   | Total Amount transferred to Unspent CSR Account as per section 135(6). |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). |        |                  |
|   | Amount   | Date of transfer | Name of the Fund   | Amount | Date of transfer |
| Rs. 23,68,125/-                                     | NA   | NA               | NA   | NA     | NA               |

b) Details of CSR amount spent against ongoing projects for the financial year:

| 1)           | (2)                 | (3)   | (4)                  | (5)  |          | (6)                      | (7)                                       | (8)   | (9)  | (10)                                     | (11)   |                         |
|--------------|---------------------|---|----------------------|--|----------|--------------------------|---|---|--|--|--|-------------------------|
| Sl. No.      | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No). | Location of the project  |          | Project duration         | Amount allocated for the project (in Rs.) | Amount spent in the current Financial Year (in Rs.) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |                         |
|              |                     |   |                      | State  | District |                          |   |   |  |  | Name   | CSR Registration number |
| 1.           | Veterinary camps    | (ii) Livelihood Enhancement Projects                        | Yes                  | Telangana: Hyderabad<br>Tamil Naidu: Chennai, Tirunelveli<br>Andhra Pradesh: Prakasham, WestGodavari, Visakhapatnam, Chitoor<br>Karnataka: Mandya<br>Maharashtra: Nagpur |          | April 2020 to March 2022 | 17,17,218                                 | 17,31,476   | NA   | Direct                                   | NA   | NA                      |
| <b>Total</b> |                     |   |                      |  |          |                          | <b>17,17,218</b>                          | <b>17,31,476</b>                                    |  |  |  |                         |

c) Details of CSR amount spent against other than ongoing projects for the financial year

| (1)     | (2)                   | (3)   | (4)                  | (5)  | (6)                                   | (7)                                      | (8)  |                         |
|---------|-----------------------|---|----------------------|--|---------------------------------------|--|--|-------------------------|
| Sl. No. | Name of the Project   | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project (State & District)   | Amount spent for the project (in Rs.) | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency |                         |
|         |                       |   |                      |  |                                       |  | Name   | CSR Registration number |
| 1.      | Community Initiatives | (i) Promoting Health Care, (ii) Promoting Education         | Yes                  | Telangana: Hyderabad, Medchal<br>Tamil Naidu: Chennai, Tirunveli<br>Andhra Pradesh: Prakasham, West Godavari, Visakhapatnam, Chitoor<br>Karnataka: Mandya<br>Maharashtra: Nagpur | 6,36,649                              | Direct                                   | NA   | NA                      |
|         | <b>Total</b>          |   |                      |  | <b>6,36,649</b>                       |  |  |                         |

- d) Amount spent in Administrative Overheads: **NIL**  
e) Amount spent on Impact Assessment, - **NA**  
f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Rs. 23,68,125/-**  
g) Excess amount for set off, if any:

| <b>Sl. No.</b> | <b>Particulars</b>  | <b>Amount (in Rs.)</b> |
|----------------|---|------------------------|
| (i)            | Two percent of average net profit of the company as per Section 135(5)                                      | 23,43,666              |
| (ii)           | Total amount spent for the Financial Year   | 23,68,125              |
| (iii)          | Excess amount spent for the Financial Year [(ii)-(i)]   | <b>24,459</b>          |
| (iv)           | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | <b>NIL</b>             |
| (v)            | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | <b>24,459</b>          |

9.

- a) Details of Unspent CSR amount for the preceding three financial years

| <b>Sl. No.</b> | <b>Preceding Financial Year</b> | <b>Amount transferred to Unspent CSR Account under Section 135 (6) (in Rs.)</b> | <b>Amount spent in the reporting Financial Year (in Rs.)</b> | <b>Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any</b> |                       |                         | <b>Amount remaining to be spent in succeeding Financial Years (in Rs.)</b> |
|----------------|---------------------------------|---|--|--|-----------------------|-------------------------|--|
|                |                                 |   |  | <b>Name of the Fund</b>  | <b>Amount (in Rs)</b> | <b>Date of transfer</b> |  |
| 1.             | 2018-19                         | 0   | NA   | NA   | 0                     | NA                      | 0  |
| 2.             | 2019-20                         | 9,85,000  | 9,60,000   | NA   | 0                     | NA                      | 25,000   |
| 3.             | 2020-21                         | 8,54,732  | 8,54,732   | NA   | 0                     | NA                      | 0  |
|                | <b>Total</b>                    | <b>18,39,732</b>  | <b>18,14,732</b>   | <b>NA</b>  | <b>0</b>              | <b>NA</b>               | <b>25,000</b>  |

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding Financial Year(s):

| (1)     | (2)          | (3)   | (4)   | (5)              | (6)   | (7)  | (8)   | (9)   |
|---------|--------------|---|---|------------------|---|--|---|---|
| Sl. No. | Project ID.  | Name of the Project.                                      | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in Rs.) | Amount spent on the project in the reporting Financial Year (in Rs.) | Cumulative amount spent at the end of reporting Financial Year (in Rs.) | Status of the project - Completed / Ongoing |
| 1       |              | FY 19-20<br>(Towards Animal Husbandry training Programme) | FY 19-20  |                  | 17,85,000                                       | 9,60,000   | 17,60,000   | Ongoing                                     |
| 2       |              | FY 20-21 Vet Camps  | FY 20-21  |                  | 23,44,405                                       | 8,54,732   | 23,44,405   | Completed                                   |
|         | <b>Total</b> |   |   |                  | <b>41,29,405</b>                                | <b>18,14,732</b>   | <b>41,04,405</b>  |   |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **NA**

- a) Date of creation or acquisition of the capital asset(s)
- b) Amount of CSR spent for creation or acquisition of capital asset
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).: **NA**

**For and on behalf of the Board of Directors of  
Creamline Dairy Products Limited**

**Sd/-  
Jude Fernandes  
Independent Director &  
Chairman of CSR Committee  
(DIN: 07482333)**

**Sd/-  
D. Chandra Shekher Reddy  
Executive Director &  
Member of CSR Committee  
(DIN: 00063691)**

**Place: Mumbai**

**Date: 5<sup>th</sup> May, 2022**



**FORM MR-3**

**SECRETARIAL AUDIT REPORT**  
**For the Financial Year ended March 31, 2022**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of  
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
**CREAMLINE DAIRY PRODUCTS LIMITED**  
H.No.6-3-1238/B/21 Asif Avenue, Rajbhavan Road,  
Hyderabad- 500082

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CREAMLINE DAIRY PRODUCTS LIMITED** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **CREAMLINE DAIRY PRODUCTS LIMITED** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2022, as made available to us, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under - **Not Applicable**;

*Contd...2*

- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings - **(Not applicable to the Company during the audit Period)**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – **(to the extent applicable in relation to Commercial Papers)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - **Not applicable to the Company during the audit period;**
  - (c) The Securities and Exchange Board of India (Issue of Capital and disclosure requirements), Regulations, 2018 - **Not applicable to the Company during the audit period;**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not applicable to the Company during the audit period;**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008 - **Not applicable to the Company during the audit period;**
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable to the Company during the audit period;**
  - (g) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not applicable to the Company during the audit period;**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable to the Company during the audit period;**
  - (i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Operational Circular for Issue and Listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021;

*Contd...3*

vi. Other specifically applicable laws to the Company:

- Food Safety and Standards Act, 2006 and Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 and Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
- Legal Metrology Act, 2009 and Legal Metrology (Packaged Commodities) Rules, 2011;
- Boilers Act, 1923 and Indian Boiler Regulations, 1950;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Air (Prevention and Control of Pollution) Act, 1981.

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

- i. Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) and Dividend (SS-3) issued by The Institute of Company Secretaries of India;
- ii. The Company, being an unlisted Public Limited Company, has not entered into any Listing Agreement and hence the same is not commented upon, (except to the extent of documents and agreements in connection with issue of Commercial Papers listed on NSE)

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- *The Company has made certain belated filings of e-forms with MCA.. The said forms were filed with Additional Fee, subject to payment of penalty as prescribed under relevant provisions of the Act.*
- *The Board's Report ought to have provided full explanation on the observations made in the Secretarial Audit Report of the previous FY 2020-21.*
- *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 immoveable property, held in the name of the said transferor Company, in its own name, which is still in progress as on date.*

Contd...4

We further report that examination / audit of financial laws such as direct and indirect tax laws has not been carried out by us as part of this Secretarial Audit.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the directors to schedule the Board Meetings. We have been informed that agenda and detailed notes on agenda were sent sufficiently in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions at the Board Meetings and Committee Meetings have been carried out with requisite majority as recorded in the Minutes of the meetings of the Board or Committees of the Board, as the case may be.

We further report that:

As per the information provided by the management, and based on the review of compliance reports by the respective department / functional heads, there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the Audit period, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs except that :

The Scheme of amalgamation contemplating the merger of Nagavalli Milkline Private Limited, the wholly owned subsidiary of the Company, with itself, effective 01.04.2019, subsequent upon receipt of various other requisite approvals, was approved by the Hon'ble National Company Law Tribunal, Hyderabad Bench during the FY 2019-20. Requisite post merger compliances have been completed / are underway.

*Contd...5*

During the year under review, the Company has issued Commercial papers on private placement basis, for an amount not exceeding Rs.150 Crores, in different tranches and got the same listed on NSE.

For P S Rao & Associates  
Company Secretaries

Vikas Sirohiya  
M. No.15116  
CP No.5246  
UDIN : A015116D000286596

Place: Hyderabad  
Date : 05.05.2022

*[This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.]*

## ***Annexure A***

To,

The Members,

**CREAMLINE DAIRY PRODUCTS LIMITED**

H.No.6-3-1238/B/21 Asif Avenue, Rajbhavan Road,  
Hyderabad - 500082

Secretarial Audit Report of even date is to be read along with this letter.

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. We have followed the audit practises and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on random basis to ensure that correct facts are reflected in psecretarial records. We believe that the processes and practises we followed provide a reasonable basis for our opinion.
3. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. We believe that audit evidence and information provided by the Company's management is adequate and appropriate for us to provide a basis for our opinion.
6. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
7. We have not verified the correctness and appropriateness of financial records and Books and Accounts of the Company.

**Disclaimer**

8. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

9. The plants / operations of the Company are located at different places across the country. In view of the said, we could not conduct plant verification physically and for the purpose of verification of documents lying at respective plants, we have relied on the management representations and assurances, wherever required, for forming our opinion and eventual reporting.

For P S Rao & Associates  
Company Secretaries

Vikas Sirohiya  
M. No.15116  
CP No.5246  
UDIN : A015116D000286596

Place: Hyderabad  
Date : 05.05.2022

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

|   |  |
|---|--|
| <b>(A) Conservation of Energy:</b>  |  |
| (i) the steps taken and impact on conservation of energy  | The Company continues to reap the benefits of energy conservation measures adopted at its various locations, as follows:-<br><ol style="list-style-type: none"> <li>1. Installation of Aquatron at Vizag 300kld</li> <li>2. Installation of Aquatron at Orakakdu 300 kld capacity</li> <li>3. Solar Power plant commissioned at Madanapalli</li> <li>4. Solar Power plant commissioned at Malavalli</li> <li>5. Solar Power plant commissioned at Keshavaram</li> <li>6. Steam engines commissioned at Uppal</li> <li>7. Condensate recovery at plant to raise feed water temperature of boiler</li> <li>8. Insulation of hot and cold lines to prevent temperature loss.</li> </ol> |
| (ii) the steps taken by the company for utilizing alternate sources of energy   | Installed solar PV setup at few factories  |
| (iii) the capital investment on energy conservation equipment   | Nil  |
| <b>(B) Technology Absorption:</b>   |  |
| (i) the efforts made towards technology absorption  | Your Company has made the following efforts towards technology absorption installed and commissioned an Indigenous technology for water treatment helps us treat the Effluent treatment plant output water and recover close to 100% of the water.   |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution                | <ol style="list-style-type: none"> <li>1. Reduction in water treatment / purchase cost</li> <li>2. Reduction in transportation cost</li> </ol>   |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) |  |
| (a) the details of technology imported  |  |
| (b) the year of import.   | Nil  |
| (c) whether the technology been fully absorbed.   |  |
| (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and                           |  |
| (iv) the expenditure incurred on Research and Development.  |  |
| <b>(C) Foreign exchange earnings and Outgo</b>  | Earnings: -<br>Outgoings: Rs. 282.04 Lakh<br>(F.Y. 2020-21: Rs.85.04 Lakh)   |



**Independent Auditor's 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 2022, and 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 significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2022, and its loss and other comprehensive loss, 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Key Audit Matter**

Key audit matters are those matter that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Description of Key Audit Matter**

| <b>Revenue Recognition</b>  |  |
|---|--|
| <b>The key audit matter</b>   | <b>How the matter was addressed in our audit</b>   |
| <p>Refer Note 1(g) of significant accounting policies and Note 26 in financial statements</p> <p>The Company recognizes revenue from sale of goods when control of the goods has been transferred and when there are no longer any unfulfilled obligations to the customer and the amount of revenue can be measured reliably and recovery of the consideration is probable. Depending on the contractual terms with the customers, this can be either at the time of dispatch or delivery of goods.</p> <p>We have identified the existence of revenue recognition from sale of products as a key audit matter. The Company focuses on revenue as key performance measure, which could create an incentive for revenue to be recognized before control has been transferred.</p> | <p>Our audit procedures included following:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Company’s accounting policies in respect of revenue recognition by comparing with applicable accounting standards;</li> <li>• Evaluating the design, testing the implementation and operating effectiveness of the key internal controls including general information and technology (IT) controls and key IT application controls over recognition of revenue;</li> <li>• Performing substantive testing by selecting samples of revenue transactions recorded during the year, by verifying the underlying documents, which included sales invoices, dispatch documents and proof of delivery/ trip sheets, depending on the terms of contracts with customer.</li> <li>• We carried out analytical procedures on revenue recognised during the year to identify unusual variances.</li> <li>• We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.</li> <li>• Performed overall reconciliation of cash and debtors to sales recognized during the year.</li> <li>• Examining journal entries (using statistical sampling) posted to revenue to identify unusual or irregular items.</li> <li>• Assessing the adequacy of disclosures given in Note 26 to the financial statements.</li> </ul> |

### **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 auditor's 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.

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' Responsibilities 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

- 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 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 in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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 the statement of cash flows dealt with by this Report are in agreement with the books of account



- 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 35 (b) to the financial statements
  - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
  - d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
    - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
  - (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
    - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
    - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
  - (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.



(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

*for B S R & Co. LLP*  
*Chartered Accountants*  
ICAI Firm's Registration No. 101248W/W-100022



**Rahul Choudhary**  
*Partner*  
Membership No. 408408  
UDIN: 22408408AILAPZ9917

Place: Hyderabad  
Date: 5 May 2022

## Creamline Dairy Products Limited

### Annexure A to the Independent Auditors' Report - 31 March 2022 (Continued)

(Referred to in our report of even date)

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

With reference to the Annexure referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2022, we report the following:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
 (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company as at the balance sheet date, except for the following which are not held in the name of the Company.

| Description of property            | Gross carrying value (Rs. in Lacs) | Held in the name of                | Whether promoter, director or their relative or employee | Period held- indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute  |
|------------------------------------|------------------------------------|------------------------------------|--|--|--|
| Free hold land at Uthangarai       | 6.57                               | K. Bhasker Reddy                   | Promoter director  | 30 June 2006                                   | As informed by the Management, the registration of the land is under progress.   |
| Free hold land at Uppal, Hyderabad | 193.67                             | Nagavalli Milkline Private Limited | No   | 1 April 2019                                   | 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 and is in the process of being transferred in the name of the Company |

## Creamline Dairy Products Limited

### Annexure A to the Independent Auditors' Report - 31 March 2022 (*Continued*)

(Referred to in our report of even date)

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory except stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of property, plant and equipment. In our opinion, the statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments in companies, firms, limited liability partnership or any other parties. The Company has granted loans to Company during the year, in respect of which the requisite information is as below. The Company has not provided any guarantee or security or advances in the nature of loans, secured or unsecured, to limited liability partnership or any other parties during the year.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans to any other entity as below:

| Particulars  | Amount in Lacs |
|--|----------------|
| Aggregate amount during the year – Fellow Subsidiary*              | 120            |
| Balance outstanding as at balance sheet date - Fellow Subsidiary * | -              |

\*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the Company has not made any investments, not provided any guarantees or security and advances in the nature of loans during the year and the terms and conditions of the grant of loans provided during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.



## Creamline Dairy Products Limited

### **Annexure A to the Independent Auditors' Report - 31 March 2022 (Continued)**

(Referred to in our report of even date)

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular except for the loan of Rs. 120 lacs given to Godrej Maxximilk Private Limited which is repayable on demand. As informed to us, the Company has not demanded repayment of the loan during the year. Thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the loans given by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have the liability in respect of Service Tax, Duty of Excise, Sales Tax and Value added tax during the year effective since 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, considering the principles of materiality outlined in Standards on Auditing, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident fund, Employees' State Insurance, Income-Tax, Cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities. The Company does not have liability in respect of Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable. The Company does not have liability in respect of Duty of Customs.

## Creamline Dairy Products Limited

**Annexure A to the Independent Auditors' Report - 31 March 2022 (Continued)**

(Referred to in our report of even date)

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute  | Nature of the dues | Amount (Rs. in Lacs) | Amount paid under protest (Rs.in Lacs) * | Period to which the amount relates | Forum where dispute is pending                  |
|----------------------|--------------------|----------------------|--|------------------------------------|---|
| Income Tax Act, 1961 | Tax                | 824.81               | 165.00                                   | AY 2017-18                         | Commissioner of Income Tax (Appeals), Hyderabad |
| Income Tax Act, 1961 | Tax                | 38.21                | 33.72                                    | AY 2005-06                         | High Court of Andhra Pradesh and Telangana      |
| Income Tax Act, 1961 | Tax                | 52.76                | 6.90                                     | AY 2016-17                         | Commissioner of Income Tax (Appeals), Telangana |
| Income Tax Act, 1961 | Tax                | 27.11                | 5.43                                     | AY 2018-19                         | Commissioner of Income Tax (Appeals), Telangana |
| Income Tax Act, 1961 | Tax                | 1,429.56             | -  | AY 2016-17                         | High Court of Telangana                         |
| Income Tax Act, 1961 | Tax                | 10.95                | 10.95                                    | AY 2014-15                         | Commissioner of Income Tax (Appeals), Telangana |
| Income Tax Act, 1961 | Tax                | 12.75                | 12.75                                    | AY 2008-09                         | Assessing Officer, Hyderabad                    |
| Income Tax Act, 1961 | Tax                | 22.13                | 22.13                                    | AY 1995-2001                       | Assessing Officer, Hyderabad                    |
| APVAT Act, 2005      | Tax                | 20.07                | 5.02                                     | FY 2004-05                         | High Court of Andhra Pradesh and Telangana      |



## Creamline Dairy Products Limited

**Annexure A to the Independent Auditors' Report - 31 March 2022 (Continued)**

(Referred to in our report of even date)

|   |     |       |       |            |  |
|---|-----|-------|-------|------------|--|
| APVAT Act, 2005   | Tax | 8.66  | 7.61  | FY 2005-06 | High Court of Andhra Pradesh and Telangana                           |
| APVAT Act, 2005   | Tax | 15.95 | 14.89 | FY 2014-16 | Deputy Commissioner (Appellate) – Vijayawada                         |
| SGST Act, 2017  | Tax | 10    | -     | FY 2021-22 | Madras High Court  |
| Telangana (Agriculture produce & Livestock) Markets Act, 1966   | Tax | 12.11 | -     | FY 2020-21 | Selection Grade Secretary, Agricultural Market Committee, Bowenpally |
| APVAT Act, 2005   | Tax | 0.65  | 0.65  | AY 2015-16 | Assistant Commissioner (Commercial Taxes) Eluru                      |
| APVAT Act, 2005   | Tax | 0.23  | 0.23  | AY 2016-17 | Assistant Commissioner (Commercial Taxes) Eluru                      |
| APVAT Act, 2005   | Tax | 0.05  | 0.05  | AY 2017-18 | Assistant Commissioner (Commercial Taxes) Eluru                      |
| APVAT Act, 2005   | Tax | 15.26 | 7.63  | AY 2016-18 | Deputy Commissioner (Appellate) – Vijayawada                         |
| Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001 | Tax | 2.97  | 2.97  | FY 2014-15 | Appellate Authority Vijaywada  |



## Creamline Dairy Products Limited

**Annexure A to the Independent Auditors' Report - 31 March 2022 (Continued)**

(Referred to in our report of even date)

|                 |     |       |      |                                  |   |
|-----------------|-----|-------|------|----------------------------------|---|
| APVAT Act, 2005 | Tax | 17.39 | 1.98 | FY 2016-17, 2017-18 (Up to June) | Deputy Commissioner (Appellate) – Vijaywada |
|-----------------|-----|-------|------|----------------------------------|---|

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

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act). Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer. In our opinion and according to the information and explanation given to us, the debt instruments (commercial Paper) raised by the Company have been applied for during the year for the purpose for which they are raised.
- (b) According to the information and explanations given to us and on the basis of 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, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

## Creamline Dairy Products Limited

### **Annexure A to the Independent Auditors' Report - 31 March 2022 (Continued)**

(Referred to in our report of even date)

- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have CIC.
- (xvii) The Company has incurred cash loss of INR 1,731.17 lacs in the current financial year and has not incurred any cash loss in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

## Creamline Dairy Products Limited

### **Annexure A to the Independent Auditors' Report - 31 March 2022 (Continued)**

(Referred to in our report of even date)

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) of the Order are not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the previous financial year in compliance with Section 135(6) of the said Act.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No: 101248W/W-100022



**Rahul Choudhary**  
*Partner*  
Membership No:408408  
UDIN: 22408408AILAPZ9917

Hyderabad  
5 May 2022



## Creamline Dairy Products Limited

**Annexure B to the Independent Auditors' report on the financial statements of Creamline Dairy Products Limited for the period ended 31 March 2022.**

**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 2022 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 2022, 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.

## Creamline Dairy Products Limited

### **Auditors' Responsibility (continued)**

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

ICAI Firm's Registration No. 101248W/W-100022



**Rahul Choudhary**

*Partner*

Membership No. 408408

UDIN: 22408408AILAPZ9917

Place: Hyderabad

Date: 5 May 2022



**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 2022    | 31 March 2021    |
| <b>ASSETS</b>   |       |                  |                  |
| <b>Non-current assets</b>   |       |                  |                  |
| Property, plant and equipment   | 2     | 24,732.14        | 25,325.62        |
| Capital work-in-progress  | 3     | 284.63           | 762.92           |
| Other intangible assets   | 4     | 58.20            | 61.00            |
| Right of use asset  | 37    | 232.57           | 210.92           |
| <b>Financial assets</b>   |       |                  |                  |
| Other financial asset   | 5     | 347.39           | 403.28           |
| Non-current tax assets (net)  |       | 621.09           | 581.18           |
| Deferred tax assets (Net)   | 6     | 869.34           | -                |
| Other non-current assets  | 7     | 541.28           | 424.60           |
| <b>Total non-current assets</b>   |       | <b>27,686.64</b> | <b>27,769.52</b> |
| <b>Current assets</b>   |       |                  |                  |
| Inventories   | 8     | 15,471.37        | 14,201.33        |
| <b>Financial assets</b>   |       |                  |                  |
| Trade receivables   | 9     | 1,214.91         | 853.44           |
| Cash and cash equivalents   | 10    | 887.56           | 1,146.41         |
| Bank balances other than cash and cash equivalents                              | 11    | 72.28            | 7.08             |
| Loans and advances  | 12    | -                | 644.39           |
| Other current financial assets  | 13    | 106.41           | 240.62           |
| Other current assets  | 14    | 882.51           | 590.09           |
| <b>Total current assets</b>   |       | <b>18,635.04</b> | <b>17,683.36</b> |
| <b>Total assets</b>   |       | <b>46,321.68</b> | <b>45,452.88</b> |
| <b>EQUITY AND LIABILITIES</b>   |       |                  |                  |
| <b>Equity</b>   |       |                  |                  |
| Equity share capital  | 15    | 1,132.47         | 1,132.47         |
| Other equity  | 16    | 13,971.48        | 18,564.97        |
| <b>Total equity</b>   |       | <b>15,103.95</b> | <b>19,697.44</b> |
| <b>Liabilities</b>  |       |                  |                  |
| <b>Non-current liabilities</b>  |       |                  |                  |
| <b>Financial liabilities</b>  |       |                  |                  |
| Borrowings  | 17    | 4,232.56         | 742.19           |
| Lease liability   | 37    | 145.65           | 128.54           |
| Provisions  | 18    | 267.81           | 369.45           |
| Deferred tax liabilities (Net)  | 19    | -                | 444.86           |
| Other non-current liabilities   | 20    | 143.07           | 152.41           |
| <b>Total non-current liabilities</b>  |       | <b>4,789.09</b>  | <b>1,837.45</b>  |
| <b>Current liabilities</b>  |       |                  |                  |
| <b>Financial liabilities</b>  |       |                  |                  |
| Borrowings  | 21    | 16,323.49        | 1,281.25         |
| Lease liability   | 37    | 112.33           | 108.89           |
| Trade payables  | 22    |                  |                  |
| a) Total outstanding dues of micro enterprise and small enterprises             |       | 452.21           | 422.35           |
| b) Total outstanding dues of other than micro enterprises and small enterprises |       | 5,685.75         | 18,857.25        |
| Other financial liabilities   | 23    | 2,614.54         | 2,471.08         |
| Other current liabilities   | 24    | 915.08           | 632.55           |
| Provisions  | 25    | 325.24           | 144.62           |
| <b>Total current liabilities</b>  |       | <b>26,428.64</b> | <b>23,917.99</b> |
| <b>Total liabilities</b>  |       | <b>31,217.73</b> | <b>25,755.44</b> |
| <b>Total Equity and liabilities</b>   |       | <b>46,321.68</b> | <b>45,452.88</b> |

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



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

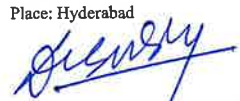
for and on behalf of the Board of Directors of  
**Creamline Dairy Products Limited**  
CIN: U15201TG1986PLC006912



**K Bhasker Reddy**  
Managing Director  
DIN: 00014291  
Place: Hyderabad



**M Gangadhar**  
Executive Director  
DIN:00014325  
Place: Hyderabad



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



**Bhupendra Suri**  
Whole-time director and  
Chief Executive Officer  
DIN: 09035926  
Place: Hyderabad



**Pulamanthole Pisharath Manoj**  
Chief Financial Officer  
Place: Hyderabad



**Neha Poojary**  
Company Secretary  
Place: Mumbai

Date: 5 May 2022

**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<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|-------|--------------------------------------|--------------------------------------|
| Revenue from operations   | 26    | 1,17,500.13                          | 1,03,223.99                          |
| Other income  | 27    | 354.74                               | 587.92                               |
| <b>Total income (I)</b>   |       | <b>1,17,854.87</b>                   | <b>1,03,811.91</b>                   |
| <b>Expenses</b>   |       |                                      |                                      |
| Cost of materials consumed  | 28    | 94,330.95                            | 78,467.91                            |
| Purchase of stock-in-trade  |       | 1,747.07                             | 1,013.50                             |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress     | 29    | (1,128.75)                           | 853.10                               |
| Employee benefits expense   | 30    | 7,760.63                             | 7,015.72                             |
| Finance costs   | 31    | 747.90                               | 230.27                               |
| Depreciation and amortisation expenses  | 32    | 3,065.65                             | 2,922.58                             |
| Other expenses  | 33    | 14,565.95                            | 12,580.05                            |
| <b>Total expenses (II)</b>  |       | <b>1,21,089.40</b>                   | <b>1,03,083.13</b>                   |
| <b>Profit/(loss) before tax before exceptional items and tax (III) = (I)-(II)</b> |       | <b>(3,234.53)</b>                    | <b>728.78</b>                        |
| <b>Exceptional item (IV) (Refer Note 46)</b>                                      |       | <b>1,728.33</b>                      | <b>-</b>                             |
| <b>Profit/(loss) after exceptional item and before tax (V) = (III)-(IV)</b>       |       | <b>(4,962.86)</b>                    | <b>728.78</b>                        |
| <b>Tax expense: (VI)</b>  | 41    |                                      |                                      |
| Current tax:  |       |                                      |                                      |
| - For current year  |       | -                                    | 166.63                               |
| - Adjustment for tax of previous years (net)                                      |       | 9.58                                 | (12.65)                              |
| Deferred tax  |       | (1,306.83)                           | (19.24)                              |
|   |       | <b>(1,297.25)</b>                    | <b>134.74</b>                        |
| <b>Net Profit/(loss) for the year (VII)=(V)-(VI)</b>                              |       | <b>(3,665.61)</b>                    | <b>594.04</b>                        |
| <b>Other comprehensive income (OCI)</b>   |       |                                      |                                      |
| <b>Items that will not be reclassified to profit or loss</b>                      |       |                                      |                                      |
| Remeasurement of post-employment benefit obligations                              | 38    | (29.28)                              | (85.90)                              |
| Income tax relating to items that will not be reclassified to profit or loss      | 41    | 7.37                                 | 21.62                                |
| <b>Total other comprehensive income/(expense) for the year (VIII)</b>             |       | <b>(21.91)</b>                       | <b>(64.28)</b>                       |
| <b>Total comprehensive income/(expense) for the year (IX)=(VII)+(VIII)</b>        |       | <b>(3,687.52)</b>                    | <b>529.76</b>                        |
| <b>Earnings per share</b>   |       |                                      |                                      |
| Basic earnings per share of Rs. 10 each   | 34    | (32.37)                              | 5.25                                 |
| Diluted earnings per share of Rs. 10 each   | 34    | (32.37)                              | 5.25                                 |

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



**Rahul Choudhary**

Partner

Membership No.: 408408

Place: Hyderabad

for and on behalf of the Board of Directors of

**Creamline Dairy Products Limited**

CIN: U15201TG1986PLC006912



**K Bhasker Reddy**

Managing Director

DIN: 00014291

Place: Hyderabad



**M Gangadhar**

Executive Director

DIN:00014325

Place: Hyderabad



**D.Chandra Shekher Reddy**

Executive Director

DIN: 00063691

Place: Hyderabad



**Bhupendra Suri**

Whole-time director and

Chief Executive Officer

DIN: 09035926

Place: Hyderabad



**Pulamanthole Pisharath Manoj**

Chief Financial Officer

Place: Hyderabad



**Neha Poojary**

Company Secretary

Place: Mumbai

Date: 5 May 2022

**Creamline Dairy Products Limited**  
**Statement of cash flows for the year ended 31 March 2022**  
(All amounts are in Indian Rupees in lakhs except for share data or otherwise stated)

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities :</b>   |                                      |                                      |
| Profit before tax  | (4,962.86)                           | 728.78                               |
| <b>Adjustment for:</b>   |                                      |                                      |
| Depreciation and amortisation expense  | 3,065.65                             | 2,922.58                             |
| Loss on sale of property, plant and equipment, net   | 89.64                                | 107.98                               |
| Profit on sale of investments (net)  | -                                    | (10.47)                              |
| Amortisation of government grants  | (9.34)                               | (9.34)                               |
| Interest income  | (52.33)                              | (73.53)                              |
| Finance costs  | 747.90                               | 230.27                               |
| Allowances for doubtful debts and advances   | 64.16                                | 33.69                                |
| Liabilities no longer required written back  | (18.95)                              | (172.16)                             |
| Bad debts written off/(Recovered), net   | -                                    | 1.40                                 |
| <b>Operating profit/(loss) before working capital changes</b>  | <b>(1,076.14)</b>                    | <b>3,759.20</b>                      |
| <b>Working capital adjustments</b>   |                                      |                                      |
| Inventories  | (1,270.04)                           | (641.58)                             |
| Trade receivables  | (361.47)                             | 49.65                                |
| Other non-current assets and current assets  | (274.30)                             | 8.88                                 |
| Other financial assets   | 123.60                               | (79.79)                              |
| Trade payables   | (13,141.64)                          | 3,473.08                             |
| Employee benefit obligations   | 49.70                                | (61.08)                              |
| Other financial liabilities  | 328.05                               | 573.01                               |
| Other Current and non-current liabilities  | 282.53                               | (37.60)                              |
| <b>Cash generated/(utilised) from operations</b>   | <b>(15,339.71)</b>                   | <b>7,043.77</b>                      |
| Taxes paid (net of refunds received)   | (49.49)                              | (237.39)                             |
| <b>Net cash generated/(used) from operating activities</b>   | <b>(15,389.20)</b>                   | <b>6,806.38</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) | (2,418.40)                           | (2,080.65)                           |
| Proceeds from sale of property, plant and equipment  | 65.19                                | 48.15                                |
| Purchase and sale of short-term investments, net   | -                                    | 10.47                                |
| Interest received  | 83.02                                | 72.10                                |
| <b>Net cash used in Investing activities</b>   | <b>(2,270.19)</b>                    | <b>(1,949.93)</b>                    |
| <b>Cash flow from financing activities :</b>   |                                      |                                      |
| Net proceeds from short-term borrowings  | 15,000.00                            | (4,000.00)                           |
| Proceeds from long-term borrowings   | 2,028.15                             | 2,000.00                             |
| Repayment of long-term borrowings  | (995.54)                             | (1,031.25)                           |
| Inter-corporate deposits given   | (120.00)                             | (2,577.00)                           |
| Proceeds from recovery of inter-corporate deposits given   | 735.00                               | 1,939.17                             |
| Proceeds from inter-corporate deposits taken   | 2,500.00                             | 3,000.00                             |
| Repayment of inter-corporate deposits taken  | -                                    | (3,000.00)                           |
| Finance costs  | (703.51)                             | (212.01)                             |
| Payment of lease liabilities   | (137.59)                             | (146.77)                             |
| Dividend paid  | (905.97)                             | (1,132.47)                           |
| <b>Net cash generated/(used) from financing activities</b>   | <b>17,400.54</b>                     | <b>(5,160.33)</b>                    |
| <b>Net decrease in cash and cash equivalents</b>   | <b>(258.85)</b>                      | <b>(303.88)</b>                      |
| Cash and cash equivalents at the beginning of the year (refer note 10)   | 1,146.41                             | 1,450.29                             |
| <b>Cash and cash equivalents at the end of the year (refer note 10)</b>  | <b>887.56</b>                        | <b>1,146.41</b>                      |

Refer note 45 for reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

The above Statement of Cash flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows".

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



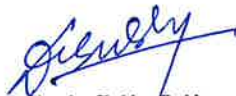
**Rahul Choudhary**  
Partner  
Membership No.: 408408  
Place: Hyderabad



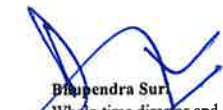
**K Bhasker Reddy**  
Managing Director  
DIN: 00014291  
Place: Hyderabad



**M Gangadhar**  
Executive Director  
DIN:00014325  
Place: Hyderabad



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



**Bipendra Sur**  
Whole-time director and  
Chief Executive Officer  
DIN: 09035926  
Place: Hyderabad



**Pulamanthole Pisharath Manoj**  
Chief Financial Officer  
Place: Hyderabad



**Neha Popjary**  
Company Secretary  
Place: Mumbai

Date: 5 May 2022

**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**

| Particulars           | Balance at the beginning of the reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the reporting period | Changes in equity share capital during the year | Balance at the end of the reporting period |
|-----------------------|--|--|---|---|--|
| As at 31 March 2022 * | 1,132.47   | -  | 1,132.47  | -   | 1,132.47                                   |
| As at 31 March 2021 * | 1,132.47   | -  | 1,132.47  | -   | 1,132.47                                   |

\* Refer Note 15

**(b) Other equity**

| As at 31 March 2022  | Reserves and Surplus |                    |                 |                   | Other equity attributable to the owners of the Company |
|--|----------------------|--------------------|-----------------|-------------------|--|
|  | Capital reserves     | Securities premium | General reserve | Retained earnings |  |
| Balance at 31 March 2021   | (186.98)             | 5,720.20           | 1,443.72        | 11,588.03         | 18,564.97  |
| Total comprehensive income for the year                          | -                    | -                  | -               | (3,665.61)        | (3,665.61)   |
| Profit for the year  | -                    | -                  | -               | (21.91)           | (21.91)  |
| Remeasurement of post-employment benefit obligations, net of tax | -                    | -                  | -               | (905.97)          | (905.97)   |
| Dividend   | -                    | -                  | -               | -                 | -  |
| Balance at 31 March 2022   | (186.98)             | 5,720.20           | 1,443.72        | 6,994.54          | 13,971.48  |

| As at 31 March 2021  | Reserves and Surplus |                    |                 |                   | Other equity attributable to the owners of the Company |
|--|----------------------|--------------------|-----------------|-------------------|--|
|  | Capital reserves     | Securities premium | General reserve | Retained earnings |  |
| Balance at 1 April 2020  | (186.98)             | 5,720.20           | 1,443.72        | 12,190.74         | 19,167.68  |
| Total comprehensive income for the year                          | -                    | -                  | -               | 594.04            | 594.04   |
| Profit for the year  | -                    | -                  | -               | (64.28)           | (64.28)  |
| Remeasurement of post-employment benefit obligations, net of tax | -                    | -                  | -               | (1,132.47)        | (1,132.47)   |
| Dividend   | -                    | -                  | -               | -                 | -  |
| Balance at 31 March 2021   | (186.98)             | 5,720.20           | 1,443.72        | 11,588.03         | 18,564.97  |

**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.

**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**

Dividends paid during the year includes an amount of Rs. 2.00 per equity share towards final dividend for the year ended 31 March 2021 and an amount of Rs. 2.00 per equity share towards interim dividends for the first three quarters of the financial year 2021 - 2022.

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

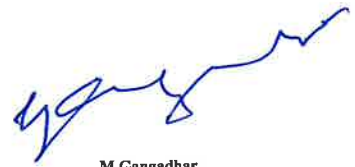


**Rahul Choudhary**  
 Partner  
 Membership No.: 408408  
 Place: Hyderabad

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



**K Bhasker Reddy**  
 Managing Director  
 DIN: 00014291  
 Place: Hyderabad



**M Gangadhar**  
 Executive Director  
 DIN:00014325  
 Place: Hyderabad



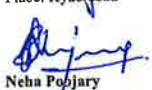
**D. Chandra Shekher Reddy**  
 Executive Director  
 DIN: 00063691  
 Place: Hyderabad



**Bhupendra Suri**  
 Whole-time director and  
 Chief Executive Officer  
 DIN: 09035926  
 Place: Hyderabad



**Pulamanthole Pisharath Manoj**  
 Chief Financial Officer  
 Place: Hyderabad



**Neha Poojary**  
 Company Secretary  
 Place: Mumbai

Date: 5 May 2022



**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**

| Particulars                          | Free hold Land  | Buildings        | Plant and Machinery | Electrical Installations | Furniture and Fixtures | Vehicles      | Office equipment | Crates, Cans & Milk-Testers | Wind and Solar Equipment | Computers     | Total            |
|--------------------------------------|-----------------|------------------|---------------------|--------------------------|------------------------|---------------|------------------|-----------------------------|--------------------------|---------------|------------------|
| <b>Gross Block</b>                   |                 |                  |                     |                          |                        |               |                  |                             |                          |               |                  |
| As at 1 April 2021                   | 3,111.03        | 9,804.03         | 22,484.09           | 1,550.85                 | 265.66                 | 535.48        | 273.69           | 397.84                      | 2,867.03                 | 651.53        | 41,941.23        |
| Additions                            | -               | 363.24           | 1,658.29            | 169.46                   | 30.52                  | 107.14        | 18.00            | 16.56                       | -                        | 113.64        | 2,476.85         |
| Disposals                            | -               | -                | (746.30)            | (20.37)                  | (6.89)                 | (66.77)       | (19.00)          | (145.88)                    | -                        | (202.26)      | (1,207.47)       |
| <b>As at 31 March 2022</b>           | <b>3,111.03</b> | <b>10,167.27</b> | <b>23,396.08</b>    | <b>1,699.94</b>          | <b>289.29</b>          | <b>575.85</b> | <b>272.69</b>    | <b>268.52</b>               | <b>2,867.03</b>          | <b>562.91</b> | <b>43,210.61</b> |
| <b>Accumulated Depreciation</b>      |                 |                  |                     |                          |                        |               |                  |                             |                          |               |                  |
| As at 1 April 2021                   | -               | 2,044.28         | 11,375.39           | 639.91                   | 143.52                 | 308.54        | 192.89           | 362.79                      | 1,092.03                 | 456.26        | 16,615.61        |
| For the year                         | -               | 330.83           | 2,136.60            | 123.40                   | 16.75                  | 61.18         | 29.73            | 10.31                       | 115.06                   | 91.64         | 2,915.50         |
| Disposals                            | -               | -                | (661.00)            | (16.88)                  | (6.51)                 | (17.73)       | (17.89)          | (140.04)                    | -                        | (192.59)      | (1,052.64)       |
| <b>As at 31 March 2022</b>           | <b>-</b>        | <b>2,375.11</b>  | <b>12,850.99</b>    | <b>746.43</b>            | <b>153.76</b>          | <b>351.99</b> | <b>204.73</b>    | <b>233.06</b>               | <b>1,207.09</b>          | <b>355.31</b> | <b>18,478.47</b> |
| <b>Net Block as at 31 March 2022</b> | <b>3,111.03</b> | <b>7,792.16</b>  | <b>10,545.09</b>    | <b>953.51</b>            | <b>135.53</b>          | <b>223.86</b> | <b>67.96</b>     | <b>35.46</b>                | <b>1,659.94</b>          | <b>207.60</b> | <b>24,732.14</b> |
| <b>Gross Block</b>                   |                 |                  |                     |                          |                        |               |                  |                             |                          |               |                  |
| As at 1 April 2020                   | 3,111.03        | 9,536.63         | 21,491.60           | 1,442.77                 | 261.05                 | 554.02        | 264.09           | 460.06                      | 2,701.16                 | 582.31        | 40,404.72        |
| Additions                            | -               | 267.40           | 1,352.74            | 109.00                   | 4.95                   | 71.66         | 11.08            | 13.19                       | 165.87                   | 82.12         | 2,078.01         |
| Disposals                            | -               | -                | (360.25)            | (0.92)                   | (0.34)                 | (90.20)       | (1.48)           | (75.41)                     | -                        | (12.90)       | (541.50)         |
| <b>As at 31 March 2021</b>           | <b>3,111.03</b> | <b>9,804.03</b>  | <b>22,484.09</b>    | <b>1,550.85</b>          | <b>265.66</b>          | <b>535.48</b> | <b>273.69</b>    | <b>397.84</b>               | <b>2,867.03</b>          | <b>651.53</b> | <b>41,941.23</b> |
| <b>Accumulated Depreciation</b>      |                 |                  |                     |                          |                        |               |                  |                             |                          |               |                  |
| As at 1 April 2020                   | -               | 1,739.94         | 9,631.65            | 525.52                   | 127.62                 | 281.36        | 164.25           | 416.84                      | 975.53                   | 402.58        | 14,265.29        |
| For the year                         | -               | 304.34           | 2,006.19            | 114.89                   | 16.11                  | 66.32         | 29.13            | 18.35                       | 116.50                   | 63.85         | 2,735.68         |
| Disposals                            | -               | -                | (262.45)            | (0.50)                   | (0.21)                 | (39.14)       | (0.49)           | (72.40)                     | -                        | (10.17)       | (385.36)         |
| <b>As at 31 March 2021</b>           | <b>-</b>        | <b>2,044.28</b>  | <b>11,375.39</b>    | <b>639.91</b>            | <b>143.52</b>          | <b>308.54</b> | <b>192.89</b>    | <b>362.79</b>               | <b>1,092.03</b>          | <b>456.26</b> | <b>16,615.61</b> |
| <b>Net Block as at 31 March 2021</b> | <b>3,111.03</b> | <b>7,759.75</b>  | <b>11,108.70</b>    | <b>910.94</b>            | <b>122.14</b>          | <b>226.94</b> | <b>80.80</b>     | <b>35.05</b>                | <b>1,775.00</b>          | <b>195.27</b> | <b>25,325.62</b> |

| Relevant line item in the Balance Sheet | Description of item of property | Gross value | Title deed held in the name of     | Whether title deed holder is a promoter, director or relative of promoter, director or employee of promoter, director | Property held since which date | Reasons for not being held in the name of company |
|---|---------------------------------|-------------|------------------------------------|---|--------------------------------|---|
| Property Plant and Equipment            | Freehold Land                   | 6.57        | K. Bhasker Reddy                   | Promoter director   | 30-06-2006                     | Refer Note (iv) below                             |
| Property Plant and Equipment            | Freehold Land                   | 193.67      | Nagavalli Milkline Private Limited | No  | 01-04-2019                     | Refer Note (v) below                              |

**Notes:**

- Lien created on Plant and Machinery purchased by utilizing respective term loans. Refer note 17
- For Property, Plant and Equipment existing from 1 April 2016 i.e. its date of transition to Ind AS, the Company has used previous GAAP carrying values as deemed cost. Subsequent measurement at cost
- Refer to note 35(a)(i) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.
- Free hold land located at Uthangarai, Tamilnadu to the extent of Rs. 6.57 lakhs is in the process of being transferred in the name of the Company
- 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**

**Capital work-in-progress**

| Particulars                 | Amount        |
|-----------------------------|---------------|
| <b>As at 31 March 2022</b>  |               |
| <b>Cost</b>                 |               |
| As at 1 April 2021          | 762.92        |
| Additions during the year   | 2,024.90      |
| Capitalised during the year | (2,503.19)    |
| <b>At 31 March 2022</b>     | <b>284.63</b> |
| <b>At 31 March 2021</b>     |               |
| <b>Cost</b>                 |               |
| As at 1 April 2020          | 607.25        |
| Additions during the year   | 2,233.68      |
| Capitalised during the year | (2,078.01)    |
| <b>At 31 March 2021</b>     | <b>762.92</b> |

Ageing for Capital work-in-progress as at 31 March 2022 is as follows :

| Particulars                    | Amount in CWIP for a period of |             |             |           | Total         |
|--------------------------------|--------------------------------|-------------|-------------|-----------|---------------|
|                                | Less than 1 year               | 1 - 2 years | 2 - 3 years | > 3 years |               |
| Project in progress            | 242.33                         | 35.79       | -           | 6.51      | <b>284.63</b> |
| Projects temporarily suspended | -                              | -           | -           | -         | -             |

Ageing for Capital work-in-progress as at 31 March 2021 is as follows :

|                                |        |       |      |      |               |
|--------------------------------|--------|-------|------|------|---------------|
| Project in progress            | 726.35 | 22.81 | 6.51 | 7.25 | <b>762.92</b> |
| Projects temporarily suspended | -      | -     | -    | -    | -             |

**Note 4**

**Intangible assets**

| Particulars                       | Computer Software | Total         |
|-----------------------------------|-------------------|---------------|
| <b>Gross Block</b>                |                   |               |
| As at 1 April 2021                | 622.08            | 622.08        |
| Additions                         | 26.34             | 26.34         |
| Disposals                         | (0.35)            | (0.35)        |
| <b>At 31 March 2022</b>           | <b>648.07</b>     | <b>648.07</b> |
| <b>Accumulated amortisation</b>   |                   |               |
| As at 1 April 2021                | 561.08            | 561.08        |
| For the year                      | 29.11             | 29.11         |
| Disposals                         | (0.32)            | (0.32)        |
| <b>At 31 March 2022</b>           | <b>589.87</b>     | <b>589.87</b> |
| <b>Net Block at 31 March 2022</b> | <b>58.20</b>      | <b>58.20</b>  |

| Particulars                       | Computer Software | Total         |
|-----------------------------------|-------------------|---------------|
| <b>Gross Block</b>                |                   |               |
| As at 1 April 2020                | 618.65            | 618.65        |
| Additions                         | 3.43              | 3.43          |
| Disposals                         | -                 | -             |
| <b>At 31 March 2021</b>           | <b>622.08</b>     | <b>622.08</b> |
| <b>Accumulated amortisation</b>   |                   |               |
| As at 1 April 2020                | 507.01            | 507.01        |
| For the year                      | 54.07             | 54.07         |
| Disposals                         | -                 | -             |
| <b>At 31 March 2021</b>           | <b>561.08</b>     | <b>561.08</b> |
| <b>Net Block at 31 March 2021</b> | <b>61.00</b>      | <b>61.00</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<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| <b>Note 5</b>  |                        |                        |
| <b>Other non-current financial assets</b><br>(Unsecured) |                        |                        |
| <b>Considered good:</b>                                  |                        |                        |
| Security deposits  | 347.39                 | 343.28                 |
| Fixed deposits with maturity of more than 12 months*     | -                      | 60.00                  |
|  | <u>347.39</u>          | <u>403.28</u>          |
| <b>Considered doubtful:</b>                              |                        |                        |
| Security deposits  | 1.79                   | 1.95                   |
| Less: Allowance for doubtful assets                      | (1.79)                 | (1.95)                 |
|  | <u>-</u>               | <u>-</u>               |
|  | <u>347.39</u>          | <u>403.28</u>          |

\*Fixed deposits with scheduled banks held as margin money towards overdraft limit

|   | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---|------------------------|------------------------|
| <b>Note 6</b>                             |                        |                        |
| <b>Deferred tax assets</b>                |                        |                        |
| Deferred tax assets (net) (refer note 41) | 869.34                 | -                      |
|   | <u>869.34</u>          | <u>-</u>               |

|  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| <b>Note 7</b>                                  |                        |                        |
| <b>Other non-current assets</b><br>(Unsecured) |                        |                        |
| <b>Considered good:</b>                        |                        |                        |
| Capital advances                               | 255.15                 | 34.54                  |
| Prepaid expenses                               | 45.93                  | 150.44                 |
| Balances with Government authorities           | 240.20                 | 239.62                 |
|  | <u>541.28</u>          | <u>424.60</u>          |
| <b>Considered doubtful:</b>                    |                        |                        |
| Capital advances                               | 10.04                  | 18.37                  |
| Less: Allowance for doubtful advances          | (10.04)                | (18.37)                |
|  | <u>-</u>               | <u>-</u>               |
|  | <u>541.28</u>          | <u>424.60</u>          |

|  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| <b>Note 8</b>  |                        |                        |
| <b>Inventories</b><br>(Valued at lower of cost and net realisable value) |                        |                        |
| Raw materials*   | 6,578.77               | 6,676.91               |
| Packing materials  | 999.48                 | 945.43                 |
| Finished goods**   | 6,134.73               | 5,185.25               |
| Work-in-progress   | 714.90                 | 600.76                 |
| Stock-in-trade (Animal feed)   | 158.39                 | 93.26                  |
| Consumables, stores and spares   | 885.10                 | 699.72                 |
|  | <u>15,471.37</u>       | <u>14,201.33</u>       |

\*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. 81.31 Lakhs (31 March 2021: Rs. 150.32 Lakhs). The write-downs/ provisions/ losses and (reversals) are included in cost of materials consumed and other expenses

|                                       | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---------------------------------------|------------------------|------------------------|
| <b>Note 9</b>                         |                        |                        |
| <b>Trade receivables</b><br>Unsecured |                        |                        |
| Considered good                       | 1,214.91               | 853.44                 |
| Credit impaired                       | 191.56                 | 261.93                 |
|                                       | <u>1,406.47</u>        | <u>1,115.37</u>        |
| Less: Loss allowance                  | (191.56)               | (261.93)               |
|                                       | <u>1,214.91</u>        | <u>853.44</u>          |

(i) Trade receivables are generally on terms of 0 to 45 days

(ii) 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.

(iii) The Company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 39.2.

(iv) Trade receivables includes receivables from related parties Rs. 15.77 lakhs (31 March 2021 Rs. 14.03 lakhs). Refer note 42.

| Particulars  | Outstanding for following periods from due date of payment |                   |              |               |                   | Total           |
|--|--|-------------------|--------------|---------------|-------------------|-----------------|
|  | < 6 months   | 6 months - 1 year | 1-2 years    | 2-3 years     | More than 3 years |                 |
| <b>As at 31 March 2022</b>   |  |                   |              |               |                   |                 |
| (i) Undisputed Trade receivables – considered good                                 | 1,169.31   | 14.75             | 13.24        | 3.33          | 14.28             | 1,214.91        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -  | -                 | -            | -             | -                 | -               |
| (iii) Undisputed Trade Receivables – credit impaired                               | 97.93  | 10.03             | 7.85         | 13.81         | 34.35             | 163.97          |
| (iv) Disputed Trade receivables – considered good                                  | -  | -                 | -            | -             | -                 | -               |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -  | -                 | -            | -             | 27.59             | 27.59           |
| (vi) Disputed Trade receivables – credit impaired                                  | -  | -                 | -            | -             | -                 | -               |
|  | <u>1,267.24</u>  | <u>24.78</u>      | <u>21.09</u> | <u>17.14</u>  | <u>76.22</u>      | <u>1,406.47</u> |
| <b>As at 31 March 2021</b>   |  |                   |              |               |                   |                 |
| (i) Undisputed Trade receivables – considered good                                 | 807.72   | 18.42             | 5.96         | 10.49         | 10.85             | 853.44          |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | -  | -                 | -            | -             | -                 | -               |
| (iii) Undisputed Trade Receivables – credit impaired                               | 53.68  | 22.79             | 58.96        | 79.26         | 19.65             | 234.34          |
| (iv) Disputed Trade receivables – considered good                                  | -  | -                 | -            | -             | -                 | -               |
| (v) Disputed Trade Receivables – which have significant increase in credit risk    | -  | -                 | -            | 12.45         | 15.14             | 27.59           |
| (vi) Disputed Trade receivables – credit impaired                                  | -  | -                 | -            | -             | -                 | -               |
|  | <u>861.40</u>  | <u>41.21</u>      | <u>64.92</u> | <u>102.20</u> | <u>45.64</u>      | <u>1,115.37</u> |



**Note 10****Cash and cash equivalents**

|                            |               |                 |
|----------------------------|---------------|-----------------|
| Cash on hand               | 130.39        | 188.79          |
| Cheques on hand            | 63.24         | 62.74           |
| <b>Balances with banks</b> |               |                 |
| - In current accounts *    | 693.93        | 894.88          |
|                            | <b>887.56</b> | <b>1,146.41</b> |

\* Company is in the process of transferring the bank account held in the name of Nagavalli Milkline Private Limited amounting to Rs.1.39 Lakhs (PY: Rs.1.39 Lakhs) in its own name.

**Note 11****Bank balances other than cash and cash equivalents**

|   |              |             |
|---|--------------|-------------|
| In deposit accounts (due to mature within 12 months from the reporting date)* | 66.28        | 2.68        |
| Unpaid dividend accounts  | 6.00         | 4.40        |
|   | <b>72.28</b> | <b>7.08</b> |

\*Fixed deposits with scheduled banks held as margin money towards bank guarantees/ sales tax registration/ overdraft limit

**Note 12****Loans and advances**

(unsecured, considered good)

Loans and advances to related parties:

|                           |   |               |
|---------------------------|---|---------------|
| Inter corporate deposits* | - | 644.39        |
|                           | - | <b>644.39</b> |

\* Inter corporate deposits are receivable on demand and carries interest rate ranging from 7.25% to 9.25% (refer note 42)

**Note 13****Other current financial assets**

(Unsecured)

**Considered good:**

|                       |               |               |
|-----------------------|---------------|---------------|
| Security deposits     | 80.51         | 89.43         |
| Advances to employees | 15.00         | 17.89         |
| Interest receivable   | 10.90         | 12.20         |
| Other receivables     | -             | 121.10        |
|                       | <b>106.41</b> | <b>240.62</b> |

**Considered doubtful:**

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Security deposits                   | 1.94          | 3.84          |
| Other receivables                   | -             | 0.75          |
| Less: Allowance for doubtful assets | (1.94)        | (4.59)        |
|                                     | -             | -             |
|                                     | <b>106.41</b> | <b>240.62</b> |

**Note 14****Other current assets**

(Unsecured)

**Considered good:**

|                            |               |               |
|----------------------------|---------------|---------------|
| Advances to suppliers      | 259.20        | 76.03         |
| Advances to milk suppliers | 171.52        | 168.20        |
| Prepaid expenses           | 347.96        | 258.49        |
| GST receivables            | 93.00         | 79.76         |
| Others                     | 10.83         | 7.61          |
|                            | <b>882.51</b> | <b>590.09</b> |

**Considered doubtful:**

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Advances to suppliers                 | 13.85         | 16.77         |
| Advances to milk suppliers            | 7.94          | 10.79         |
| Less: Allowance for doubtful advances | (21.79)       | (27.56)       |
|                                       | -             | -             |
|                                       | <b>882.51</b> | <b>590.09</b> |

**Note 15****Equity share capital****Authorised:**

|   |                 |                 |
|---|-----------------|-----------------|
| 17,150,000 (31 March 2021: 17,150,000) equity shares of Rs. 10/- each | 1,715.00        | 1,715.00        |
|   | <b>1,715.00</b> | <b>1,715.00</b> |

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

|   |                 |                 |
|---|-----------------|-----------------|
| 11,324,700 (31 March 2021: 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<br>31 March 2022 |                 | As at<br>31 March 2021 |                 |
|--|------------------------|-----------------|------------------------|-----------------|
|  | 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<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------|------------------------|------------------------|
| Equity shares:         |                        |                        |
| Godrej Agrovet Limited | 58,79,008              | 58,79,008              |

(The ultimate parent company is Godrej Industries Limited)





**Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

|                          | As at<br>31 March 2022 |               | As at<br>31 March 2021 |               |
|--------------------------|------------------------|---------------|------------------------|---------------|
|                          | 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%         |
| C. Mangaraj              | 10,89,100              | 9.62%         | 10,89,100              | 9.62%         |
| M. Gangadhar             | 5,68,508               | 5.02%         | 5,68,508               | 5.02%         |
|                          |                        | <b>81.60%</b> |                        | <b>81.60%</b> |

**Disclosure of shareholding of promoters as at 31 March 2022 is as follows:**

| Promoter Name            | No. of shares | % of total shares | % change during the year |
|--------------------------|---------------|-------------------|--------------------------|
| Godrej Agrovet Limited   | 58,79,008     | 51.91%            | -                        |
| K. Bhasker Reddy         | 8,68,500      | 7.67%             | -                        |
| D. Chandra Shekhar Reddy | 8,35,292      | 7.38%             | -                        |
| Mangaraj Chinthala       | 10,89,100     | 9.62%             | -                        |
| M. Gangadhar             | 5,68,508      | 5.02%             | -                        |
| Shrinath Shetkhar        | 20,000        | 0.18%             | -                        |

**Disclosure of shareholding of promoters as at 31 March 2021 is as follows:**

| Promoter Name            | No. of shares | % of total shares | % change during the year |
|--------------------------|---------------|-------------------|--------------------------|
| Godrej Agrovet Limited   | 58,79,008     | 51.91%            | -                        |
| K. Bhasker Reddy         | 8,68,500      | 7.67%             | -                        |
| D. Chandra Shekhar Reddy | 8,35,292      | 7.38%             | -                        |
| Mangaraj Chinthala       | 10,89,100     | 9.62%             | -                        |
| M. Gangadhar             | 5,68,508      | 5.02%             | -                        |
| Shrinath Shetkhar        | 20,000        | 0.18%             | -                        |

**Note 16**

**Other equity**

**Retained earnings**

|  | As at<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Opening balance                            | 11,588.03              | 12,190.74              |
| Add: Net profit/(loss) for the year        | (3,665.61)             | 594.04                 |
| Less: Total Comprehensive Income/(expense) | (21.91)                | (64.28)                |
| Less: Final Dividend                       | (226.49)               | (226.49)               |
| Less: Interim Dividend                     | (679.48)               | (905.98)               |
| <b>Closing balance</b>                     | <b>6,994.54</b>        | <b>11,588.03</b>       |

**General reserve:**

|  |                 |                 |
|--|-----------------|-----------------|
| Opening balance  | 1,443.72        | 1,443.72        |
| Less: Transferred from retained earnings during the year | -               | -               |
| <b>Closing balance</b>                                   | <b>1,443.72</b> | <b>1,443.72</b> |

**Securities premium**

|                        |                 |                 |
|------------------------|-----------------|-----------------|
| Opening balance        | 5,720.20        | 5,720.20        |
| <b>Closing balance</b> | <b>5,720.20</b> | <b>5,720.20</b> |

**Capital reserve**

|                        |                 |                 |
|------------------------|-----------------|-----------------|
| Opening balance        | (186.98)        | (186.98)        |
| <b>Closing balance</b> | <b>(186.98)</b> | <b>(186.98)</b> |

|  |                  |                  |
|--|------------------|------------------|
|  | <b>13,971.48</b> | <b>18,564.97</b> |
|--|------------------|------------------|

**Note 17**

**Long-term borrowings**

|  | Non-current            |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2022 | As at<br>31 March 2021 |
| <b>From banks, secured</b>                       |                        |                        |
| <b>Term loans</b>                                |                        |                        |
| HSBC Bank  | 210.94                 | 492.19                 |
| Federal Bank                                     | 107.14                 | 250.00                 |
| HDFC Bank  | 1,414.48               | -                      |
|  | <b>1,732.56</b>        | <b>742.19</b>          |
| <b>Others, unsecured</b>                         |                        |                        |
| Inter Corporate Deposit - Godrej Agrovet Limited | 2,500.00               | -                      |
|  | <b>4,232.56</b>        | <b>742.19</b>          |

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

**HSBC Bank**

The Loan is repayable in 16 structured quarterly instalments commencing from 31 December 2019 and carries interest at Treasury bill rate + 100 bps spread p.a. Current interest rate of the loan is 5.24% per annum.

Negative Lien created on the plant and machinery purchased by availing the term loan

**Federal Bank**

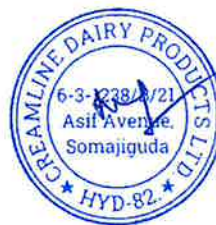
The Loan is repayable in 12 Equal quarterly instalments commencing from 30 September 2020. Interest rate of the loan is 6.15% per annum

Negative Lien created on the plant and machinery purchased by availing the term loan

**HDFC Bank**

**Term loan - 1**

Repayable in 12 Equal quarterly instalments commencing from 30 June 2022. Interest rate of the loan is 4.90% per annum



**Term loan - 2**

Repayable in single instalment in September 2023. Interest rate is 4.90% per annum

Negative Lien created on the plant and machinery purchased by availing the term loan 1 and 2

Parent Company Godrej Agrovet Limited has provided Letter of Comfort against the Term Loan 1 and 2 availed from HDFC Bank

**Inter Corporate Deposit**

Inter Corporate Deposit from Godrej Agrovet Limited is repayable in single instalment in September 2023. Interest rate of loan is 7.25% per annum

**Note 18****Non-current provisions****Provision for employee benefits:**

|  |               |               |
|--|---------------|---------------|
| - Provision for compensated absences     | 104.74        | 167.47        |
| - Provision for gratuity (refer note 38) | 163.07        | 201.98        |
|  | <u>267.81</u> | <u>369.45</u> |

**Note 19****Deferred tax liabilities**

|  |          |               |
|--|----------|---------------|
| Deferred tax liabilities (net) (refer note 41) | -        | 444.86        |
|  | <u>-</u> | <u>444.86</u> |

**Note 20****Other non-current liabilities**

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Deferred grant (Refer Note below) | 143.07        | 152.41        |
|                                   | <u>143.07</u> | <u>152.41</u> |

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.

**Note 21****Current borrowings****Unsecured**

|                                      |                  |                 |
|--------------------------------------|------------------|-----------------|
| HDFC Bank- Short term loan           | 7,500.00         | -               |
| Commercial Paper                     | 7,500.00         | -               |
| Current maturities of long-term debt | 1,323.49         | 1,281.25        |
| <b>Total</b>                         | <u>16,323.49</u> | <u>1,281.25</u> |

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

Unsecured working capital demand loan from HDFC is at interest rate of 4.05% per annum

**Commercial Papers**

Commercial Paper carries interest rate of 4.69% to 4.75% (Previous Year - Nil) and are repayable on different dates with in three months

**Note 22****Trade payables****Trade Payables**

|   |                 |                  |
|---|-----------------|------------------|
| dues to micro and small enterprises (refer note 44) | 452.21          | 422.35           |
| dues to other than micro and small enterprises      | 5,685.75        | 5,264.39         |
| Acceptances   | -               | 13,592.86        |
|   | <u>6,137.96</u> | <u>19,279.60</u> |

Trade payables includes payables to related parties Rs. 342.64 lakhs ( 31 March 2021 Rs. 374.1 lakhs ). Refer note 42.

Note No. 22.1: Micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) have been identified by the Company on the basis of the information available with the Company and the auditors have relied on the same. Accordingly, there are disputed amount overdue as on March 31, 2022 and March 31, 2021 to Micro, Small and Medium Enterprises on account of principal or interest.

| Particulars                 | Outstanding for following periods from due date of payment |               |              |              | Total            |
|-----------------------------|--|---------------|--------------|--------------|------------------|
|                             | Less than 1 year   | 1-2 year      | 2-3 year     | > 3 years    |                  |
| <b>As at 31 March 2022</b>  |  |               |              |              |                  |
| (i) MSME                    | 429.00   | -             | -            | -            | 429.00           |
| (ii) Others                 | 5,470.95   | 68.80         | 35.56        | -            | 5,575.31         |
| (iii) Disputed dues - MSME  | 15.37  | 5.14          | 0.94         | 1.76         | 23.21            |
| (iv) Disputed dues - Others | -  | 33.77         | 14.52        | 62.15        | 110.44           |
| <b>Total</b>                | <b>5,915.32</b>  | <b>107.71</b> | <b>51.02</b> | <b>63.91</b> | <b>6,137.96</b>  |
| <b>As at 31 March 2021</b>  |  |               |              |              |                  |
| (i) MSME                    | 383.97   | -             | -            | -            | 383.97           |
| (ii) Others                 | 18,666.45  | 45.78         | -            | -            | 18,712.23        |
| (iii) Disputed dues - MSME  | 30.24  | 1.27          | 1.01         | 5.86         | 38.38            |
| (iv) Disputed dues - Others | -  | -             | 69.84        | 75.18        | 145.02           |
| <b>Total</b>                | <b>19,080.66</b>   | <b>47.05</b>  | <b>70.85</b> | <b>81.04</b> | <b>19,279.60</b> |

**Note 23****Other financial liabilities - Current**

|  |                 |                 |
|--|-----------------|-----------------|
| Security deposits                          | 1,810.42        | 1,572.46        |
| Capital creditors                          | 302.09          | 475.05          |
| Employee related payables                  | 468.67          | 419.14          |
| Interest accrued but not due on borrowings | 27.36           | 0.03            |
| Unclaimed dividend                         | 6.00            | 4.40            |
|  | <u>2,614.54</u> | <u>2,471.08</u> |

**Note 24****Other current liabilities**

|                         |               |               |
|-------------------------|---------------|---------------|
| Advances from customers | 519.57        | 457.10        |
| Statutory liabilities   | 386.17        | 166.11        |
| Deferred income         | 9.34          | 9.34          |
|                         | <u>915.08</u> | <u>632.55</u> |

**Note 25****Provisions****Current****Provision for employee benefits:**

|  |               |               |
|--|---------------|---------------|
| - Provision for compensated absences     | 156.34        | 82.01         |
| - Provision for gratuity (refer note 38) | 168.90        | 62.61         |
|  | <u>325.24</u> | <u>144.62</u> |



**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<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Note 26</b>  |                                      |                                      |
| <b>Revenue from operations</b>  |                                      |                                      |
| Sale of products  | 1,15,350.25                          | 1,01,893.72                          |
| <b>Other operating revenue:</b>   |                                      |                                      |
| Sale of power   | 150.14                               | 160.03                               |
| Processing charges  | 63.26                                | 48.53                                |
| Scrap sales   | 154.66                               | 63.82                                |
| Sale of animal feed   | 1,781.82                             | 1,057.89                             |
|   | <b>1,17,500.13</b>                   | <b>1,03,223.99</b>                   |
| <b>Geographical disaggregation</b>  |                                      |                                      |
| Sale in India   | 1,17,500.13                          | 1,03,223.99                          |
| Sale outside India  | -                                    | -                                    |
|   | <b>1,17,500.13</b>                   | <b>1,03,223.99</b>                   |
| <b>Reconciliation of revenue recognised with the contracted price is as follows:</b>      |                                      |                                      |
| Contract price  | 1,21,711.73                          | 1,07,360.87                          |
| <b>Adjustments for:</b>   |                                      |                                      |
| Discounts and incentives  | (4,211.60)                           | (4,136.88)                           |
|   | <b>1,17,500.13</b>                   | <b>1,03,223.99</b>                   |
| <b>Note 27</b>  |                                      |                                      |
| <b>Other income</b>   |                                      |                                      |
| Interest income   | 52.33                                | 73.53                                |
| Amortisation of government grants (refer note 20)   | 9.34                                 | 9.34                                 |
| Net gain on sale of investments   | -                                    | 10.47                                |
| Liabilities/Provisions no longer required written back                                    | 18.95                                | 172.16                               |
| Miscellaneous income  | 274.12                               | 322.42                               |
|   | <b>354.74</b>                        | <b>587.92</b>                        |
| <b>Note 28</b>  |                                      |                                      |
| <b>Cost of materials consumed</b>   |                                      |                                      |
| <b>Raw materials:</b>   |                                      |                                      |
| Material at the commencement of the year  | 6,676.91                             | 5,519.13                             |
| Add : Purchases*  | 88,548.35                            | 75,665.32                            |
| Less: Raw material at the end of the year   | 6,578.77                             | 6,676.91                             |
|   | <b>88,646.49</b>                     | <b>74,507.54</b>                     |
| <b>Packing materials:</b>   |                                      |                                      |
| Material at the commencement of the year  | 945.43                               | 743.13                               |
| Add : Purchases   | 5,738.51                             | 4,162.67                             |
| Less: Packing material at the end of the year   | 999.48                               | 945.43                               |
|   | <b>5,684.46</b>                      | <b>3,960.37</b>                      |
|   | <b>94,330.95</b>                     | <b>78,467.91</b>                     |
| * Represents the balancing figure and includes certain production/ procurement overheads. |                                      |                                      |
| <b>Note 29</b>  |                                      |                                      |
| <b>Changes in inventories of finished goods, Stock-in-Trade and work-in-progress</b>      |                                      |                                      |
| <b>At the commencement of the year</b>  |                                      |                                      |
| Stock-in-trade  | 93.26                                | 68.95                                |
| Work-in-progress  | 600.76                               | 623.55                               |
| Finished goods  | 5,185.25                             | 6,039.87                             |
|   | <b>5,879.27</b>                      | <b>6,732.37</b>                      |
| <b>At the end of the year</b>   |                                      |                                      |
| Stock-in-trade  | 158.39                               | 93.26                                |
| Work-in-progress  | 714.90                               | 600.76                               |
| Finished goods  | 6,134.73                             | 5,185.25                             |
|   | <b>7,008.02</b>                      | <b>5,879.27</b>                      |
|   | <b>(1,128.75)</b>                    | <b>853.10</b>                        |



**Note 30****Employee benefits expense**

|   |                 |                 |
|---|-----------------|-----------------|
| Salaries, wages and bonus                 | 6,811.69        | 6,137.39        |
| Contribution to provident and other funds | 470.60          | 427.57          |
| Gratuity (refer note 38)                  | 113.97          | 98.56           |
| Staff welfare expense                     | 364.37          | 352.20          |
|   | <u>7,760.63</u> | <u>7,015.72</u> |

**Note 31****Finance costs****Interest expense on:**

|  |               |               |
|--|---------------|---------------|
| Long-term loans  | 87.18         | 125.37        |
| Short-term loans   | 264.34        | 71.70         |
| Others - Commercial paper charges, Interest on inter corporate deposit | 379.33        | 14.94         |
| Interest expense on lease liability (refer note 37)                    | 17.05         | 18.26         |
|  | <u>747.90</u> | <u>230.27</u> |

**Note 32****Depreciation and amortisation expense**

|  |                 |                 |
|--|-----------------|-----------------|
| Depreciation of property, plant and equipment (refer note 2) | 2,915.50        | 2,735.68        |
| Amortization of intangible assets (refer note 4)             | 29.11           | 54.07           |
| Amortization of right-of-use asset (refer note 37)           | 121.04          | 132.83          |
|  | <u>3,065.65</u> | <u>2,922.58</u> |

**Note 33****Other expenses**

|  |                  |                  |
|--|------------------|------------------|
| Consumption of stores and spares                                   | 544.26           | 405.21           |
| Power and fuel   | 2,461.33         | 2,135.94         |
| Rent   | 69.16            | 55.60            |
| Rates and taxes  | 145.82           | 97.21            |
| Repairs and maintenance:   |                  |                  |
| - Machinery  | 556.73           | 428.45           |
| - Buildings  | 12.99            | 7.47             |
| - Others   | 218.33           | 200.94           |
| Other manufacturing expenses                                       | 2,819.80         | 2,499.01         |
| Travelling and conveyance  | 409.74           | 314.53           |
| Professional and consultancy charges                               | 307.52           | 309.49           |
| Insurance  | 87.04            | 82.74            |
| Office maintenance   | 24.24            | 23.21            |
| Auditor's remuneration (refer note (i) below)                      | 33.97            | 30.70            |
| Bad debts written off (refer note (ii) below)                      | -                | 1.40             |
| Sundry balances written off (refer note (ii) below)                | 18.49            | 35.33            |
| Allowances for doubtful debts and advances (refer note (ii) below) | 64.16            | 33.69            |
| Loss on sale/scraping of property, plant and equipment, net        | 89.64            | 107.98           |
| Selling, distribution and advertisement                            | 5,801.68         | 4,976.07         |
| Corporate social responsibility (refer note 43)                    | 23.68            | 28.27            |
| Miscellaneous expenses   | 877.37           | 806.81           |
|  | <u>14,565.95</u> | <u>12,580.05</u> |

**Note (i) : Payment to auditors**

|                           |              |              |
|---------------------------|--------------|--------------|
| Statutory audit fee*      | 23.50        | 22.35        |
| Other services            | 8.64         | 8.25         |
| Reimbursement of expenses | 1.83         | 0.10         |
|                           | <u>33.97</u> | <u>30.70</u> |

**Note (ii)****Provision / (reversal) of doubtful debts/advances, net**

|   |              |              |
|---|--------------|--------------|
| Bad Debt written off  | 133.36       | 56.78        |
| Advances written off  | 30.97        | 35.33        |
| Provision created for doubtful debts/advances during the year | 64.16        | 33.69        |
| Less: Provision reversal                                      | (145.84)     | (55.38)      |
|   | <u>82.65</u> | <u>70.42</u> |



**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 34: Earnings per share****Computation of earnings per share**

| Particulars   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <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                                  | (3,665.61)                           | 594.04                               |
| Earnings per equity share (face value of share Rs.10 each):                 |                                      |                                      |
| - Basic earnings per share  | (32.37)                              | 5.25                                 |
| - Diluted earnings per share  | (32.37)                              | 5.25                                 |

**Note 35: Contingent liabilities and commitments**

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>a. Commitments</b>  |                                      |                                      |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)                 | 1,117.44                             | 487.10                               |
| (ii) Export obligation under EPCG<br>The total customs duty saved against EPCG licenses was Rs. 8.14 lakhs.                          | 48.87                                | 48.87                                |
| (iii) Guarantees issued by the Banks   | 72.75                                | 59.02                                |
| <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*  | 2,354.15                             | 924.59                               |
| (ii) Indirect tax cases*   | 69.26                                | 97.67                                |
| (iii) Other matters  | 165.33                               | 168.83                               |

\* Tax paid under protest as at 31 March 2022: Rs. 238.80 lakhs (31 March 2021: Rs. 234.76 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 36: 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)

**Note 37: 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.

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

| Particulars                                    | Bulldings     |
|--|---------------|
| <b>Cost</b>                                    |               |
| As at 1 April 2021                             | 465.22        |
| Additions                                      | 159.07        |
| Disposals                                      | (25.47)       |
| <b>Balance at 31 March 2022</b>                | <b>598.82</b> |
| As at 1 April 2020                             | 347.92        |
| Additions                                      | 125.98        |
| Disposals                                      | (8.68)        |
| <b>Balance at 31 March 2021</b>                | <b>465.22</b> |
| <b>Accumulated amortisation and impairment</b> |               |
| As at 1 April 2021                             | 254.30        |
| Amortisation                                   | 121.04        |
| Impairment loss                                | -             |
| Eliminated on disposals of assets              | (9.09)        |
| <b>Balance at 31 March 2022</b>                | <b>366.25</b> |
| As at 1 April 2020                             | 126.20        |
| Amortisation                                   | 132.83        |
| Impairment loss                                | -             |
| Eliminated on disposals of assets              | (4.73)        |
| <b>Balance at 31 March 2021</b>                | <b>254.30</b> |
| <b>Carrying amounts</b>                        |               |
| Balance at 31 March 2022                       | 232.57        |
| Balance at 31 March 2021                       | 210.92        |

The following is the rental expense recorded for short-term leases, variable leases and low value leases for the year ended 31 March 2022

| Particulars  | Year ended<br>31 March 2022 | Year ended<br>31 March 2021 |
|--|-----------------------------|-----------------------------|
| Short-term lease expense   | 57.93                       | 43.29                       |
| Variable lease expenses<br>(other than short term and low value) | 11.23                       | 12.31                       |
| <b>Total lease expense</b>                                       | <b>69.16</b>                | <b>55.60</b>                |

Following are the changes in the lease Liability for the year ended March 31, 2022:

| Particulars                            | Year ended<br>31 March 2022 | Year ended<br>31 March 2021 |
|--|-----------------------------|-----------------------------|
| Opening Balance                        | 237.43                      | 244.43                      |
| Additions                              | 159.07                      | 125.98                      |
| Finance cost accrued during the period | 17.05                       | 18.26                       |
| Deletions                              | (17.98)                     | (4.47)                      |
| Lease payments                         | (137.59)                    | (146.77)                    |
| <b>Closing Balance</b>                 | <b>257.98</b>               | <b>237.43</b>               |

The following is the cash outflow on leases during the year ended March 21, 2022:

| Particulars                                   | Year ended<br>31 March 2022 | Year ended<br>31 March 2021 |
|---|-----------------------------|-----------------------------|
| Payment of lease liabilities                  | 137.60                      | 128.51                      |
| Interest on lease liabilities                 | 17.05                       | 18.26                       |
| Short-term lease expense                      | 57.93                       | 43.29                       |
| Low value lease expense                       | -                           | -                           |
| Variable lease expenses other than short term | 11.23                       | 12.31                       |
| <b>Total cash outflow on leases</b>           | <b>223.81</b>               | <b>202.37</b>               |

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2022 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 % |
|-------------------|------------------|-----------------------|---------------|--------------|--|
| 31 March 2022     |                  |                       |               |              |  |
| Lease liabilities | 126.48           | 80.92                 | 76.09         | 2.74         | 7%   |
| 31 March 2021     |                  |                       |               |              |  |
| Lease liabilities | 121.91           | 77.23                 | 55.62         | 7.19         | 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. 38 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. 397.03 lakhs (31 March 2021: Rs. 358.52 lakhs).

**B) Defined benefit plan**

The Company provides gratuity for its employees as per the Payment of Gratuity Act, 1972. Effective 1st October 2019, all employees are eligible for gratuity after completion of continuous service for a period of 5 years. Effective from November 2021, the vesting criteria was changed from 5 years to 4 years and 240 days. 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 4 years and 240 days years of employment is a funded plan and the Company makes contributions to LIC of India.

**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<br>31 March 2022 | As at<br>31 March 2021 |
|--|------------------------|------------------------|
| Defined benefit obligation                     | 722.53                 | 635.13                 |
| Fair value of plan assets                      | (390.56)               | (370.55)               |
| <b>Net defined benefit (obligation)/assets</b> | <b>331.97</b>          | <b>264.58</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<br>31 March 2022     | As at<br>31 March 2021 | As at<br>31 March 2022    | As at<br>31 March 2021 |
| <b>Opening balance</b>                        | <b>635.13</b>              | <b>666.38</b>          | <b>370.55</b>             | <b>422.12</b>          |
| Current service cost                          | 92.90                      | 84.91                  | -                         | -                      |
| Past service cost                             | 6.13                       | -                      | -                         | -                      |
| Interest cost/ Interest income on plan assets | 35.86                      | 37.29                  | 20.92                     | 23.62                  |
| Benefits paid                                 | (75.84)                    | (230.52)               | (75.84)                   | (150.90)               |
| Contributions paid by the employer            | -                          | -                      | 73.37                     | 84.54                  |
| <b>Actuarial loss (gain) arising from:</b>    |                            |                        |                           |                        |
| Demographic assumptions                       | -                          | -                      | -                         | -                      |
| Financial assumptions                         | (13.61)                    | (1.34)                 | -                         | -                      |
| Experience adjustment                         | 44.44                      | 79.56                  | -                         | -                      |
| Acquisition adjustment                        | (2.48)                     | (1.15)                 | -                         | (1.15)                 |
| Return on plan assets excluding interest      | -                          | -                      | 1.56                      | (7.68)                 |
| <b>Closing balance</b>                        | <b>722.53</b>              | <b>635.13</b>          | <b>390.56</b>             | <b>370.55</b>          |

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

During the year ended 31 March 2022, the past service cost of Rs.6.13 Lakhs had been recognised in the statement of profit and loss, due to change in vesting criteria from 5 years to 4 years and 240 days

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

|                      | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|----------------------|--------------------------------------|--------------------------------------|
| Current service cost | 92.90                                | 84.91                                |
| Past service cost    | 6.13                                 | -                                    |
| Net interest cost    | 14.94                                | 13.65                                |
|                      | <b>113.97</b>                        | <b>98.56</b>                         |



**Note. 38 Assets and liabilities related to employee benefits****Re-measurements recognised in other comprehensive income :**

|   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Actuarial loss/(gain) arising from Defined Benefit Obligation | 30.84                                | 78.22                                |
| Return on plan assets excluding interest income               | (1.56)                               | 7.68                                 |
|   | <b>29.28</b>                         | <b>85.90</b>                         |

**Plan assets:**

Plan assets comprise of the following:

|  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Group Gratuity cum Life Assurance with LIC | 390.56                               | 370.55                               |
| 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<br>March 31, 2022        | For the Year ended<br>March 31, 2021        |
|---------------------------|---|---|
| Discount rate             | 6.10%                                       | 5.65%                                       |
| Future salary growth      | 5.00%                                       | 5.00%                                       |
| Rate of employee turnover | 20.00%                                      | 20.00%                                      |
| Mortality rate            | Indian Assured Lives<br>Mortality (2012-14) | Indian Assured Lives<br>Mortality (2012-14) |

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<br>March 31, 2022 |          | For the year ended<br>31 March 2021 |          |
|---|--------------------------------------|----------|-------------------------------------|----------|
|   | Increase                             | Decrease | Increase                            | Decrease |
| Discount rate (1% movement)                       | (28.59)                              | 30.93    | (25.74)                             | 27.92    |
| Future salary growth (1% movement)                | 31.02                                | (29.22)  | 27.89                               | (26.20)  |
| Rate of employee turnover (50% of attrition rate) | (1.82)                               | (7.45)   | (7.16)                              | 3.53     |

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 2022: Rs.73.37 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<br>31 March 2022 | As at<br>31 March 2021 |
|----------------------------------|------------------------|------------------------|
| 1st Following year               | 168.90                 | 150.28                 |
| 2nd Following year               | 131.20                 | 111.42                 |
| 3rd Following year               | 123.51                 | 95.57                  |
| 4th Following year               | 98.03                  | 89.14                  |
| 5th Following year               | 80.49                  | 69.94                  |
| Thereafter                       | 356.98                 | 313.14                 |
|                                  | <b>959.11</b>          | <b>829.49</b>          |

**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. 80.02 lakhs (31 March 2021 Rs. 93.4 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 39: Financial instruments – Fair values and risk management**

**Note 39.1: 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 2022:                               | Carrying amount |                  |                  | Fair value |         |         |       |
|--|-----------------|------------------|------------------|------------|---------|---------|-------|
|  | FVTPL           | Amortised cost   | Total            | Level 1    | Level 2 | Level 3 | Total |
| <b>Financial assets:</b>                           |                 |                  |                  |            |         |         |       |
| Trade receivables                                  | -               | 1,214.91         | 1,214.91         | -          | -       | -       | -     |
| Cash and cash equivalents                          | -               | 887.56           | 887.56           | -          | -       | -       | -     |
| Bank balances other than cash and cash equivalents | -               | 72.28            | 72.28            | -          | -       | -       | -     |
| Loans and advances                                 | -               | -                | -                | -          | -       | -       | -     |
| Other financial assets                             | -               | 453.80           | 453.80           | -          | -       | -       | -     |
|  | -               | <b>2,628.55</b>  | <b>2,628.55</b>  | -          | -       | -       | -     |
| <b>Financial liabilities:</b>                      |                 |                  |                  |            |         |         |       |
| Borrowings (excluding current maturities)          | -               | 20,556.05        | 20,556.05        | -          | -       | -       | -     |
| Trade payables                                     | -               | 6,137.96         | 6,137.96         | -          | -       | -       | -     |
| Other financial liabilities                        | -               | 2,872.52         | 2,872.52         | -          | -       | -       | -     |
|  | -               | <b>29,566.53</b> | <b>29,566.53</b> | -          | -       | -       | -     |
| <b>As at 31 March 2021:</b>                        |                 |                  |                  |            |         |         |       |
| As at 31 March 2021:                               | Carrying amount |                  |                  | Fair value |         |         |       |
|  | FVTPL           | Amortised cost   | Total            | Level 1    | Level 2 | Level 3 | Total |
| <b>Financial assets:</b>                           |                 |                  |                  |            |         |         |       |
| Trade receivables                                  | -               | 853.44           | 853.44           | -          | -       | -       | -     |
| Cash and cash equivalents                          | -               | 1,146.41         | 1,146.41         | -          | -       | -       | -     |
| Bank balances other than cash and cash equivalents | -               | 7.08             | 7.08             | -          | -       | -       | -     |
| Loans and advances                                 | -               | 644.39           | 644.39           | -          | -       | -       | -     |
| Other financial assets                             | -               | 643.90           | 643.90           | -          | -       | -       | -     |
|  | -               | <b>3,295.22</b>  | <b>3,295.22</b>  | -          | -       | -       | -     |
| <b>Financial liabilities:</b>                      |                 |                  |                  |            |         |         |       |
| Borrowings   | -               | 2,023.44         | 2,023.44         | -          | -       | -       | -     |
| Trade payables                                     | -               | 19,279.60        | 19,279.60        | -          | -       | -       | -     |
| Other financial liabilities                        | -               | 2,708.51         | 2,708.51         | -          | -       | -       | -     |
|  | -               | <b>24,011.55</b> | <b>24,011.55</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 39.2: Financial risk management objectives and policies**

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

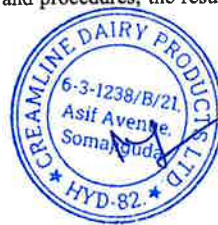
- A) Credit risk
- B) Liquidity risk
- C) Market risk
  - (i) Currency risk
  - (ii) Interest rate risks

**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 39: Financial instruments – Fair values and risk management (Continued)****Note 39.2: 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.

The company has sufficient current assets to manage the liquidity risk, if any in relation to current financial liabilities

**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 2022:

**Non-derivative financial liabilities:**

Term loans (including current maturities)  
Current borrowings  
Trade payables  
Other financial liabilities  
Lease liabilities

| Carrying values  | Contractual cash flows |               |                 |               |                   |
|------------------|------------------------|---------------|-----------------|---------------|-------------------|
|                  | 0-6 months             | 6-12 months   | 1-2 years       | 2-5 years     | More than 5 years |
| 5,556.05         | 661.74                 | 661.74        | 3,618.90        | 613.67        | -                 |
| 15,000.00        | 15,000.00              | -             | -               | -             | -                 |
| 6,137.96         | 6,137.96               | -             | -               | -             | -                 |
| 2,614.54         | 2,614.54               | -             | -               | -             | -                 |
| 257.98           | 63.12                  | 49.21         | 73.28           | 36.00         | 36.37             |
| <b>29,566.53</b> | <b>24,477.36</b>       | <b>710.95</b> | <b>3,692.18</b> | <b>649.67</b> | <b>36.37</b>      |

As at 31 March 2021:

**Non-derivative financial liabilities:**

Term loans (including current maturities)  
Current borrowings  
Trade payables  
Other financial liabilities  
Lease liabilities  
Total

| Carrying values  | Contractual cash flows |               |               |               |                   |
|------------------|------------------------|---------------|---------------|---------------|-------------------|
|                  | 0-6 months             | 6-12 months   | 1-2 years     | 2-5 years     | More than 5 years |
| 2,023.44         | 640.63                 | 640.63        | 531.25        | 210.93        | -                 |
| -                | -                      | -             | -             | -             | -                 |
| 19,279.60        | 19,279.60              | -             | -             | -             | -                 |
| 2,471.08         | 2,471.08               | -             | -             | -             | -                 |
| 237.43           | 56.45                  | 52.43         | 70.85         | 50.76         | 6.94              |
| <b>24,011.55</b> | <b>22,447.76</b>       | <b>693.06</b> | <b>602.10</b> | <b>261.69</b> | <b>6.94</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 2022 and 31 March 2021.



**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: Financial instruments – Fair values and risk management (Continued)****Note 39.2: 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 9 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 2022: | 1,091.91     | 151.41        | 23.92          | 139.23         | 1,406.47          | (191.56)        | 1,214.91              |
| As at 31 March 2021: | 624.33       | 189.18        | 47.89          | 253.97         | 1,115.37          | (261.93)        | 853.44                |

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

|   | As at 31 March 2022 | As at 31 March 2021 |
|---|---------------------|---------------------|
| Opening                                 | 261.93              | 363.08              |
| Loss allowance (reversed) /recognised   | 62.99               | (45.77)             |
| Amounts utilized for write-off of debts | (133.36)            | (55.38)             |
| Closing                                 | 191.56              | 261.93              |

**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 2022 | As at 31 March 2021 |
|---------------------------------------|---------------------|---------------------|
| Opening                               | 52.47               | 44.87               |
| Loss allowance recognised/ (reversed) | (4.43)              | 7.60                |
| Amounts written off                   | (12.48)             | -                   |
| Closing                               | 35.56               | 52.47               |



**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: Financial instruments – Fair values and risk management (Continued)****Note 39.2: 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<br>31 March 2022 | As at<br>31 March 2021 |
|-----------------------------------|------------------------|------------------------|
| <b>Fixed-rate instruments</b>     |                        |                        |
| Long-term borrowings              | 5,063.86               | 1,250.00               |
| Short-term borrowings             | 7,500.00               | -                      |
| <b>Variable -rate instruments</b> |                        |                        |
| Long-term borrowings              | 492.19                 | 773.44                 |
| Short-term borrowings             | 7,500.00               | -                      |
|                                   | <b>20,556.05</b>       | <b>2,023.44</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 2022  |                | 31 March 2021  |                |
|---|----------------|----------------|----------------|----------------|
|   | Profit/ (loss) | Profit/ (loss) | Profit/ (loss) | Profit/ (loss) |
|   | Strengthening  | Weakening      | Strengthening  | Weakening      |
| Variable-rate instruments ( Movements - 100 basis points) | (79.92)        | 79.92          | (7.73)         | 7.73           |
| <b>Cash flow sensitivity (net)</b>                        | <b>(79.92)</b> | <b>79.92</b>   | <b>(7.73)</b>  | <b>7.73</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 40 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 maintain the ratio below 2.00. The Company's adjusted net debt to equity ratio at balance sheet dates are as follows:

| Particulars                                    | As at<br>31 March 2022                | As at<br>31 March 2021 |
|--|---------------------------------------|------------------------|
|  | Interest bearing loans and borrowings | 20,556.05              |
| Less: cash and cash equivalents                | (887.56)                              | (1,146.41)             |
| <b>Adjusted net debt</b>                       | <b>19,668.49</b>                      | <b>877.03</b>          |
| Total equity                                   | 15,103.95                             | 19,697.44              |
| <b>Adjusted net debt to total equity ratio</b> | <b>1.30</b>                           | <b>0.04</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 41 : Tax expense**

The major component of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

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

|   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Tax expense</b>                                  |                                      |                                      |
| <b>Current tax:</b>                                 |                                      |                                      |
| - For current year                                  | -                                    | 166.63                               |
| - Adjustment for tax of previous years (net)        | 9.58                                 | (12.65)                              |
|   | <u>9.58</u>                          | <u>153.98</u>                        |
| <b>Deferred income tax liability / (asset), net</b> |                                      |                                      |
| - Origination and reversal of temporary differences | (1,306.83)                           | (19.24)                              |
| <b>Deferred tax</b>                                 | <u>(1,306.83)</u>                    | <u>(19.24)</u>                       |
| <b>Tax expense for the year</b>                     | <u><u>(1,297.25)</u></u>             | <u><u>134.74</u></u>                 |

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

**A) Current tax**

| Particulars   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Profit before tax                                     | (4,962.86)                           | 728.78                               |
| Income tax rate of Company's domestic tax rate        | 25.17%                               | 25.17%                               |
| Tax using Company's domestic tax rate                 | (1,249.05)                           | 183.42                               |
| <b>Tax effects of :</b>                               |                                      |                                      |
| Non-deductible expenses (net)                         | 6.41                                 | 11.35                                |
| Indexation benefit on freehold land                   | (64.19)                              | (47.38)                              |
| Effect of change in tax rates*                        | -                                    | -                                    |
| Adjustment of tax expense relating to earlier periods | 9.58                                 | (12.65)                              |
|   | <u>(1,297.25)</u>                    | <u>134.74</u>                        |

**B) Deferred tax**

| Particulars  | Balance as at<br>1 April 2020 | Accounted through<br>statement of profit<br>and loss | Accounted<br>through<br>OCI | Accounted<br>through retained<br>earnings | Balance as at<br>31 March 2021 | Accounted through<br>statement of profit and<br>loss | Accounted<br>through<br>OCI | Balance as at<br>31 March 2022 |
|--|-------------------------------|--|-----------------------------|---|--------------------------------|--|-----------------------------|--------------------------------|
| <b>Deferred tax liabilities:</b>                             |                               |  |                             |   |                                |  |                             |                                |
| Accelerated depreciation for tax purposes                    | 1,075.25                      | (9.66)   | -                           | -   | 1,065.59                       | (56.19)  | -                           | 1,009.40                       |
| <b>Deferred tax assets:</b>                                  |                               |  |                             |   |                                |  |                             |                                |
| Indexation benefit on freehold land                          | (365.93)                      | (47.39)  | -                           | -   | (413.32)                       | (64.19)  | -                           | (477.51)                       |
| MAT credit entitlement                                       | -                             | -  | -                           | -   | -                              | -  | -                           | -                              |
| Provision for employee benefits                              | (115.24)                      | 15.10  | (21.62)                     | -   | (121.76)                       | (12.52)  | (7.37)                      | (141.65)                       |
| Impact on account of transition to IndAS 116 (refer note 37) | (5.72)                        | (0.95)   | -                           | -   | (6.67)                         | 0.28   | -                           | (6.39)                         |
| Expenditure allowable on payment basis                       | -                             | -  | -                           | -   | -                              | -  | -                           | -                              |
| Loss allowance for trade receivables and advances            | (102.64)                      | 23.66  | -                           | -   | (78.98)                        | 20.56  | -                           | (58.42)                        |
| Impact on account of losses                                  | -                             | -  | -                           | -   | -                              | (1,194.77)   | -                           | (1,194.77)                     |
| <b>Deferred tax liabilities/(assets) net</b>                 | <u>485.72</u>                 | <u>(19.24)</u>                                       | <u>(21.62)</u>              | <u>-</u>                                  | <u>444.86</u>                  | <u>(1,306.83)</u>                                    | <u>(7.37)</u>               | <u>(869.34)</u>                |

**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 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 42 : 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  | Raj Kanwar Singh             | (Whole-time Director & CEO & Whole Time Director - Till 13th November 2020)          |
| 5  | Bhupendra Suri               | (Whole-time Director & CEO & Whole Time Director - Effective from 7th December 2020) |
| 6  | Mangaraj Chinthala           | (Executive Director – Managerial Services)   |
| 7  | K.V. Ramchandra Rao          | (Chief Financial Officer- Till 27th April 2021)                                      |
| 8  | Pulamanthole Pisharath Manoj | (Chief Financial Officer- Effective from 3rd May 2021)                               |
| 9  | Neha Poojary                 | (Company Secretary)  |
| 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 | D. Ravitej Reddy             | (Son of Mr. D. Chandra Shekhar Reddy)  |
| 14 | D. Uthej                     | (Son of Mr. D. Chandra Shekhar Reddy)  |
| 15 | K. Prateek                   | (Son of Mr. K. Bhasker Reddy)  |
| 16 | K. Rinny                     | (Daughter of Mr. K. Bhasker Reddy)   |
| 17 | M. K. Chaitanya              | (Son of Mr. Gangadhar Mandava)   |
| 18 | M. V. Aditya                 | (Son of Mr. Gangadhar Mandava)   |
| 19 | C. Mounika                   | (Daughter of Mrs. C. Manga Raj)  |
| 20 | C. Nithin                    | (Son of Mrs. C. Manga Raj)   |

**(iv) Directors**

- 1 N.B. Godrej - Chairman (Non-Executive & Non-Independent)
- 2 B.S. Yadav - Non-Executive & Non-Independent Director
- 3 S. Varadaraj - Non-Executive & Non-Independent Director
- 4 Kannan Sitaram - Independent Director
- 5 Jude Fernandes - Independent Director

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

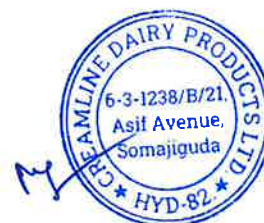
- 1 Khammam Milkline Private Limited
- 2 Dhulipalla Milkline Private Limited
- 3 Mohan Milkline Private Limited
- 4 Vidya Milkline Private Limited
- 5 Ongole Milkline Private Limited
- 6 Pamuru Milkline Private Limited
- 7 Kavali Milkline Private Limited
- 8 Pragathi Milkline Private Limited
- 9 Prima Food tech Private Limited

**(vi) Fellow Subsidiary Companies**

- 1 Godvet Agrochem Limited
- 2 Astec LifeSciences Limited
- 3 Behram Chemicals Private Limited
- 4 Comercializadora Agricola Agrostrachem Cia Ltda (Bogota, Columbia)
- 5 Godrej Tyson Foods Limited
- 6 Godrej Maxximilk Private Limited

**(vii) Other related parties**

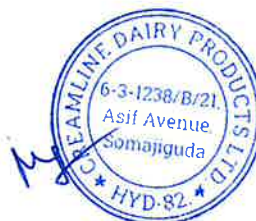
- 1 Godrej & Boyce Manufacturing Company Limited
- 2 Godrej Consumer Products Limited



**II. Related party transactions during the year:**

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>A Ultimate Holding Company:</b>                       |                                      |                                      |
| Godrej Industries Limited                                |                                      |                                      |
| Sale of products   | -                                    | 42.16                                |
| Sales return of products                                 | 4.15                                 | -                                    |
| Provision of services                                    | -                                    | 1.00                                 |
| <b>B Holding Company - Godrej Agrovet Limited</b>        |                                      |                                      |
| Reimbursement of expenses                                | 51.73                                | 152.27                               |
| Purchase of traded goods                                 | 1,827.77                             | 1,042.26                             |
| Inter corporate deposit received                         | 2,500.00                             | 3,000.00                             |
| Interest on inter corporate deposit                      | 0.99                                 | 14.88                                |
| Dividend paid  | 470.32                               | 587.90                               |
| <b>C Fellow subsidiaries &amp; other related parties</b> |                                      |                                      |
| <b>Godrej &amp; Boyce Manufacturing Company Limited</b>  |                                      |                                      |
| Availment of services                                    | 4.28                                 | 4.23                                 |
| <b>Godrej Consumer Products Limited</b>                  |                                      |                                      |
| Purchase of products                                     | 0.05                                 | -                                    |
| <b>Godrej Tyson Foods Limited</b>                        |                                      |                                      |
| Sale of power  | 150.83                               | 152.47                               |
| Inter corporate deposit given and recovered              | -                                    | 1,000.00                             |
| Interest income on inter corporate deposit               | -                                    | 2.28                                 |
| <b>Godrej Maximilk Private Limited</b>                   |                                      |                                      |
| Inter corporate deposit given                            | 120.00                               | 837.00                               |
| Interest income received on inter corporate deposit      | 6.40                                 | 7.84                                 |
| Purchase of milk   | 616.06                               | 204.35                               |
| <b>Godvet Agrochem Limited</b>                           |                                      |                                      |
| Inter corporate deposit given and recovered              | -                                    | 440.00                               |
| Interest income on inter corporate deposit               | -                                    | 5.42                                 |
| <b>D Key Management Personnel ('KMP') and relatives</b>  |                                      |                                      |
| <b>Short Term Employee Benefit:</b>                      |                                      |                                      |
| K. Bhasker Reddy   | 35.46                                | 51.51                                |
| M. Gangadhar   | 35.46                                | 43.38                                |
| D. Chandra Shekher Reddy                                 | 35.46                                | 51.30                                |
| Raj Kanwar Singh   | -                                    | 97.80                                |
| K.V. Ramchandra Rao                                      | 3.58                                 | 48.51                                |
| Bhupendra Suri   | 163.33                               | 60.10                                |
| Pulamanthole Pisharath Manoj                             | 30.45                                | -                                    |
| Neha Poojary   | 14.43                                | 12.14                                |
| Sandhya Kondapalli                                       | -                                    | 12.23                                |
| Deepika Devireddy  | -                                    | 12.23                                |
| Mangaraj Chinthala                                       | 17.73                                | 12.23                                |
| Rama Kumari Mandava                                      | -                                    | 6.34                                 |
| <b>Professional Consultancy Fees:</b>                    |                                      |                                      |
| D. Ravitej Reddy   | 1.55                                 | -                                    |
| D. Uthej   | 1.55                                 | -                                    |
| K. Prateek   | 1.73                                 | -                                    |
| K. Rinny   | 1.73                                 | -                                    |
| M. K. Chaitanya  | 1.89                                 | -                                    |
| M. V. Aditya   | 1.89                                 | -                                    |
| C. Mounika   | 3.19                                 | -                                    |
| C. Nithin  | 3.19                                 | -                                    |
| Deepika Devireddy  | 1.55                                 | -                                    |
| Sandhya Kondapalli                                       | 1.73                                 | -                                    |

**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.



**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 42 : Related party disclosures (Continued)**

|   |                      |                      |
|---|----------------------|----------------------|
| <b>E Dividend paid</b>  |                      |                      |
| K. Bhasker Reddy  | 69.48                | 86.85                |
| M. Gangadhar  | 45.48                | 56.85                |
| D. Chandra Shekher Reddy  | 66.82                | 83.53                |
| Sandhya Kondapalli  | 23.20                | 29.00                |
| Deepika Devireddy   | 16.40                | 20.50                |
| Mangaraj Chinthala  | 87.13                | 108.91               |
| Rama Kumari Mandava   | 20.10                | 25.12                |
| <b>F Enterprise over which KMP exercise significant influence with relatives</b>  |                      |                      |
| <b>Purchases of milk and services</b>   |                      |                      |
| Ongole Milkline Private Limited   | 1,902.02             | 2,031.03             |
| Mohan Milkline Private Limited  | 3,348.15             | 3,403.35             |
| Vidya Milkline Private Limited  | 711.56               | 502.86               |
| Khammam Milkline Private Limited  | 2,174.18             | 1,650.32             |
| Pamuru Milkline Private Limited   | 1,290.19             | 1,114.43             |
| Kavali Milkline Private Limited   | 1,538.71             | 1,913.27             |
| Pragathi Milkline Private Limited   | 268.01               | 322.23               |
| Prima FoodTech Private Limited  | -                    | 14.49                |
| <b>Prima Food tech Private Limited</b>  |                      |                      |
| Inter corporate deposit given   | -                    | 300.00               |
| Interest income on inter corporate deposit  | 1.59                 | 24.68                |
| Cold storage charges  | 1.87                 | -                    |
| <b>Sale of products</b>   |                      |                      |
| Khammam Milkline Private Limited  | 10.75                | 9.00                 |
| <b>G Director Sitting Fees</b>  | 15.00                | 6.80                 |
| <b>III. Related party balances at the end of the year:</b>                        |                      |                      |
| <b>Particulars</b>  | <b>As at</b>         | <b>As at</b>         |
|   | <b>31 March 2022</b> | <b>31 March 2021</b> |
| <b>A Ultimate Holding Company:</b>  |                      |                      |
| <b>Godrej Industries Limited</b>  |                      |                      |
| Trade Payable   | 7.42                 | 3.28                 |
| <b>B Holding Company - Godrej Agrovet Limited</b>                                 |                      |                      |
| Trade payables, net   | 182.04               | 218.53               |
| <b>C Fellow subsidiaries &amp; other related parties</b>                          |                      |                      |
| <b>Godrej Tyson Foods Limited</b>   |                      |                      |
| Trade receivable  | 15.76                | 14.03                |
| <b>Godrej Maximilk P Ltd</b>  |                      |                      |
| Trade payables  | 32.88                | 9.83                 |
| Inter corporate deposit- receivable   | -                    | 621.56               |
| <b>Godrej Consumer Product Limited</b>  |                      |                      |
| Trade receivable  | 0.01                 | -                    |
| <b>D Enterprise over which KMP exercise significant influence with relatives:</b> |                      |                      |
| <b>Trade payables:</b>  |                      |                      |
| Kavali Milkline Private Limited   | 4.82                 | 7.35                 |
| Khammam Milkline Private Limited  | 60.14                | 86.49                |
| Mohan Milkline Private Limited  | 11.95                | 5.65                 |
| Pamuru Milkline Private Limited   | 5.03                 | 4.78                 |
| Pragathi Milkline   | 1.52                 | 1.85                 |
| Vidya MilkLine Private Limited  | 9.92                 | 9.02                 |
| Ongole MilkLine Private Limited.  | 6.95                 | 7.81                 |
| <b>Inter corporate deposit- receivable:</b>                                       |                      |                      |
| Prima FoodTech Private Limited  | -                    | 22.83                |
| <b>E Payable to key management personnel and their relatives</b>                  |                      |                      |
| Bhupendra Suri  | 29.23                | -                    |
| Pulamanthole Pisharath Manoj  | 3.51                 | -                    |
| K V Ramchandra Rao  | -                    | 1.01                 |
| Neha Poojary  | 1.29                 | 0.27                 |
| D. Ravitej Reddy  | 1.55                 | -                    |
| D. Uthej  | 1.55                 | -                    |
| K. Prateek  | 1.73                 | -                    |
| K. Rinny  | 1.73                 | -                    |
| M. K. Chaitanya   | 1.89                 | -                    |
| M. V. Aditya  | 1.89                 | -                    |
| C. Mounika  | 3.19                 | -                    |
| C. Nithin   | 3.19                 | -                    |
| Deepika Devireddy   | 1.55                 | -                    |
| Sandhya Kondapalli  | 1.73                 | -                    |





**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 : 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<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Amount required to be spend by the Company                               | 23.44                                | 28.28                                |
| <b>Amount spent:</b>   |                                      |                                      |
| Construction/acquisition of any asset                                    | -                                    | -                                    |
| <b>On purposes other than above:</b>                                     |                                      |                                      |
| Contribution to NGOs   | -                                    | -                                    |
| Amount spent/ provided for by the Company on various welfare activities* | 23.68                                | 19.73                                |
| <b>Total amount spent</b>  | <b>23.68</b>                         | <b>19.73</b>                         |

\*Amount un-spent for the year ended 31 March 2021 of Rs.8.55 Lakhs has been deposited in CSR Unspent account in April 2021 and entire amount was spent in the current financial year 2021-22

\*Amount un-spent for the year ended 31 March 2020 of Rs.9.85 Lakhs has been deposited in CSR Unspent account in April 2021, out of which Rs. 9.60 lakhs was spent for Vrutti as per the contractual commitment entered by the company and balance amount of Rs. 0.25 Lakhs will be spent in the ensuing financial year.

**Note 44 : 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<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>the amounts remaining unpaid to micro and small suppliers as at the end of the year</b>   |                                      |                                      |
| - Principal  | 447.22                               | 422.35                               |
| - Interest   | 4.99                                 | -                                    |
| 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.

**Note 45 : Borrowings movement**

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

| Particulars   | As at<br>1 April 2020 |                   | As at<br>31 March<br>2021 |                  | As at<br>31 March<br>2022 |            |
|---|-----------------------|-------------------|---------------------------|------------------|---------------------------|------------|
|   |                       | Cash flow*        |                           | Cash flow*       |                           | Cash flow* |
| Long-term borrowings (including current maturities) | 1,054.69              | 968.75            | 2,023.44                  | 3,532.61         | 5,556.05                  |            |
| Short-term borrowings                               | 4,000.00              | (4,000.00)        | -                         | 15,000.00        | 15,000.00                 |            |
|   | <b>5,054.69</b>       | <b>(3,031.25)</b> | <b>2,023.44</b>           | <b>18,532.61</b> | <b>20,556.05</b>          |            |

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

**Note 46 : Exceptional Items**

During the year ended 31 March 2022, Exceptional item represents an amount of Rs 1,728.33 lakhs towards differential GST liability on Flavoured milk, Thick shake and Milk shake for the period July 2017 to November 2021 including interest. The payment of GST liability has been made for all the states in which the Company is in operation.

**Note 47 : Assessment of impact of Covid-19 pandemic**

The management has considered internal and certain external sources of information including economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The management has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the management expects to fully recover the carrying amount of inventories, trade receivables and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

**Note 48 : Other Statutory Information**

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any transactions with companies struck off.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**Note 49 : Other Information**

Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1st April 2021



**Note 50 Ratios Analysis and its elements**

| S.No | Ratios                           | As at<br>31 March 2022 | As at<br>31 March 2021 | % change | Remarks   |
|------|----------------------------------|------------------------|------------------------|----------|---|
| 1    | Current ratio                    | 0.71                   | 0.74                   | -5%      |   |
| 2    | Debt-equity ratio                | 1.36                   | 0.10                   | 1225%    | Debt was increased due to Switching over to commercial paper (Borrowings) from acceptances (Trade Payables) model   |
| 3    | Debt service coverage ratio      | 0.13                   | 2.73                   | -95%     | Debt was increased due to Switching over to commercial paper (Borrowings) from acceptances (Trade Payables) model and earnings came down due to current year losses |
| 4    | Return on Equity (%)             | -21.07%                | 2.97%                  | -809%    | Due to the losses in the current year   |
| 5    | Inventory turnover               | 7.92                   | 7.44                   | 6%       |   |
| 6    | Trade receivables turnover ratio | 113.62                 | 117.44                 | -3%      |   |
| 7    | Trade payables turnover ratio    | 7.47                   | 4.61                   | 62%      | Trade payables were reduced due to switching over to commercial papers from acceptances model   |
| 8    | Net capital turnover ratio       | (15.08)                | (16.56)                | -9%      |   |
| 9    | Net profit margin                | -4.22%                 | 0.71%                  | -698%    | Due to the losses in the current year   |
| 10   | Return on capital employed (%)   | -11.92%                | 4.38%                  | -372%    | EBIT reduced due to current year losses and capital employed was increased because of change to commercial paper from acceptances model                             |

- 1 Current Ratio: Current Assets ÷ Current Liabilities
- 2 Debt equity ratio: Total Debt ÷ Total equity (Total Debt: Long term borrowings+ Short term borrowings)
- 3 Debt Service coverage ratio: Earnings available for debt service ÷ Debt Service (Debt Service = Interest & Lease Payments + Principal Repayments)  
Earning for Debt Service = Net Profit after taxes + Depreciation + Interest + Loss on sale of Fixed assets etc.
- 4 Return on Equity (%): Net Profit after taxes ÷ Average Shareholder's Equity
- 5 Inventory turnover : Revenue from operations ÷ Average Inventory (annualised)
- 6 Trade receivables turnover ratio: Revenue from operations ÷ Average Trade receivables (annualised)
- 7 Trade payables turnover ratio: Purchases ÷ Average Trade payables
- 8 Net capital turnover ratio: Revenue from operations ÷ Net working capital
- 9 Net Profit margin: Net profit before tax for the year ÷ Revenue from operations
- 10 Return on capital employed (%): EBIT ÷ Capital Employed  
Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022



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



**K Bhasker Reddy**  
Managing Director  
DIN: 00014291  
Place: Hyderabad



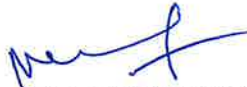
**M Gangadhar**  
Executive Director  
DIN:00014325  
Place: Hyderabad



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



**Bheendra Suri**  
Whole-time director and  
Chief Executive Officer  
DIN: 09035926  
Place: Hyderabad



**Pulamantole Pisharath Manoj**  
Chief Financial Officer  
Place: Hyderabad



**Neha Poojary**  
Company Secretary  
Place: Mumbai

Date: 5 May 2022

**Company overview:**

Creamline Dairy Products Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the company is located at # 6-3-1238/B/21, Asif Avenue, Raj Bhavan Road, Hyderabad.

The Company is principally engaged in milk procurement, processing of milk and manufacturing and selling of milk and milk products. The Company is also engaged in generation of power through renewable energy sources.

**1. Significant accounting policies**

**a) Statement of compliance**

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

**b) Basis of preparation**

These financial statements have been prepared on Going concern, accrual and historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**c) Functional and presentation currency**

These financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded off to the nearest lakh, unless otherwise indicated.

**d) Use of estimates and judgements**

While preparing the financial statements in conformity with the recognition and measurement principles as required by Ind AS, the management has made certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the restated statement of assets and liabilities and the reported amount of income and expenses for the reporting period.

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

The company uses the following accounting estimates in preparation of its financial statements:

• **Determination of the estimated useful lives**

Useful lives of property, plant and equipment are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II and in case of intangible assets, they are estimated by management based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.





## Creamline Dairy Products Limited

### Note to the financial statements

#### 1. Significant accounting policies (continued)

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- **Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

- **Recognition of deferred tax assets**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

- **Recognition and measurement of other provisions**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the closing date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

- **Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

- e) **Fair value measurement:**

The Company's accounting policies and disclosures require the measurement of fair values for, both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses



## **Creamline Dairy Products Limited**

### **Note to the financial statements**

#### **1. Significant accounting policies (continued)**

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the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible.

#### **f) Recent Pronouncements**

##### **Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

##### **Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

##### **Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements

##### **Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

#### **g) Current and non-current classification**

All assets and liabilities in the balance sheet are classified into current and non-current as required under Schedule III reporting framework.

##### **Assets**

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

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



# **Creamline Dairy Products Limited**

## **Note to the financial statements**

### **1. Significant accounting policies (continued)**

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Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

#### **Liabilities**

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

- i. It is expected to be settled in the Company's normal operating cycle;
- ii. It is held primarily for the purpose of being traded;
- iii. It is due to be settled within 12 months after the reporting date; or
- iv. The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

#### **Operating cycle**

The Company has ascertained its operating cycle as 12 months that is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

#### **h) Revenue**

##### **Sale of products**

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

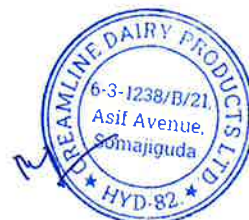
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade discounts, cash discount, allowances and volume rebates, taxes collected and amounts collected on behalf of third parties.

##### **Sale of power**

Revenue from the sale of power is recognised when the Company sells the power to the customer. Revenue from sale of power is based on the price specified in the sales contracts.

##### **Interest income**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial assets. Interest income is included in other income in the statement of profit or loss.



## **Creamline Dairy Products Limited**

### **Note to the financial statements**

#### **1. Significant accounting policies (continued)**

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##### **Dividend income**

Dividend income is accounted for when the right to receive the same is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

##### **i) Foreign currency**

Transactions in foreign currencies are translated to functional currencies of Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of profit and loss.

##### **j) Employee benefits**

###### **Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term employee benefit such as salaries, wages, bonus, special awards and medical benefits, etc. are recognized on an un-discounted basis and charged to the statement of profit and loss.

###### **Defined contribution plan**

A defined contribution plan is a post-employment benefit under which an entity pays a specific contribution to a separate entity and has no obligation to pay any further amounts. Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss during the period in which the employee renders the related service. The Company has no obligation, other than the contribution payable to these funds.

###### **Defined benefit plan**

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The Company has an arrangement with Life Insurance Corporation of India (LIC) to administer its gratuity scheme.

Accrued liability towards gratuity is provided on the basis of actuarial valuation under the Projected Unit Credit (PUC) method and debited to the statement of profit and loss Statement and Actuarial gains or losses net of deferred taxes are accounted for in Other Comprehensive Income (OCI).





## Creamline Dairy Products Limited

### Note to the financial statements

#### 1. Significant accounting policies (continued)

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The present value of the defined benefit obligation denominated in Indian Rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in the statement of profit and loss.

#### **k) Taxes on income:**

Income tax expense comprises current and deferred tax. It is recognized in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in the OCI.

#### Current tax

Current tax is the amount of tax payable (recoverable) in respect of the taxable profit / (tax loss) for the year determined in accordance with the provisions of the Income-Tax Act, 1961. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates the positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

#### Deferred tax

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





## Creamline Dairy Products Limited

### Note to the financial statements

#### 1. Significant accounting policies (continued)

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- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Taxes relating to items recognized directly in equity or OCI is recognized in equity or OCI.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### 1) Inventories

Inventories which comprise of raw material, packing material, work-in-progress, finished goods and stores and spares are valued at lower of cost and net realizable value. Cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. The inventories of raw materials, packing materials, work-in-progress, finished goods and stores are valued at moving weighted average cost of the respective batches.

Cost of work-in-progress and finished goods include direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value. The comparison of cost and net realizable value is made on an item-by-item basis.



## Creamline Dairy Products Limited

### Note to the financial statements

#### 1. Significant accounting policies (continued)

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##### m) Dividend Distribution

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend where only the Board of Directors approval is taken.

##### n) Property, plant and equipment

###### Recognition and measurement

Property, Plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

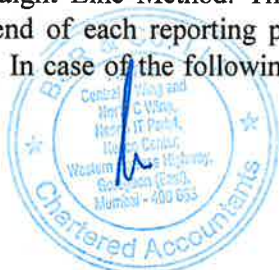
Freehold land is carried at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

###### Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

###### Depreciation/ Amortizations

Depreciation on tangible fixed assets is provided in accordance with the provisions of Schedule II of the Companies Act 2013, on Straight Line Method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. In case of the following category of property, plant and equipment, the depreciation has been



## Creamline Dairy Products Limited

### Note to the financial statements

#### 1. Significant accounting policies (continued)

provided based on the technical specifications, external & internal assessment, requirement of refurbishments and past experience of the remaining useful life which is different from the useful life as specified in Schedule II to the Act:

| Asset category                  | Estimated useful life<br>in years |
|---------------------------------|-----------------------------------|
| Plant and machinery             | 8                                 |
| Wind and Solar equipment        | 22                                |
| Crates, cans and milk-o-testers | 4                                 |

#### o) Intangible assets

##### Recognition and measurement

Intangible assets other than Goodwill are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

##### Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the statement of profit or loss. The intangible assets are amortised over the estimated useful lives as given below:

- Computer Software : 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

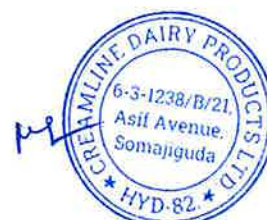
#### p) Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange difference to the extent regarded as an adjustment to the borrowing costs.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.



## **Creamline Dairy Products Limited**

### **Note to the financial statements**

#### **1. Significant accounting policies (continued)**

---

##### **q) Impairment of non-financial assets**

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amounts of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the fair value less costs to sell and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor that reflects current market assessments of the time value of money and the risk specific to the asset.

When there is indication that an impairment loss recognised for an asset (other than goodwill) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

##### **r) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

##### **s) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### **t) Government grants**

Government Grants are recognised where there is a reasonable assurance that the grant will be received and the attached conditions will be complied with.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

##### **u) Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The





## **Creamline Dairy Products Limited**

### **Note to the financial statements**

#### **1. Significant accounting policies (continued)**

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right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

#### **Company as a lessee:**

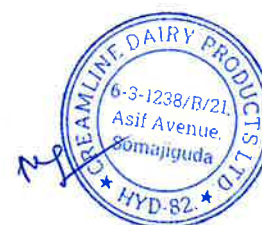
The Company has lease contracts for buildings used in its operations. The Leases generally have lease terms between 1 and 10 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments.

The Company also has certain leases of buildings with lease terms of 12 months or less. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

#### **v) Financial instruments**

##### **Recognition and initial measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument except for trade receivables which are initially recognized when they are originated. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.



# Creamline Dairy Products Limited

## Note to the financial statements

### 1. Significant accounting policies (continued)

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#### Classification and subsequent measurement

##### Financial assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

##### *Amortised Cost:*

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### *Fair Value through OCI:*

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### *Fair Value through Profit or Loss:*

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

##### *Financial Liabilities at FVTPL:*

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss

##### *Other Financial Liabilities:*

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.



## **Creamline Dairy Products Limited**

### **Note to the financial statements**

#### **1. Significant accounting policies (continued)**

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The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### **Derecognition of financial instruments**

##### ***Financial assets***

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

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

##### ***Financial liabilities***

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

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

#### **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer the notes for details how the Company determines whether there has been a significant increase in credit risk.

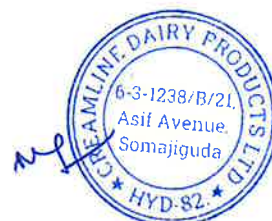
For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognised from initial recognition of the receivables.

#### **Off-setting**

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

#### **w) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.



## Creamline Dairy Products Limited

### Note to the financial statements

#### 1. Significant accounting policies (continued)

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##### x) Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit after tax for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

##### y) Provisions, Contingent liabilities, Contingent assets and Commitments

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit & loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. A provision for onerous contracts is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Contingent liability is disclosed in the case of:

- a present obligation arising from the past events, when it is not probable that an outflow or resources will be required to settle the obligation;
- a present obligation arising from past events, when the amount of the obligation cannot be measured with sufficient reliability;
- a possible obligation arising from past events, unless the probability of outflow or resources is remote.

A contingent asset is not recognized but disclosed in the financial statements where an inflow of economic benefit is probable. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

