DRAFT RED HERRING PROSPECTUS
Dated: February 15, 2021
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

DODLA DAIRY LIMITED

Our Company was incorporated as Dodla Dairy Limited ("**DDL**") pursuant to a certificate of incorporation issued on May 15, 1995 by the Registrar of Companies, Telangana at Hyderabad, ("**RoC**"), as a public limited company under the Companies Act, 1956. Subsequently, a certificate of commencement of business was issued to our Company on May 23, 1995 by the RoC. For further details in relation to our Company, see "*History and Certain Corporate Matters*" on page 146.

Registered Office and Corporate Office: 8-2-293/82/A/270-Q, Road No. 10-C, Jubilee Hills, Hyderabad, 500 033, Telangana, India
Tel: +91 40 4546 7777; **Fax**: +91 40 4546 7788
Contact Person: Ruchita Malpani, Company Secretary and Compliance Officer; **E-mail**: mail@dodladairy.com; **Website**: www.dodladairy.com
Corporate Identity Number: U15209TG1995PLC020324

OUR PROMOTERS: DODLA SUNIL REDDY, DODLA SESHA REDDY AND DODLA FAMILY TRUST

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF DODLA DAIRY LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION ("OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING UP TO ₹500 MILLION AND AN OFFER FOR SALE OF UP TO 10,085,444 EQUITY SHARES CONSISTING OF UP TO 8,300,000 EQUITY SHARES BY TPG DODLA DAIRY HOLDINGS PTE. LTD. ("INVESTOR SELLING SHAREHOLDER") AND UP TO 416,604 EQUITY SHARES BY DODLA SUNIL REDDY AND UP TO 1,041,509 EQUITY SHARES BY DODLA FAMILY TRUST ("PROMOTER SELLING SHAREHOLDERS"), AND UP TO 327,331 EQUITY SHARES BY DODLA DEEPA REDDY ("PROMOTER GROUP SELLING SHAREHOLDER" AND TOGETHER WITH THE INVESTOR SELLING SHAREHOLDER AND THE PROMOTER SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS"), AGGREGATING UP TO ₹[●] MILLION ("OFFER FOR SALE"). THE OFFER WILL CONSTITUTE [●]% OF THE FULLY DILUTED POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER, AND [●] EDITIONS OF [●], A TELUGU DAILY NEWSPAPER (TELUGU BEING THE REGIONAL LANGUAGE OF TELANGANA WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON ITS WEBSITE IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank, as applicable..

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Portion**"), provided that our Company and the Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price in accordance with SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective bank accounts (including UPI ID for RIBs using UPI Mechanism), in which the corresponding Bid Amounts will be blocked by the SCSBs or the Sponsor Bank, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 280.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and Offer Price as determined and justified by our Company and the Selling Shareholders in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 77) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 18.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders severally, and not jointly, accepts responsibility for and confirms that the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus solely to the extent of information specifically pertaining to itself and its portion of the Equity Shares offered by it in the Offer for Sale, and assumes responsibility that such statements are true and correct in all material respects and are not misleading in any material respect. The Selling Shareholders, severally and not jointly, assume no responsibility for any other statements, including, *inter alia*, any of the statements made by or relating to our Company or any other Selling Shareholder.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for filing with the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 300.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India **Tel**: +91 22 2288 2460 **E-mail**: dodla.ipo@icicisecurities.com **Investor grievance E-mail**: customercare@icicisecurities.com **Website**: www.icicisecurities.com **Contact Person**: Rishi Tiwari / Anurag Byas **SEBI Registration No.**: INM000011179	**Axis Capital Limited** Axis House, 1st floor C-2 Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Maharashtra, India **Tel:** +91 22 4325 2183 **E-mail**: dodladairy.ipo@axiscap.in **Website**: www.axiscapital.co.in **Investor Grievance ID**: complaints@axiscap.in **Contact Person**: Pratik Pednekar **SEBI Registration Number**: INM000012029	**KFin Technologies Private Limited** Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareedi 500 032 Telangana, India **Tel**: +91 40 6716 2222/ 180034 54001 **E-mail**: dodladairy.ipo@kfintech.com **Investor grievance E-mail**: einward.ris@kfintech.com **Website**: www.kfintech.com **Contact Person**: M Murali Krishna **SEBI Registration No.**: INR000000221

BID/ OFFER SCHEDULE

BID/OFFER OPENS ON	[●][1]	**BID/OFFER CLOSES ON**	[●]

(1) *Our Company and the Selling Shareholders in consultation with the BRLMs may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date*

(2) *Our Company and the Selling Shareholders in consultation with the BRLMs may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, the terms used in "Industry Overview", "Key Regulations and Policies", "Statement of Special Tax Benefits", "Financial Statements", "Basis for Offer Price", "Outstanding Litigation and Material Developments" and "Description of Equity Shares and Terms of Articles of Association" on pages 83, 137, 79, 177, 77, 256 and 296 respectively shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
"our Company", "the Company", "DDL" or "the Issuer"	Dodla Dairy Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered Office and Corporate Office at 8-2-293/82/A/270-Q, Road No. 10-C, Jubilee Hills, Hyderabad, 500 033, Telangana, India
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries

Company and Selling Shareholders Related Terms

Term	Description
Articles of Association/ AoA	Articles of Association of our Company, as amended
Audit Committee	The audit committee of our Company as described in "*Our Management*" on page 160
Auditors/ Statutory Auditors	Statutory auditors of our Company, namely, B S R & Associates LLP
Board/ Board of Directors	Board of Directors of our Company, as constituted from time to time, including a duly constituted committee thereof
Chairman	The chairman of our Company, namely Dodla Sesha Reddy
Chief Financial Officer	The chief financial officer of our Company, namely Anjaneyulu Ganji
Compliance Officer	The company secretary and compliance officer of our Company, namely Ruchita Malpani
CRISIL Report	Report titled "Assessment of the Indian Dairy Industry" dated January, 2021 issued by CRISIL Limited
CSR Committee	The corporate social responsibility committee of our Board as described in "*Our Management*" on page 164
DDL	Dodla Dairy Limited
DHPL	Dodla Holdings Pte. Limited
DDKL	Dodla Dairy Kenya Limited
Director(s)	Director(s) on our Board, as appointed from time to time
Dodla Family Trust	The family trust formed pursuant to a trust deed dated May 11, 2018
Equity Shares	Equity shares of our Company bearing face value of ₹10 each
Executive Director	An executive Director of our Company
ESOP Plan	Dodla Dairy Limited Employees Stock Option Plan 2018
GVC/ Associate/ Associate Company	Global Vetmed Concepts India Private Limited
Group	Company, its Subsidiaries and Associate Company
Group Companies	Our Group Companies, namely Oremus Corporate Services Private Limited, D Soft India Private Limited, Global Vetmed Concepts Private Limited and Tropical Bovine Genetics Private Limited, as disclosed in "*Group Companies*" on page 172
Independent Director	The non-executive, independent directors of our Company
Investor Selling Shareholder	TDDHPL, as defined below
IPO Committee	IPO Committee of our Board as described in "*Our Management*" on page 164
Key Management Personnel	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" on page 167
LDL	Lakeside Dairy Limited
Managing Director/MD	The managing director of our Company, namely Dodla Sunil Reddy
Materiality Policy	Materiality Policy of our Company adopted pursuant to a resolution of our Board dated February 4, 2021
Memorandum of Association/ MoA	Memorandum of Association of our Company, as amended
Nomination, Remuneration and Compensation Committee	The nomination, remuneration and compensation committee of our Board as described in "*Our Management*" on page 163
OPL	Orgafeed Private Limited
Promoters	The promoters of our Company namely, Dodla Sunil Reddy, Dodla Sesha Reddy and Dodla Family Trust

Term	Description
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details, see "*Our Promoter and Promoter Group*" on page 169
Promoter Selling Shareholder	Dodla Sunil Reddy and Dodla Family Trust
Promoter Group Selling Shareholder	Dodla Deepa Reddy
Registered Office/ Corporate Office	8-2-293/82/A/270-Q, Road No 10-C, Jubilee Hills, Hyderabad, 500 033, Telangana, India
Registrar of Companies/ RoC	Registrar of Companies, Telangana at Hyderabad
Restated Financial Information	Restated consolidated financial information of Dodla Dairy Limited (the "Company" or the "Holding Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") and of its associate, comprising the restated consolidated balance sheet as at September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity, the restated consolidated cash flows for the six months period ended September 30, 2020 and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018, and the statement of significant accounting policies, and other explanatory information in accordance with the SEBI ICDR Regulations
Selling Shareholders	Together, the Promoter Selling Shareholders, Promoter Group Selling Shareholder and the Investor Selling Shareholder
Shareholders	Equity shareholders of our Company from time to time
Shareholders' Agreement	Amended and restated shareholders agreement dated February 2, 2021 entered into between TPG Dodla Dairy Holdings Pte. Ltd., International Finance Corporation, our Company, our Promoters, Mlyktree Consultants LLP and Dodla Deepa Reddy described in "*History and Certain Corporate Matters*" on page 151
Stakeholders' Relationship Committee	The stakeholders' relationship committee of the Board described in "*Our Management*" on page 162
Subsidiaries	The subsidiaries of our Company, namely (i) DHPL; (ii) DDKL; (iii) LDL; and (iv) OPL
TDDHPL	TPG Dodla Dairy Holdings Pte. Ltd.

Offer Related Terms

Term	Description
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf
Acknowledgement Slip	The slip or document issued by a Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
Allot/ Allotment/ Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares by the Selling Shareholders pursuant to the Offer for Sale to Allottees
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs during the Anchor Investor Bid/ Offer Period
Anchor Investor Application Form	Form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/ Offer Period	The day being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs
Anchor Investor Pay-in Date	In case of the Anchor Investor Offer Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the CAN but not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price

Term	Description
Application Supported by Blocked Amount/ ASBA	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	Bidders (other than Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders to make Bids which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis	Axis Capital Limited
Banker(s) to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 280
Bid	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, and in case of any such extension, the extended Bid/ Offer Closing Date shall also be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations. Our Company and the Selling Shareholders in consultation with the BRLMs may, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges, and also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members, which shall also be notified in an advertisement in same newspapers in which the Bid/ Offer Opening Date was published, as required under the SEBI ICDR Regulations.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of Retail Individual Bidders Bidding at the Cut-off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/ BRLMs	The book running lead managers to the Offer namely, I-Sec and Axis
Broker Centres	Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/ Offer Period
Cap Price	Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted

Term	Description
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant/ CDP	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the Stock Exchanges
Cut-Off Price	Offer Price, finalised by our Company and the Selling Shareholders in consultation with the BRLMs, which shall be any price within the Price Band Only Retail Individual Bidders Bidding in the Retail Portion are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediaries	In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs and RTAs In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	[●]
Draft Red Herring Prospectus/ DRHP	This draft red herring prospectus dated February 15, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constituted an invitation to subscribe to the Equity Shares
Eligible NRIs	NRI(s) from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Escrow Account	Non lien and non-interest bearing accounts to be opened with the Escrow Collection Company(s) and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow and Sponsor Bank Agreement	Agreement dated [●], amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Member(s), the Sponsor Bank, the Escrow Collection Bank, the Public Offer Account Bank and the Refund Bank for collection of the Bid Amounts and where applicable, remitting refunds (if any) on the terms and conditions thereof
Escrow Collection Bank(s)	Bank(s) which are registered with SEBI as banker(s) to an offer, under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and with whom the Escrow Account in relation to the Offer for Bids by Anchor Investors, will be opened, in this case being [●]
First/ sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	Lower end of the Price Band, subject to any revision(s) thereto not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue of up to [•] Equity Shares aggregating up to ₹500 million by our Company
General Information Document/ GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
I-Sec	ICICI Securities Limited
Mutual Fund Portion	5% of the Net QIB Portion, or [•] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price

Term	Description
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses For further information about use of the Offer proceeds and the Offer expenses, see "*Objects of the Offer*" on page 69
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Offer being not less than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	Person resident outside India, as defined under FEMA and includes NRIs, FVCIs, VCFs, and FPIs
Offer	The initial public offer of up to [●] Equity Shares for cash at a price of ₹[●], aggregating up to ₹[●] million comprising the Fresh Issue and the Offer for Sale
Offer Agreement	The agreement dated February 15, 2021 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 10,085,444 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders for a cash price of ₹[●] per Equity Share including a share premium of ₹[●] per Equity Share aggregating to ₹[●] million For further details in relation to Selling Shareholders, see "*The Offer*" on page 45
Offer Price	The final price (within the Price Band) at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus
Offered Shares	Equity Shares held by the Selling Shareholders and offered for sale in the Offer
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located) each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLMs, will finalise the Offer Price
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account(s)	No lien and non-interest bearing account to be opened with the Public Offer Bank, under Section 40(3) of the Companies Act to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Bank(s)	A bank which registered with SEBI as a banker to an offer and with which the Public Offer Account will be opened, in this case being [●]
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer which shall be available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors)
Qualified Institutional Buyers/ QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	No lien and non-interest bearing account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered under SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	Agreement dated February 15, 2021 amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar to the Offer/ Registrar	KFin Technologies Private Limited
Registrar and Share Transfer Agents/ RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of the Stock Exchanges, and the UPI Circulars

Term	Description
Retail Individual Bidder(s)/ Retail Individual Investor(s)/ RII(s)/ RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their *karta* and Eligible NRIs)
Retail Portion	Portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s) QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/ Offer Closing Date
Self-Certified Syndicate Bank(s)/ SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website. The said list shall be updated on the SEBI website
Selling Shareholders	Collectively, the Investor Selling Shareholder, Promoter Selling Shareholders and Promoter Group Selling Shareholder
Share Escrow Agent	Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time
Sponsor Bank	[●], being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
Stock Exchanges	BSE and the NSE
Sub-Syndicate centres	The sub-Syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect Bid cum Application Forms and Revision Forms
Syndicate Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders, the Syndicate Members and the Registrar to the Offer, in relation to collection of Bids by the Syndicate
Syndicate Members	Intermediaries registered with the SEBI and permitted to accept Bids, place orders with respect to the Offer and carry out activities as an underwriter, in this case being [●]
Syndicate or Members of the Syndicate	The BRLMs and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders and the Underwriters to be entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by a RIB submitted with intermediaries with UPI as a mode of payment in accordance with the UPI Circulars to make an ASBA Bid in the Offer
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/ Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day"

Term	Description
	shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI, including the UPI Circulars

Technical/ Industry Related Terms/ Abbreviations/ Terms relating to our business

Term	Description
Bar	Unit of metric pressure
CBM	Continuous butter making
CIP	Cleaning in place
FSSA	Food Safety and Standards Act, 2006
FSSAI	Food Safety and Standards Authority of India
gms	grams
GPRS	General packet radio service
Kilowatt	A measure of 1,000 watts of electrical power
kgs	Kilograms
MCC	Motor control centers
ml	Millilitre
MTPD	Metric tonnes per day
MLPD	Million litres per day
LDPE	Low Density Poly Ethylene
PCB	Pollution Control Board
PLC	Programmable logic controller systems
SKUs	Stock keeping units
SNF	Solid not fat
SMP	Skimmed milk powder
SCADA System	Supervisory control and data acquisition system
UNBS	Uganda National Bureau of Standards
UHT	Ultra high temperature processing
VAPs	Value added products
VFD	Variable frequency drives
VLCCs	Village Level Collection Centres

Conventional and General Terms or Abbreviations

Term	Description
"₹", "Rs.", "Rupees" or "INR"	Indian Rupees
AIFs	Alternative Investments Funds, as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate (CAGR) is a business and investing specific term for the geometric progression ratio that provides a constant rate of return over the time period calculated as (end value / start value) ^ (1 / years) - 1
Calendar Year	A calendar year is a one-year period that begins on January 1 and ends on December 31, based on the commonly-used Gregorian calendar
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
Copyright Act	The Copyright Act, 1957
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013, along with the relevant rules, clarifications and modifications made thereunder
Companies Act, 1956	Companies Act, 1956, along with the relevant rules made thereunder
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*)
DP ID	Depository Participant Identification
DP/ Depository Participant	Depository participant as defined under the Depositories Act
EBITDA	Profit before tax + finance cost + depreciation and amortisation expense - other income
EBITDA Margin	EBITDA margin is a measure our Company's EBITDA as a percentage of its revenue from operations
EGM	Extraordinary General Meeting
EPS	Earnings Per Share

Term	Description
FCNR	Foreign Currency Non-Resident
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 28, 2020 effective from October 15, 2020, issued by the DPIIT
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Non-Debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FIR	First Information Report
Financial Year/ Fiscal/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
Gazette	Gazette of India
"GoI" or "Government or Central Government"	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family(ies)
IFRS	International Financial Reporting Standards
"Ind AS" or "Indian Accounting Standards"	Indian Accounting Standards referred to in the Companies Act and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015
India	Republic of India
IPC	Indian Penal Code, 1860
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income Tax Act, 1961
MCA	Ministry of Corporate Affairs, Government of India
MUR	Mauritian Rupee, the official currency of Mauritius
MSME	Micro, small or medium enterprise
Mutual Fund (s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
N/A	Not applicable
NACH	National Automated Clearing House
NAV	Net assets value per share (in ₹) is calculated as (total assets – total liabilities) / number of Equity Shares outstanding as at the period end
NBFC	Non-banking financial company
NEFT	National Electronic Funds Transfer
Net Debt	Borrowings – Current Investment – Cash & Cash equivalents (including other bank balances)
Net Worth	Net worth means the aggregate value of equity share capital and other equity created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, derived from the Restated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NPCI	National Payments Corporation of India
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PAT	Profit after tax
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
RTA	Registrars to an Issue and Share Transfer Agents
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act

Term	Description
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Systemically Important Non-Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax deduction account number
Total borrowings	Non-current borrowings + current borrowings+ current maturities of long-term debts from banks
Trade Mark Act	Trade Mark Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United States
U.S. Securities Act	U.S. Securities Act of 1933, as amended
"U.S.", "USA" or "United States"	United States of America
"USD" or "US$"	United States Dollars, the official currency of the United States
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus, Red Herring Prospectus or Prospectus, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including "Risk Factors", "Objects of the Offer", "Our Business", "Industry Overview", "Capital Structure", "The Offer", "Financial Statements", "Outstanding Litigation and Material Developments", "Offer Procedure" and "Description of Equity Shares and Terms of Articles of Association" on pages 18, 69, 121, 83, 57, 45, 177, 256, 280 and 296 respectively.

Primary business of our Company and the industry in which it operates

We are an integrated dairy company based in south India primarily deriving all of our revenue for Fiscal 2020 and for the six months period ended September 30, 2020 from the sale of milk and dairy based VAPs in the branded consumer market.

Consumption of milk and dairy products is a dominant part of Indian consumers' diet. As per the National Account Statistics 2017 report, dairy products comprise nearly 22% of total spend by households on food and non-alcoholic beverages. Overall, dairy products accounted for 6.1-6.5% of the total PFCE between FY12 and FY16 (at constant prices). Various rounds of NSSO's surveys on expenditure pattern of Indian households have shown that recently, the food consumption pattern in India has undergone a change in favour of high-value and more nutritious food items such as milk and milk products, mulberry fruits extracts, fruits and vegetables, and away from staple and starch centric cereals. Amongst private dairy players with a significant presence in the southern region of India, we are the third highest in terms of milk procurement per day *(Source: CRISIL Report)* with an average procurement of 1.02 million litres of raw milk per day ("**MLPD**") as of December 31, 2020 and second highest in terms of market presence across all of India amongst private dairy players with a significant presence in the southern region of India *(Source: CRISIL Report)*.

Name of Promoters

Dodla Sunil Reddy, Dodla Sesha Reddy and Dodla Family Trust

Offer size

Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating to ₹[●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹500 million by our Company and an Offer for Sale of up to 10,085,444 Equity Shares aggregating up to ₹[●] million, comprising of up to 1,458,113 Equity Shares aggregating up to ₹[●] million by the Promoter Selling Shareholders, up to 327,331 Equity Shares aggregating up to ₹[●] million by the Promoter Group Selling Shareholder and up to 8,300,000 Equity Shares aggregating up to ₹[●] million by the Investor Selling Shareholder. The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

Objects of the Offer

The objects for which the Net Proceeds from the Offer shall be utilized are as follows:

Particulars	Amount (₹ in million)
Repayment and/ or pre-payment, in full or part, of certain borrowings availed by our Company	322.64
Funding incremental capital expenditure requirements of our Company	71.51
General corporate purposes[1]	[●]
Total	[●]

[1]The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds of the Fresh Issue

Aggregate pre-Offer shareholding of our Promoters, Promoter Group and Selling Shareholders as a percentage of our paid-up Equity Share capital

The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

S. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
Promoters			
1.	Dodla Sesha Reddy	556,716	0.95
2.	Dodla Sunil Reddy	8,269,038	14.18
3.	Dodla Family Trust	16,144,877	27.68
Total (A)		**24,970,631**	**42.81**
Promoter Group			
4.	Dodla Deepa Reddy;	7,433,958	12.75
5.	Mlyktree Consultants LLP	7,000,000	12.00
6.	Dodla Girija Reddy;	17	negligible
7.	Dodla Subba Reddy;	17	negligible
8.	Bommi Surekha Reddy;	556,733	0.95
Total (B)		**14,990,725**	**25.70**
Total (A + B)		**39,961,356**	**68.51**

The aggregate pre-Offer shareholding of our Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

Selling Shareholders	Number of Equity Shares held	Percentage of the pre- Offer paid-up capital (%)
TDDHPL	15,031,434	25.77
Dodla Sunil Reddy	8,269,038	14.18
Dodla Family Trust	16,144,877	27.68
Dodla Deepa Reddy	7,433,958	12.75
Total	**46,879,307**	**80.38**

Summary Financial Information

The details of our share capital, net worth, the net asset value per Equity Share and total borrowings for the six months period ended September 30, 2020, and the Financial Years ended March 31, 2020, 2019, 2018, as per the Restated Financial Information are as follows:

(₹ in million, except per share data)

Particulars	As at September 30, 2020	As at March 31,		
		2020	2019	2018
Equity Share capital	556.72	556.72	556.72	32.75
Net worth	5,078.89	4,334.96	4,063.73	3,395.32
Net asset value per Equity Share	91.23	77.87	72.99	60.99
Total borrowings	1,006.05	1,500.55	1,577.89	1,258.13

The details of our total income, profit after tax and earnings per Equity Share (basic and diluted) for the six months period ended September 30, 2020, and the Financial Years ended March 31, 2020, 2019, 2018 as per the Restated Financial Information are as follows:

(₹ in million, except per share data)

Particulars	For the six months period ended September 30, 2020	Financial Year		
		2020	2019	2018
Total income	9,182.22	21,456.49	16,994.59	15,970.13
Profit after tax	747.78	498.71	627.62	568.54
Earnings per Equity Share				
- Basic	13.43	8.96	11.27	10.21
- Diluted	13.43	8.96	11.26	10.21

Auditor qualifications which have not been given effect to in the Restated Financial Information

Our Statutory Auditors have not made any qualifications in the examination report.

Summary table of outstanding litigations

A summary of outstanding litigation proceedings involving our Company, Promoters, Directors, Subsidiaries and Group Companies, as of the date of this Draft Red Herring Prospectus is provided below.

Type of Proceedings	***Number of Cases***	***Amount, to the extent quantifiable (in ₹ million)***
Litigation against our Company		
Material civil litigation proceedings	2	14.85
Criminal proceedings	4	Non-quantifiable
Actions initiated by the statutory and regulatory authorities	Nil	Nil
Tax matters	10	306.90
Litigation by our Company		
Material civil litigation proceedings	1	10.00
Criminal proceedings	4	5.18
Tax matters	Nil	Nil
Litigation against our Promoters		
Material civil litigation proceedings	Nil	Nil
Criminal proceedings	2	Non-quantifiable
Actions initiated by the statutory and regulatory authorities	Nil	Nil
Disciplinary actions in the last five years	Nil	Nil
Tax matters	Nil	Nil

Litigation against our Directors		
Material civil litigation proceedings	Nil	Nil
Criminal proceedings	2	Non-quantifiable
Tax matters	Nil	Nil

For further details, see "*Outstanding Litigation and Material Developments*" on page 256

Risk Factors

For details of the risks applicable to us, see "*Risk Factors*" on page 18

Summary table of contingent liabilities

The following is a summary table of our contingent liabilities as of as of September 30, 2020 and March 31, 2020, to the extent not provided for:

(₹ in million)

Contingent Liabilities	As of September 30, 2020	As of March 31, 2020
Income-tax matters	0.99	0.99
Indirect-tax matters	113.80	113.80

For further details, see "*Financial Statements – Note 35: Annexure VI"* on page 211.

Summary of related party transactions

A summary of related party transactions entered into by our Company with related parties are as follows:

(₹ in million, except per share data)

Particulars	Nature	For the six months period ended September 30, 2020	Financial Year		
			2020	2019	2018
Entity exercising significant influence over the Company					
TPG Dodla Dairy Holdings Pte. Ltd., Singapore	Interim dividend paid	Nil	67.32	Nil	Nil
Associate					
Global VetMed Concepts India Private Limited	Purchase of raw material	5.12	10.89	9.74	9.03
	Expenditure incurred on behalf of GVC	4.87	8.19	2.05	6.77
Key Management Personnel					
Sunil Reddy	Interest income	Nil	Nil	Nil	0.92
	Sale of finished goods , (net of discounts)	Nil	Nil	Nil	0.00
	Repayment of unsecured loan	Nil	Nil	Nil	12.50
	Interim dividend paid	Nil	17.97	Nil	Nil
	Short-term employee benefits and post employment benefits^	*Refer to table below*			
B.V.K. Reddy	Sitting fee	Nil	1.86	3.74	0.77
	Interim dividend paid	Nil	3.04	Nil	Nil
	Short-term employee benefits and post employment benefits^	*Refer to table below*			
Hemanth Kundavaram (till December 31, 2020)	Short-term employee benefits and post employment benefits^	*Refer to table below*			
A. Madhusudhana Reddy	Short-term employee benefits and post employment benefits^	*Refer to table below*			
Kishore Hiranand Mirchandani	Sitting fee	Nil	0.60	1.20	1.20
Rampraveen Swaminathan	Sitting fee	0.35	0.80	0.60	Nil

Ponnavolu Divya	Sitting fee	0.24	0.50	0.60	0.60
Tallam Puranam Raman	Sitting fee	0.12	0.30	0.40	Nil
Relatives of KMP					
Sesha Reddy	Consultancy expense	1.80	3.60	3.60	3.60
	Interim dividend paid	Nil	2.49	Nil	Nil
Deepa Reddy	Interim dividend paid	Nil	3.79	Nil	Nil
Girija Reddy	Interim dividend paid	Nil	0.00	Nil	Nil
Subba Reddy	Interim dividend paid	Nil	0.00	Nil	Nil
Surekha Reddy	Sale of finished goods , (net of discounts)	Nil	Nil	Nil	0.00
	Interim dividend paid	Nil	2.49	Nil	Nil
Shilpa Reddy	Consultancy expense	0.45	0.85	0.60	0.60
Enterprise over which KMP have significant influence					
Dodla Dairy, Vinjimuru	Lease rent	0.60	1.20	1.20	1.20
Oremus Corporate Services Private Limited	Consultancy expense	Nil	Nil	0.99	0.90
D Soft India Private Limited	Software maintenance expenses	0.30	0.60	0.60	0.60
Surekha Milk Chilling Centre	Lease rent	0.47	0.92	0.90	0.90
Tropical Bovine Genetics Private Limited (from November 20, 2017)	Purchase of goods	0.71	1.54	1.02	0.54
Hanslot Pile foundation	Lease rent	0.15	0.30	Nil	Nil
Mylktree Consultants LLP	Interim dividend paid	Nil	31.35	Nil	Nil
Dodla Nutri Feeds LLP (from June 29, 2017)	Rent paid	0.15	1.14	0.54	0.25
	Purchase of raw material	Nil	Nil	Nil	0.22
Dodla Foundation (from February 20, 2018)	Corporate social responsibility incurred	6.30	2.00	0.80	Nil
Dodla Family Trust	Interim dividend paid	Nil	72.31	Nil	Nil
Dodla Sunil Reddy HUF	Interim dividend paid	Nil	48.57	Nil	Nil

^ As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above. Share-based compensation expense allocable to key management personnel ₹ 2.08 (31 March 2020: ₹ 7.62, 31 March 2019: ₹ 18.34, 31 March 2018: ₹ 0.60) is also not included in the remuneration disclosed above. Please refer to the table below for a break-up of short term employee benefits and post employment benefits granted to the indicated Key Management Personnel-

(₹ in million, except per share data)

Particulars	Nature	For the six months period ended September 30, 2020	Financial Year 2020	Financial Year 2019	Financial Year 2018
Remuneration paid to Key Management Personnel^	Short-term employee benefits	26.97	55.65	50.43	74.02
	Post employment benefits	1.50	3.00	2.53	2.14

For further details, see "*Financial Statements*" on page 177.

Details of all financing arrangements whereby the	There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the

<table>
<tr><td>Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus</td><td>normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.</td></tr>
<tr><td>Weighted average price at which the Equity Shares were acquired by our Promoters or Selling Shareholders, in the last one year</td><td>TDDHPL has not acquired any Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus

Except as stated below our Promoters or Selling Shareholders have not acquired any Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus. The weighted average price at which our Promoters and Promoter Group Selling Shareholder acquired the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus is as follows:

<table>
<tr><th>Promoter/ Selling Shareholder</th><th>Number of Equity Shares acquired</th><th>Weighted average price of acquisition per Equity Share (in ₹)#</th></tr>
<tr><td>Dodla Sunil Reddy</td><td>4,257,519</td><td>Nil</td></tr>
<tr><td>Dodla Deepa Reddy</td><td>6,588,441</td><td>Nil</td></tr>
</table>
As certified by A Ramachandra Rao & Co, Chartered Accountants, in their certificate dated February 15, 2021</td></tr>
<tr><td>Average cost of acquisition of Equity Shares of our Promoters and selling shareholders</td><td>The average cost of acquisition of Equity Shares of our Promoters and Selling Shareholders is as follows:

<table>
<tr><th>Name</th><th>Number of Equity Shares acquired</th><th>Average cost of acquisition per Equity Share (in ₹)#</th></tr>
<tr><td>Dodla Sesha Reddy</td><td>556,716</td><td>5.24</td></tr>
<tr><td>Dodla Sunil Reddy</td><td>8,269,038</td><td>0.38</td></tr>
<tr><td>Dodla Family Trust</td><td>16,144,877</td><td>Nil</td></tr>
<tr><td>TDDHPL</td><td>15,031,434</td><td>213.39</td></tr>
<tr><td>Dodla Deepa Reddy</td><td>7,433,958</td><td>0.37</td></tr>
</table>
As certified by A Ramachandra Rao & Co, Chartered Accountants, in their certificate dated February 15, 2021</td></tr>
<tr><td>Size of the pre-IPO placement and allottees, upon completion of the placement</td><td>Not applicable.</td></tr>
<tr><td>Any issuance of Equity Shares in the last one year for consideration other than cash</td><td>Our Company has not issued any Equity Shares in the last one year from the date of this Draft Red Herring Prospectus, for consideration other than cash.</td></tr>
<tr><td>Any split/consolidation of Equity Shares in the last one year</td><td>Our Company has not split or consolidated the face value of the Equity Shares in the last one year.</td></tr>
</table>

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references to “India” in this Draft Red Herring Prospectus are to the Republic of India, all references to “Kenya” are to the Republic of Kenya, all references to “Uganda” are to the Republic of Uganda, all references to Singapore are to the Republic of Singapore and all references to “USA”, “US” and “United States” are to the United States of America.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Draft Red Herring Prospectus is derived from the Restated Financial Information.

Our Company’s Financial Year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular Financial Year or Fiscal, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

There are significant differences between Ind AS and U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting principles, policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting principles, policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 18, 121 and 231 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Financial Information.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as otherwise stated, all figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places.

Currency and Units of Presentation

All references to:

- “Euro” or “€”; or “EUR” are to Euro, the official currency of 19 of the 27 member states of the European Union.
- “KES” are to the Kenyan Shilling, the official currency of Kenya;
- “Rupees” or “₹” or “INR” or “Rs.” are to the Indian Rupee, the official currency of India;
- “SGD” are to the Singapore Dollar, the official currency of Singapore;
- “UGX” are to the Ugandan Shilling, the official currency of Uganda;
- “USD” or “US$” are to the United States Dollar, the official currency of the United States; and

Our Company has presented all numerical information in this Draft Red Herring Prospectus in “million” units or in whole numbers where the numbers have been too small to represent in millions. One million represents 1,000,000 and one billion represents 1,000,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the respective foreign currencies:

Currency	**As at**			
	September 30, 2020	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
1 AED	20.06	20.44	18.87	17.67
1 Euro	86.25	83.04	77.75	79.97
1GBP	94.74	93.07	90.28	91.01
1 KES	0.67	0.71	0.68	0.64
1 MUR	1.80	1.86	1.92	1.89
1 NGN	0.19	0.20	0.19	0.18
1 SGD	53.78	52.68	51.12	49.52
1 USD	73.69	75.10	69.32	64.92
1 UGX	0.02	0.02	0.02	0.02
1 ZMK	0.01	0.01	0.01	0.01

Source: www.oanda.com, numbers rounded to two decimal places

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publication and sources. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" beginning on page 18. Accordingly, investment decisions should not be based solely on such information

The sections "*Offer Document Summary*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" of this Draft Red Herring Prospectus contain data and statistics from the report titled "Assessment of the Indian Dairy Industry" prepared by CRISIL Limited, dated January, 2021, and commissioned by our Company, which is subject to the following disclaimer:

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (CRISIL Research Report on Assessment of Indian Dairy Industry) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Dodla Dairy Limited will be responsible for ensuring compliances and consequences of non-complainces for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd ("CRIS"), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

In accordance with the disclosure requirements under the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 77 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, the Selling Shareholders, nor the BRLMs, have independently verified such information.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "seek to", "shall", "objective", "plan", "propose", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All forward-looking statements whether made by us in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to corresponding risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the industries we serve and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- our inability to procure adequate amounts of raw milk from farmers and third party suppliers, at competitive prices, may have an adverse effect on our business, results of operations and financial condition;

- the coronavirus disease (COVID-19) has had an adverse effect on our business and operations and the extent to which it may continue to do so in the future, is uncertain and cannot be predicted;

- our inability to accurately forecast demand for our products, may have an adverse effect on our business, results of operations and financial condition;

- actual or alleged contamination or deterioration of our products or our raw materials could result in legal liability, damage our reputation and adversely affect our business prospects and consequently our financial performance; and

- our processing plants, procurement operations in relation to procurement of raw milk and distribution operations are primarily concentrated in southern India and any adverse developments affecting this region could have an adverse effect on our business, results of operations and financial condition

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 18, 121 and 231, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of our future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance. Neither our Company, the Selling Shareholders, our Promoters, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Company and each of the Selling Shareholders (in respect of statements/ disclosures made by them in this Draft Red Herring Prospectus) with respect to themselves and the Equity Shares offered by them in the Offer shall, severally and not jointly, ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus until the date of Allotment.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, but also to the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 121 and 231, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved. Potential investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Potential investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to legal and regulatory environment which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "Forward-Looking Statements" on page 17.

In this section, any reference to the "Company" refers to Dodla Dairy Limited on an unconsolidated basis. In this section, any reference to "we", "us" or "our" refers to Dodla Dairy Limited and its Subsidiaries and Associate Company on a consolidated basis. Unless the context requires otherwise, all financial information included herein is based on our Restated Financial Information included in "Financial Statements" beginning on page 177.

Unless stated otherwise, industry and market data used in this section has been obtained or derived from publicly available information as well as industry publications, other sources and the report titled "Assessment of the Indian Dairy Industry" dated January, 2021 issued by CRISIL Limited (the "Crisil Report") (which was commissioned by us). Unless otherwise indicated, all financial, operational, industry and other related information derived from the Crisil Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

Internal Risks relating to our Business

1. Our operations are dependent on the supply of large amounts of raw milk, and our inability to procure adequate amounts of raw milk from farmers and third party suppliers, at competitive prices, may have an adverse effect on our business, results of operations and financial condition.

Our Indian operations are dependent on the supply of large amounts of raw milk, which is the primary raw material used in the manufacture of all our dairy products. As of December 31, 2020, our supply chain network consists of procurement of approximately 1.02 MLPD of raw milk per day from approximately 114,920 farmers through 6,624 Village Level Collection Centres ("**VLCCs**"), 254 dairy farms (farmers rearing multiple cattle for supplying raw milk in bulk quantities) and third party suppliers. We do not have any formal arrangements with farmers and therefore they are not obligated to supply their milk to us and they may choose to sell their milk to our competitors. Interruption of, or a shortage in the supply of raw milk may result in our inability to operate our production facilities at optimal capacities or at all, leading to a decline in production and sales. While we believe we have developed a strong relationship with these dairy farmers over the years, through continuous engagement and provision of cattle feed at cost price, we have not entered into any formal supply contracts with such dairy farmers. Also, the amount of raw milk procured and the price at which we procure such supplies, may fluctuate from time to time in the absence of a formal supply contract. The availability and price of raw milk is subject to a number of factors beyond our control including seasonal factors, environmental factors, general health of cattle in the regions in which we operate and Government policies and regulations. For instance, the volume and quality of milk produced by cows and buffalos is dependent upon the quality of nourishment provided by the cattle feed and could be adversely affected during period of extreme weather. Also, any disease or epidemic affecting the health of cows and buffalos in India, especially within our procurement regions, could significantly affect our ability to procure adequate amounts of raw milk. Further, any change in the policies of the Government or the respective State Governments where our operations are based, including those affecting the use or ownership of agricultural land or the dairy industry in general, could adversely affect our business and results of operations. We cannot assure you that we will be able to procure all of our raw milk requirements at prices acceptable to us, or at all, or that we may be able to pass on any increase in the cost of milk to our customers. Additionally, our procurement prices may increase due to our competitors buying milk at higher prices. Any inability on our part to procure sufficient quantities of raw milk and on commercially acceptable terms, could lead to a decline in our production and sales volumes and value, which could have an adverse effect on our business, results of operations and financial condition.

2. The coronavirus disease (COVID-19) has had an adverse effect on our business and operations and the extent to which it may continue to do so in the future, is uncertain and cannot be predicted.

In the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities responded by taking measures, including in India where our operations are primarily based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a "notified disaster" and imposed a nationwide lockdown beginning March 25, 2020. While the lockdown does not remain in force, in case the lockdown is reintroduced, it could result in subdued growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect our business, prospects, results of operations and financial condition. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as:

- a decrease in sales of our products such as processed milk, ice cream, curd and butter milk in the metro cities of Bengaluru and Chennai. This was primarily because of the migration of our retail customers to their base home town.

- an adverse impact on our sales to commercial establishments;

- a reduction in the consumption of our products led to a decrease in the production at certain of our processing plants such as Nellore and Palamner;

- certain employees including some of our Key Management Personnel contracting COVID-19, who have since recovered;

- reduction in our budget for sales and marketing for Fiscal 2021;

- increased risks emanating from process changes being implemented, such as increased reliance on technology, increased work-from-home measures;

While COVID-19 has directly affected our business and operations, there is significant uncertainty regarding the duration and impact of the COVID-19 pandemic, as well as possible future responses, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on us and our customers at this time.

Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section. Please see "*Management's Discussions and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – Impact of the novel coronavirus disease (COVID-19)*" on page 233.

3. Any actual or alleged contamination or deterioration of our products or our raw materials could result in legal liability, damage our reputation and adversely affect our business prospects and consequently our financial performance.

We are subject to risks affecting the dairy industry, including risks posed by the following:

- contamination/ spoilage of raw materials;
- consumer product liability claims;
- product tampering;
- product labelling errors;
- the expense and possible unavailability of product liability insurance; and
- the potential cost and disruption of product recalls.

Any actual or alleged contamination or deterioration of our products, whether deliberate or accidental, could result in legal liability, damage to our reputation and may adversely affect our business prospects and consequently our results of operation and financial performance. Our primary and critical raw material is raw milk. The risk of contamination or deterioration exists at each stage from procurement of raw milk from the farmers, transportation of the raw milk to our chilling centres and processing plants, processing of raw milk into processed milk or conversion of raw milk into VAPs and distribution of our products to distributors or our Dodla Retail Parlours until final consumption by consumers. While we follow stringent quality control processes and quality standards at each stage, there can be no assurance that our products will not be contaminated or suffer deterioration. Further, there can be no assurance that contamination of our raw materials or products will not occur during the transportation, production, distribution and sales processes due to reasons unknown to us or beyond our control. If our products or raw materials are found to be spoilt, contaminated, tampered with, incorrectly labelled or reported to be associated with any such incidents, we may be forced to recall our products from the market and we could incur criminal or civil liability for any adverse medical condition or other damage resulting from consumption of such products.

Further, contamination of any of our products could also subject us to product liability claims, adverse government scrutiny, investigation or intervention, product return, resulting in increased costs and any of these events could have a material and adverse impact on our reputation, business, financial condition, cash flows, results of operations and prospects. We are facing allegations from third parties in relation to our products being adulterated. Any negative claim against us, even if meritless or unsuccessful, could divert our management's attention and other resources from other business concerns, which may adversely affect our business and results of operations. Further, criminal complaints bearing numbers CC 515/2010 and 230/2011 have been filed against the Company, alleging production of substandard flavored milk and selling of adulterated ghee. For further details please see "*Outstanding Litigation and Material Developments*" on page 256.

4. The supply of raw milk is subject to seasonal factors, and does not necessarily match the seasonal change in demand for our products. Consequently, our inability to accurately forecast demand for our products, may have an adverse effect on our business, results of operations and financial condition.

The supply of raw milk is subject to seasonal factors. Cows and buffalos generally produce more milk in temperate weather, and extreme cold or hot weather could lead to lower than expected production. Our raw milk procurement and production is therefore higher in the second half of the financial year during the winter months with temperate climate in our milk procurement region. In contrast, the demand for our products such as curd is higher in the first half of the financial year during summer months and the demand for *ghee* is higher during festive seasons. As a result, comparisons of our sales and operating results over different quarterly periods during the same financial year may not necessarily be meaningful and should not be relied upon as accurate indicators of our performance. Please see "*Management's Discussions and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – Seasonality of business*" beginning on page 232.

Further, while we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. Each of our products has a specific shelf life and if not sold prior to expiry, may lead to losses or if consumed after expiry, may lead to health hazards. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition.

5. Our processing plants, procurement operations in relation to procurement of raw milk and distribution operations are primarily concentrated in southern India and any adverse developments affecting this region could have an adverse effect on our business, results of operations and financial condition.

As on the date of this Draft Red Herring Prospectus, we own and operate 13 processing plants located in the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka and we procure raw milk from these states. For Fiscal 2020, we derived approximately 98.75% of our revenue from operations from the sale of milk and dairy based VAPs in southern India. Any significant social, political or economic disruption, or natural calamities or civil disruptions in southern India, or changes in the policies of the state or local government of the region or the Government of India, could require us to incur significant capital expenditure, change our business structure or strategy, which could have an adverse effect on our business, results of operations, cash flows and financial condition.

6. Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned and paid for by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.

We have availed the services of an independent third party research agency, CRISIL Limited, to prepare an industry report titled "Assessment of the Indian dairy industry" dated January, 2021, for purposes of inclusion of such information in this Draft Red Herring Prospectus. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. Neither us nor anyone associated with us has independently verified data from the industry report. Although we believe that the data in the industry report may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, any of the BRLMs or any of our or their respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus.

7. We did not have adequate controls for managing our historical secretarial records and compliances as a result of which there have been certain inaccuracies and non-compliances with respect to certain provisions of the Companies Act and applicable FEMA regulations in relation to regulatory filings and corporate actions taken by our Company. Consequently, we may be subject to adverse regulatory actions and penalties for any past or future non-compliance and our business, financial condition and reputation may be adversely affected.

In the past, our controls and compliances for managing our secretarial records and compliances have been inadequate as a result of which there have been factual inaccuracies, non-compliances with certain provisions of the Companies Act, 1956, Companies Act, 2013 and FEMA regulations, and delays and failures in making certain regulatory filings by our Company. For instance, we have made filings for condonation of delay for non-compliances in relation to non-filing of Form 23 for (i) issue of preference shares on September 30, 2000, (ii) issue of Equity Shares on September 30, 2000 and (iii) for the appointment of our Managing Director for five years for the period 2011-2016. Filings for condonation of delay for such non-compliances have been rejected. Additionally, we have also incorrectly (i) filed form DIR-12 in relation to the appointment of our whole-time Director Madhusudhana Reddy Ambavaram; and (ii) classified the shareholding of Surekha Reddy Bomnireddy as "public" in the annual returns for the financial years ended March 31, 2019 and 2020. We have also filed a condonation of delay application for the non-filing of Form 5 for the redemption of our preference shares which has been rejected. Also, we have made a typographical error in the filing of form PAS-3 in relation to allotment of 2,652,520 Equity Shares to International Finance Corporation, wherein we have incorrectly stated the total premium amount paid in the stated form filing. Such past inadequate internal controls may subject us to regulatory actions and/ or penalties which may adversely affect our business, financial condition and reputation.

We have been unable to trace these documents despite conducting a search at the relevant Registrar of Companies, and may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions.

While no legal proceedings or regulatory action has been initiated against our Company in relation to the unavailable filings as of the date of this Draft Red Herring Prospectus, we cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records. Additionally, our Company had filed a declaration under the Company Law Settlement Scheme, 2000 ("**Settlement Scheme**") for non-filing of annual returns of our Company from the year 1996 to 1999 and for a delay in filing of the return of allotment form for the allotment made on December 23, 1998. While we have paid the necessary fees for the aforementioned non-compliances, we cannot assure you that we will not be subject to regulatory action or penalties in this regard. Any penalties or fines imposed on us in this regard could have a material adverse effect on our financial condition and reputation.

Further, in the past we have made compounding applications for the contravention of Section 185 of the Companies Act, 2013, Section 295 and Section 297 of the Companies Act, 1956 before the RoC. Additionally, we have also filed an application for condonation of delay with respect to a delay in filing of a special resolution as required under the provisions of Section 185 and Section 117 of the Companies Act, 2013. While we have received compounding and condonation orders for these violations we cannot assure you that we will not be subject to regulatory action or penalties in this regard in the future. Additionally, we have also received a notice from the RoC in relation to inadequate spend by our Company towards corporate social responsibility for Fiscal 2016 and the status of compliance of Section 134(3)(o) of the Companies Act. While we have replied to this notice furnishing the details asked from us, there can be no assurance that there will be no future action taken against us in this regard.

Further, we have not obtained unique identification numbers and/ or unique registration numbers for 88,255 Equity Shares of our Company, amounting to 0.15% our paid-up equity share capital as on the date of this Draft Red Herring Prospectus, which have been allotted or transferred to non-resident shareholders. We have subsequently sought to address the irregularities in respect of allotments made to non-residents by making the necessary representations and filings with the RBI. Subsequently, we have made a compounding application dated July 28, 2018 with the RBI for compounding the below mentioned contraventions

- Non-filing of Form FC-GPR (RBI) and FIRC within thirty days from date of issue and receipt of money respectively for 88,255 Equity Shares allotted to International Media and Cultures (IMAC) on December 23, 1998.

The RBI has pursuant to a letter dated November 13, 2018 returned our compounding application due to non availability of compounding provisions under the Foreign Exchange Regulation Act, 1973. We cannot assure you that the RBI will not take any further action due to these irregularities and that it will not have a material adverse effect on our financial condition or that we will pay such amounts in time or at all.

Additionally, our Company had invested certain amounts and incorporated a subsidiary company, Dodla Milk Processing PLC ("**DMPL**"), in Ethiopia in 2014. The investment was made through the Overseas Direct Investment ("**ODI**") route as prescribed under the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2004 ("**FEMA 120**") . However due to infeasible conditions, we decided to dissolve DMPL without commencing any operations. No shares were allotted to our Company against the investment made and no Annual Performance Reports ("**APRs**") were filed. Our Company had submitted a letter dated February 17, 2017 to our AD bank in relation to certain filings for DMPL. Subsequently we received a letter dated April 20, 2017 notifying our Company of the violations of FEMA 120 which consisted of a failure to submit share certificates within the prescribed period of six months in accordance with Regulation 15(1) of FEMA 120 and failure to submit APRs in accordance with Regulation 16 of FEMA 120. Subsequently, we have made a compounding application dated May 10, 2017 with the RBI for compounding of the aforementioned contraventions. We have received a compounding order dated September 28, 2017 from the RBI compounding the violations and imposing a penalty of ₹40,000 on our Company. While this offence has been compounded, we cannot assure you that we will not be subject to regulatory action or penalties in this regard. Any penalties or fines imposed on us in this regard could have a material adverse effect on our financial condition and reputation.

Further, our Company disinvested its stake in Abyssinia Bharat Food Parks PLC, a company incorporated in Ethiopia on June 30, 2014 and reported the same to our AD bank on February 12, 2016 which was beyond the 60 day period for reporting the diverstment. This delay was due to procedural and coordination reasons between the buyer and our Company. Our AD bank has filed an ODI Form III with the RBI on January 16, 2021 and our Company has sent a letter to the AD Bank dated January 30, 2021 requesting conondation of the delay and approval of the ODI Form III. We cannot assure you that we will not be subject to regulatory action or penalties in this regard.

8. If we are unable to service our debt obligations in a timely manner or to comply with various financial and other covenants and other terms and conditions of our financing agreements, it may adversely affect our business, prospects, results of operations and financial condition.

As of December 31, 2020, we had a total outstanding indebtedness of ₹963.76 million comprising of long term borrowings, working capital facilities and NCDs. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flows may be used towards repayment of our existing debt, which will reduce the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness is at variable interest rates; and
- there could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements.

We have, in the past, breached covenants in relation to a term loan facility availed from Standard Chartered Bank. These breaches were due to (i) an increase of Debt/EBITDA number which exceeded the threshold of 2.75, which we were required to maintain, to 3.52, in Fiscal 2015; and (ii) a loan condition breach that included shortfall in cash flow. The breaches of the aforementioned covenants have been subsequently waived by Standard Chartered Bank. Additionally, we have failed to maintain a financial ratio in relation to a loan facility availed from The Hong Kong Shanghai Banking Corporation Limited ("**HSBC**"). This non-compliance has been subsequently condoned by HSBC. Further, we had failed to maintain a financial ratio as on March 31, 2019 and March 31, 2020 as required by our debenture trustee and International Finance Corporation ("**IFC**"). This non-compliance has been subsequently waived. We have also failed to maintain a current ratio for March 31, 2020 as required by a facility taken from ICICI Bank Limited ("**ICICI Bank**"). ICICI Bank has subsequently condoned and waived the covenant breach. Additionally, we had failed to maintain a current ratio required under the term loan from HDFC Bank Limited Bank in the past, this non-compliance has been waived and condoned by HDFC Bank Limited

Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities or entering into certain transactions. Under these agreements, we also require lender consents for undertaking an initial public offering of our Equity Shares including consequential corporate actions and we have obtained such consent from the lenders. Typically, restrictive covenants under our financing documents relate to obtaining prior consent of the lender for, among others, change in the capital structure, amendment of constitutional documents, any merger, reorganization or similar action and a failure to observe the restrictive covenants under our financing agreements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Further, during any period in which we are in default, we may be unable to obtain further financing or any refinancing of our debt could be at higher rates of interest with more onerous covenants. In addition, lenders may be able to sell our assets charged under such financing arrangements to enforce their claims. For further details, see "*Financial Indebtedness*" beginning on page 253.

Any of these circumstances could adversely affect our business, credit rating, prospects, results of operations and financial condition and lead to initiation of adverse actions by our lenders. Moreover, any such action initiated by our lenders could result in the price of the Equity Shares being adversely affected.

9. There have been instances of non-compliances with certain compliance centric provisions of legislations such as the Factories Act, 1948, FSSA, Electricity Act, 2003, Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 and Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.

We manage our internal compliance by monitoring and evaluating internal controls and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. We cannot assure you that we will not be subject to regulatory action or penalties in this regard.

For instance, in the past our Company has failed (i) to conduct medical examinations of our employees as provided under the provisions of the Factories Act, 1948; (ii) to file details of solid and liquid waste generated per day to the concerned state pollution board as provided for under the provisions of the Factories Act, 1948; (iii) to display details of penal consequences at conspicuous place at our Nellore and Sattenpalle processing plants as required under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; (iv) to file returns of water usage at our Dharmapuri plant as required under the provisions of the Water (Prevention and Control of Pollution) Cess Rules,1978; (v) to sell hazardous waste in the manner as required under the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008; (vi) to display our FSSAI license at a conspicuous place at certain of our plants; (vii) discrepancies noted in capacities of certain processing plants as compared to their FSSAI and pollution control board licenses; (viii) variance in standard weights and measures on review of sample products; (ix) produced more than the licenses granted by relevant PCB and FSSAI authorized us to; (x) to obtain NOCs to extract ground water for industrial use as required under the provisions of the Water (Prevention and Control of Pollution) Cess Act, 1977 and the Air (Prevention and Control of Pollution) Act, 1981 at a Chilling Centre; (x) to conduct fire-fighting drills as required under the provisions of Factories Act, 1948; and (xi) failed to file returns under, *inter alia*, Maternity Benefit Act, 1961 and Payment of Bonus Act, 1965 at the Dharmapuri Processing Plant. While such non-complainces have not had a material adverse affect on the opperations of our Company, in the past, one of our Company's chilling centre in Gajendragad has received closure directions pursuant to directions of the PCB under the Water (Prevention and Control of Pollution) Act, 1974 and the rules made thereunder, for certain non-compliances. Additionally, in relation to our Chilling Centres our Company has failed to file required FSSAI licenses and returns, obtain PCB consent, factory license, and certifications under the Legal Metrology Act, 2009.

Additionally, our Subsidiary, DDKL had defaulted with respect to its PAYE income tax obligations in Kenya for the period December 1, 2017 to December 31, 2017 pursuant to which DDKL paid the resulting penalty with respect to the default for the respective period. As we continue to grow, there can be no assurance that there will be no other instances of statutory non-compliance/ delays by our Company or its Subsidiaries.

10. Our inability to compete with dairy cooperatives may adversely affect our results of operations and financial condition.

In addition to large multinational companies and regional and local companies in each of the regions in which we operate, we also compete with large dairy cooperatives that also procure milk from farmers in the regions where we procure our milk, and any grants, financial assistance or other incentives by the GoI or State governments to such dairy cooperatives would benefit such entities, and could adversely affect our direct milk procurement model and registered milk vendors. For instance, subsidies are provided in states such as Karnataka under the government's Pashu Bhagya Scheme to members of milk cooperatives, which may not be available to us (Source: *CRISIL Report*). According to the CRISIL Report, cooperatives compete with private players on the basis of milk procurement prices, however, private players offer (a) prompt and upfront payment to farmers, (b) often engage with farmers to enhance yield/production of their cattle, and (c) increasingly opting for direct milk procurement from farmers as opposed to procurement through agents. Additionally, the state of Andhra Pradesh through its YSR Cheyutha Scheme provides support to farmers who purchase cattle and supply certain milk cooperatives operation in the state with raw milk. Our Company and our brands do not receive such support from any state government that we operate in and cannot be assured of such support in the future.

While we endeavour to increase our direct procurement of raw-milk from farmers and constantly engage with the farmers, we cannot assure you that we will be able to compete successfully in the future against existing or potential dairy cooperatives or that our business and results of operations will not be adversely affected by increased competition.

11. Certain of our financing agreements involve variable interest rates and any increase in interest rates may adversely affect our results of operations and financial condition.

We are susceptible to changes in interest rates and the risks arising therefrom. Certain of our financing agreements provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further, under certain of our financing agreements, the rate of interest charged to us is subject to revision on the basis of the prevailing money market conditions and the base rate that depends on the policies of the RBI. See "*Financial Indebtedness*" beginning on page 253 for a description of interest payable under our financing agreements. Further, in recent years, the Government of India has taken measures to control inflation, which have included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition.

12. Our Statutory Auditor's report for for the last three Fiscals and six months period ended September 30, 2020 may contain certain qualifications.

There are certain remarks and qualifications, from the auditors in their audit report and annexure to the auditor's report under the Companies (Auditor's Report) Order, 2016 for the last three Fiscals and six months period ended September 30, 2020 pertaining to (a) irregular deposit of professional tax with the relevant authorities, and (b) breach of financial covenants required to be maintained in terms of the debt facilities availed by our Company and the debt securities issued by our Company. While our Company has taken certain corrective actions in relation to such past adverse remarks, there is no assurance that our audit report or annexure there on for any future fiscal periods will not contain such comments or any other qualifications or otherwise affect our results of operations in such future fiscal periods. Investors should consider these remarks in evaluating our financial position, cash flows and results of operations. Any such qualifications in the auditors' report on our financial statements in the future may also adversely affect the trading price of the Equity Shares. For further details see "*Financial Statements*" on page 177.

13. Our Subsidiaries, OPL and Dodla Dairy Kenya Limited have incurred losses in the past and may incur losses in the future

Our Subsidiaries, OPL and Dodla Dairy Kenya Limited have incurred losses in the past. Any such losses that our subsidiaries or we may incur in the future will adversely affect our results of operations and financial condition.

The following table sets forth information on losses incurred by our Subsidiary in the past:

(

Name of the Subsidiary	Profit / (Loss)			For the six months period ended September 30, 2020
	Fiscal 2018	Fiscal 2019	Fiscal 2020	
Dodla Dairy Kenya Limited (in KES million)	(12.88)	(2.96)	14.31	(11.73)
OPL**	N/A	N/A	(15.21)	2.10

*** Incorporated in Fiscal 2020*

There can be no assurance that our Subsidiaries will not incur losses in the future, which may have an adverse effect on our reputation and business.

14. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with our equity shareholders.

We have in the past entered into transactions with certain of our Promoters, relatives of our Promoters, Directors, and enterprises over which our Directors have a significant influence. While we believe that all such transactions have been conducted on an arm's length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into related party transactions in the future. Such related party transactions may potentially involve conflicts of interest.

For details on our related party transactions, see "*Financial Statements*" on page 177. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

15. We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialise, may adversely affect our financial condition.

As of September 30, 2020, our contingent liabilities were as follows:

Particulars	As at September 30, 2020
	(₹ Million)
Income tax matters	0.99
Indirect tax matters	113.80
Total	**114.79**

For further information on our contingent liabilities, see Annexure VI of our Restated Financial Information on page 211.

Our contingent liabilities may become actual liabilities and if a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.

16. Any significant interruption in continuing operations of our chilling centres could have a material adverse effect on our business, results of operations, cash flows and financial condition.

As of December 31, 2020, we owned and operated 90 chilling centres in order to preserve the freshness of the raw milk. These centres are subject to risks such as equipment breakdowns, labour stoppages, natural disasters, directives from government agencies, water shortages and power interruptions. Any significant malfunction or breakdown of our machinery located at such centres may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair the malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same. Our primary raw material, raw milk, is a perishable product and consequently, any malfunction and break down of the cold storage facility may affect the raw milk, which has a limited shelf life, and this could result in slow down or underutilisation of our processing plants or cessation of our operations which may adversely affect our business, results of operations, cash flows and financial condition.

17. Improper storage, processing or handling of raw milk and our dairy products may result in spoilage of, and damage to, such raw milk and dairy products which may adversely affect our business prospects, results of operations and financial condition.

We produce a range of dairy products from raw milk, including standardised milk, full cream milk, toned and double toned milk, curd, SMP, clarified butter (*ghee*), paneer, butter, buttermilk and ice cream. Each such dairy product involves specific temperatures and other conditions of storage depending on the nature of the product. In the event that the procured raw milk or our dairy products are not appropriately processed, stored, handled and transported under specific temperatures and other food safety conditions, the quality of such raw milk and dairy products may be affected, resulting in spoilage or delivery of products of sub-standard quality. Any accident or negligence in the procurement, production or storage of our products under sub-optimal conditions may result in non-compliance with applicable regulatory standards or quality standards and storage conditions specified by our customers for such products. Further, we rely on certain third parties for the transportation of raw milk procured by us and our dairy products and our inability to enforce adequate cold storage facilities at each stage may result in deterioration on the quality of our products. Any sale of such non-compliant products may be harmful to the health of end consumers of our dairy products, and any such event may expose us to liabilities and claims which could adversely affect our brand image and reputation and have a material and adverse effect on our business prospects, results of operations and financial condition.

18. Our Promoter, Dodla Sunil Reddy and Dodla Sesha Reddy, have been named as a respondent in certain criminal proceedings

Of our Promoters, Dodla Sunil Reddy and Dodla Sesha Reddy, have been named as a respondents in certain criminal proceedings. For instance, two criminal complaints have been filed before the Court of Civil Judge and JMFC, Koppal against our Dodla Sunil Reddy and Dodla Sesha Reddy before the Court of Civil Judge and JMFC, Koppal under Section 22 (A) of the Minimum Wages Act, 1948. The aforementioned proceedings against Dodla Sunil Reddy and Dodla Sesha Reddy are currently pending, and there can be no assurance that the relevant judicial forums will dismiss the complaints or rule in favour of the respondents. Any conviction of Dodla Sunil Reddy or Dodla Sesha Reddy or any decision which is not in favour of the persons named in the complaints for the alleged offences may lead to negative publicity and affect our business, reputation and results of operations. For further details, see "*Outstanding Litigation and Material Developments- Outstanding Criminal Litigations against our Promoters*" on page 258.

19. The dairy products business in India is evolving rapidly and is highly competitive and an inability to compete effectively with established and new competitors may adversely affect our growth prospects, results of operations and financial condition.

The dairy products industry in India is highly competitive, especially the markets for pasteurized milk, UHT milk, flavoured milk, curd and ice cream. These products are experiencing rapid development and increasing competition. We currently compete, and in the future will continue to compete, with large multinational companies as well as cooperatives, regional and local companies in each of the regions in which we operate. We compete not only with widely advertised and established branded products, but also with non-premium dairy producers as well as private and economy brand products that are generally sold at lower prices. Our competitors with a significant presence in South India include Hatsun Agro Products Limited, Heritage Foods Limited, Tirumala Milk Products Private Limited and Creamline Dairy Products Limited (Source: *CRISIL Report*). Many of our competitors may have substantially greater financial and other resources and may be better established with greater brand recognition than us. Our competitors in certain regional markets may also benefit from raw material sources or production facilities that are closer to the markets for their products. In addition, a number of our competitors have also engaged in increased integration within the value chain, including collaboration with their existing business partners or other international institutions that produce or supply cattle feed, and other strategic initiatives that could enhance or expand their current operations or products or that might otherwise offer them with growth opportunities. Such strategic moves may lead to a more competitive environment. These initiatives undertaken by our competitors may require us to make further investments on backward integration initiatives such as manufacture of cattle feed, increased quality control, product development, product distribution, and aggressive marketing and promotional initiatives in order to maintain our market share and strengthen our retail consumer brands. We also compete with traditional milkmen and vendors operating in the unorganised sector. As a result, we cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our business and results of operations will not be adversely affected by increased competition.

A failure to introduce distinctive brands, packaging and products that differentiate us from our competitors may result in loss of existing market share and failure to expand our retail consumer business or expand into new markets. Some of our competitors have used, and we expect them to continue to use, greater amounts of incentives and subsidies for distributors and retailers and more advanced processes and technologies. In addition, significant increase in advertising expenditures and promotional activities by our competitors may require us to similarly increase our marketing expenditure for our growing retail consumer business, engage in effective pricing strategies, which may result in dilution of our margins and materially and adversely affect our business, results of operations and financial condition.

20. The success of our business strategy depends upon our ability to enhance our brands. Further, if we fail to maintain and enhance our brand and reputation, consumers' recognition of our brands, and trust in us, our products, and are unable to maintain and grow our brand image, our business may be materially and adversely affected.

Enhancing our brands is a key component of our business strategy in order to expand sales and volumes and to respond to the changing customer landscape. Consumers in existing or new markets are likely to be unfamiliar with our brand and products and we may need to build or increase brand awareness in the relevant markets by increasing investments in advertising and promotional activities than we originally planned. We may also face competition with the established brands in the new markets we intend to enter. We have incurred, and may continue to incur in the future, significant expenditures for advertising and marketing campaigns in an effort to build brand awareness and preference over other public and private label products. We may not be successful in our efforts to expand our brand presence and we cannot guarantee that our advertising and marketing campaigns will result in customer or consumer acceptance of our brands.

Our business depends significantly on the strength of our brand and reputation in marketing and selling our products. We believe that continuing to develop awareness of our brand, through focused and consistent branding and marketing initiatives is important for our ability to increase our sales volumes and our revenue, grow our existing market share and expand into new markets. Consequently, product contaminations and defects, consumer complaints, or negative publicity or media reports involving us, or any of our products could harm our brand and reputation and may dilute the impact of our branding and marketing initiatives and adversely affect our business and prospects. Negative media coverage regarding the safety, quality or nutritional value of our products, and the resulting negative publicity, could materially and adversely affect the level of consumer recognition of, and trust in, us and our products. In addition, adverse publicity about any regulatory or legal action against us could damage our reputation and brand image, undermine our consumers' confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or immaterial to our operations. Additionally, any delinquent publicity of India's dairy industry relating to food safety, including contamination, due to adulterated supplies of raw materials and inadequate enforcement of food-safety regulations and inspection procedures, which may not have a direct connection with us, may negatively influence consumer perception and demand for our products, which in turn could adversely affect our results of operations.

Our success in marketing our products also depends on our ability to adapt to a rapidly changing marketing and media environment, including our increasing reliance on direct marketing initiatives. The impact of our marketing initiatives may not be as effective as we anticipate. If we do not successfully maintain, extend and expand our reputation and brand image, then our brands, product sales, financial condition and results of operations could be materially and adversely affected.

We are one of the leading manufacturers and marketers of dairy based food products and our brands "Dodla Dairy", "Dodla" and "KC+" (for our India operations) and "Dodla Dairy", "Dairy Top" and "Dodla+" (for our overseas) Our brand and reputation are among our most important assets and we believe our brands serve in attracting customers to our products in preference over those of our competitors. We believe that continuing to develop awareness of our brands, through focused and consistent branding and marketing initiatives, among retail consumers and institutional customers, is important for our ability to increase our sales volumes and our revenue, grow our existing market share and expand into new markets. Consequently, any adverse publicity involving us, or any of our products may impair our reputation, dilute the impact of our branding and marketing initiatives and adversely affect our business and our prospects.

21. We have acquired two processing plants pursuant to a business transfer agreement that may expose us to certain liabilities and may have an adverse effect on our business, operations and financial condition.

Pursuant to the business transfer agreement dated February 8, 2019 between our Company, KC Dairy Products Private Limited and its shareholders including Chellamuthu Sureshkumar, we have acquired two processing plants at Vedasandur and Batlagundu in Tamil Nadu ("**BTA**"). The sale deeds for transfer of land on which the two new processing plants operate from Chellamuthu Sureshkumar to KC Dairy Products Private Limited are untraceable. For further details of the BTA, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years*" on page 149.

Though we have made efforts to ensure that acquisitions are successfully integrated with our existing business, certain historical issues and past liabilities may or may not transfer as a claim on us or the two processing plants. We cannot assure you that the third party or any other parties may not pursue legal recourse or make a claim on the two processing plants acquired by us.

22. Failure to comply with environmental laws and regulations could lead to unforeseen environmental litigation which could impact our business and our future net earnings.

We are subject to various national, state, municipal and local laws and regulations concerning environmental protection in India, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management. We have in the past received notices from the Andhra Pradesh Pollution Control Board for establishment of a new boiler without the relevant permissions and for discharge of untreated effluents outside our premises at Sattenepalli. Further, we have in the past operated our Tumkur processing plant without obtaining a valid consent to operate. We have also made applications for pollution clearances for our processing plants. We have also in the past received a notice from the Andhra Pradesh Pollution Control Board in relation to our Nellore processing plant for violations of ground water drawal by our Nellore processing plant for the years 2017-2018, 2018-2019, 2019-2020 and for not complying with the requirement of displaying online data outside the main plant gate on quantity and nature of hazardous material being used in the plant, water and air emissions and solid wastes generated within the plant premises. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our facilities. For further details, see "*Outstanding Litigation and Material Developments*" on page 256.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition. In addition, we could incur substantial costs, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs under environmental laws are difficult to predict. For further information, see "*Regulations and Policies*" on page 137.

23. Our inability to expand or effectively manage our third-party agents and distributors or any disruptions in our supply or distribution infrastructure may have an adverse effect on our business, results of operations and financial condition.

We rely largely on third-party agents and distributors to sell our products to retailers who place our products in the market. As of December 31, 2020, our distribution network included 3,336 distribution agents, 863 milk distributors and 449 milk product distributors across eleven states in India. Our ability to expand and grow our product reach significantly depends on the reach and effective management of our distribution network consisting of third-party distribution agents and distributors. We continuously seek to increase the penetration of our products by appointing new third party agents and distributors to ensure wide distribution network targeted at different consumer groups and regions. We cannot assure you that we will be able to successfully identify or appoint new third party distribution agents or distributors or effectively manage our existing distribution network. Any one of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our financial condition, cash flows and results of operations:

- failure to renew agreements with third party distribution agents and distributors;
- failure to maintain relationships with our existing third party distribution agents and distributors;
- failure to establish relationships with new third party distribution agents and distributors on favorable terms;

- ability to timely identify and appoint additional or replacement third party distribution agents and distributors upon the loss of one or more of our third party agents and distributors;
- reduction, delay or cancellation of orders from one or more of our third party distribution agents and distributors; and
- disruption in delivering of our products by third party agents and distributors.

We may not be able to compete successfully against larger and better-funded distribution networks of some of our current or future competitors, especially if these competitors provide their distributors with more favorable arrangements. If the terms offered to such distributors or agents by our competitors are more favourable than those offered by us, our third-party distribution agents and distributors may decline to distribute our products and terminate their arrangements with us. We cannot assure you that we will not lose any of our third party agents and distributors to our competitors, which could cause us to lose some or all of our favorable arrangements with such third party distribution agents and distributors and may result in the termination of our relationships with other third party distribution agents and distributors. Further the costs related to the collection, distribution and production of our dairy products such as freight and other costs will also have an effect on our production costs and effect on our results of operations. If any of our contracts with these suppliers are disrupted, then we may not be able to find suitable replacements in a timely manner or at all, or on commercially acceptable terms, and this could constrain or disrupt reliability of supply and have an adverse effect on business and profitability.

Alternately, if our third party agents distribution and distributors are not able to maintain a strong network of distribution, our products may not attain as much reach as our competitors in the market and we may lose market share which may have a material adverse effect on our results of operations.

24. Failure to adapt our product offerings to the changing consumer preferences may have a material adverse effect on our business, results of operations, profitability and financial condition.

The dairy industry in India is evolving and consumers may be tempted to shift their choices and preferences when new products are launched or various marketing and pricing campaigns of different brands are introduced. Our future growth depends on our ability to continue to increase our revenue and margins from our dairy based VAPs.

While we believe our current VAPs are in line with changing consumer preferences, we may not be able to adapt or our products may not meet the desired success, or our competitors may respond to such changing consumer preferences more effectively and successfully. An unanticipated change in customer demand may adversely affect our liquidity and financial condition as a result of operating expenses that are relatively fixed and have been incurred by our Company. The success of our VAPs depend on our ability to accurately anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences and fall within a price range acceptable to them. Acceptance of our VAPs and by consumers may not be as high as we anticipate. Further, our VAPs may fail to appeal to the consumers, either in terms of taste or price. We may not be able to introduce new products that are fast-growing due to shift in consumer preferences or generate acceptable margins. To the extent we are unable to execute our strategy to increase our revenue and margins from our VAPs, our market share and financial performance would be adversely affected.

25. Failure to effectively manage our future growth and expansion may have a material adverse effect on our business prospects and future financial performance.

Our future growth depends, amongst other factors, on expanding our operations domestically and internationally by way of organic and inorganic growth by establishing new processing plants. Our ability to achieve growth will be subject to a range of factors, including:

- Setting up of new processing plants in a timely manner;
- competing with existing companies in our markets;
- establishing our presence in new territories;
- strengthening our existing relationships with our distributors;
- expanding our sales network;
- continuing to exercise effective quality control;
- hiring and training qualified personnel; and
- maintaining our high food-safety standards.

Our future growth also depends on expanding our sales and distribution network to enter new markets in new geographies, through different sales channels. We face increased risks when we enter new markets, either India or abroad. We are also subject to various policies of the countries or jurisdictions, relating to the quantity, quality, characteristics and variety of the products sold to such countries, which may be required to be upgraded or changed from time to time. We may find it more difficult to hire, train and retain qualified employees. As a result, the products we introduce in new markets may be more expensive to produce and/or distribute and may take longer to reach expected sales and profit levels than in our existing markets, which could affect the viability of these operations or our overall profitability.

Our expansion plans and business growth could strain our managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. There can be no assurance that we will be able to achieve our business strategy of expanding into existing or new territories and expanding our product portfolio.

26. We do not have long term agreements with suppliers for our raw materials other than raw milk and an increase in the cost of or a shortfall in the availability of such raw materials could have an adverse effect on our business, results of operations and financial condition.

Apart from raw milk, we require skimmed milk powder and butter for our operations. The price and availability of these raw materials depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions. We usually do not enter into long term supply contracts with any of the raw material suppliers and typically place orders with them in advance of our anticipated requirements. The absence of long term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations.

27. Any inability to accurately manage inventory and forecast demand for particular products in specific markets may have an adverse effect on our business, results of operations and financial condition.

We estimate demand for our products based on projections, our understanding of anticipated consumer spending and inventory levels with our distribution network. If we underestimate demand, we may produce lesser quantities of products than required, which could result in the loss of business. If we overestimate demand, we may purchase more raw materials and produce more products than required, which may also result in locking in of our working capital. In the event of such over-production, we may face difficulties with storage and other inventory management issues before the expiry of the shelf life of our products, which may adversely affect our results of operations and profitability. In addition, even if we are able to arrange for sale of such stock, we cannot ensure that such products are not sold or consumed by consumers subsequent to the expiry of the shelf life, which may lead to health hazards. While we prominently display the shelf life in the packaging of our products, we cannot assure you that we will not face claims for damages or other litigation, if our products are consumed subsequent to expiry of their shelf life. Any or all of these factors could adversely affect our reputation, and consequently our business, prospects and financial performance.

28. Any disruption in transportation arrangements may adversely affect our results of operations.

We rely on third party logistic providers to transport raw milk to our chilling centres and processing plants and our finished products to customers, distributors and a large number of retail outlets. Transportation of raw milk and finished products require specially insulated and refrigerated vehicles. We do not have any long term arrangement with such third party logistic providers. We may be affected by transport strikes, which may affect our delivery schedules or procurement processes. If we are unable to secure alternate transport arrangements in a timely manner, or at all, our business, results of operations and financial condition may be adversely affected. Raw milk and finished products may be lost, damaged or subject to spoilage and may result in or delivery of products of sub-standard quality, if specific transportation conditions, including specified temperatures, are not maintained by such transportation providers. Any delay in delivery of raw milk and finished products may also affect our business adversely. There are a limited number of such specialized transportation providers and an inability to ensure adequate and appropriate transportation facilities in a timely manner, or at all, could adversely affect our business operations.

29. There are outstanding legal proceedings involving our Company, Directors and Promoters which may adversely affect our business, financial condition and results of operations.

There are outstanding legal proceedings involving our Company, Directors and Promoters. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defence. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations.

A summary of the outstanding proceedings involving our Company, Directors and Promoters as disclosed in this Draft Red Herring Prospectus, to the extent quantifiable, have been set out below:

Litigation against our Company

S. No.	Nature of Case	Number of outstanding cases	Amount involved (in ₹ million)
1.	Criminal cases	4	Non-quantifiable
2.	Taxation matters	10	306.90
3.	Civil cases	2	14.85
4.	Outstanding actions initiated by regulatory and statutory authorities	Nil	Nil

Litigation by our Company:

S. No.	Nature of Case	Number of outstanding cases	Amount involved (in ₹ million)
1.	Criminal cases	4	5.18
2.	Civil Cases	1	10.00

Litigation against our Directors:

S. No.	Nature of Case	Number of outstanding cases	Amount involved (in ₹ million)
1.	Criminal Cases	2	Non-quantifiable

Litigation against our Promoters:

S. No.	Nature of Case	Number of outstanding cases	Amount involved (in ₹ million)
1.	Criminal Cases	2	Non-quantifiable

In addition to the cases described above, we have also received 34 notices and intimations from various statutory and regulatory authorities to which we have replied or are in the process of replying. For further details of legal proceedings and notices involving our Company, Directors and Promoters, see "*Outstanding Litigation and Material Developments*" beginning on page 256.

We cannot provide assurance that these legal proceedings will be decided in our favour. Decisions in such proceedings adverse to our interests may have an adverse effect on our business, results of operations and financial condition.

30. The loss, shutdown or slowdown of operations at any of our chilling centres and processing plants or the under-utilization of any such chilling centres and processing plants may have a material adverse effect on our results of operations and financial condition

Our business and results of operations are dependent on our ability to effectively plan our procurement and production processes and on our ability to optimally utilize our procurement and production capacities for the various dairy products we process or manufacture. Any disruption to our procurement and production process or the operation of our chilling centres and processing plants may result from various factors beyond our control, including, among others, the following:

- forced close down or suspension of our chilling centres and production plants due to factors such as breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes such as strikes and work stoppages, natural disasters and industrial accidents;
- severe weather condition;
- interruption of our information technology systems that facilitate the management of our production facilities; and
- other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

Although our chilling centres and processing plants have not experienced any material disruption in the past, including on account of COVID-19, there can be no assurance that there will not be any material disruption to our operations in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of these events, or to effectively respond to these events if they occur, our business, results of operations and financial condition could be materially and adversely affected. Further, we depend upon our suppliers and vendors to provide the necessary equipment and services that we need for our continuing operations and maintenance of our facilities, plant and machinery. We cannot assure you that we will be able to continue to obtain equipment and services on commercially acceptable terms, or at all, or that our vendors will continue to enter into or honour the contracts for their services. Our inability to continue to obtain equipment and enter into contracts with our vendors in a timely manner, or at all, could adversely affect our business and results of operations.

31. Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for our business operations could materially and adversely affect our business, prospects, results of operations and financial condition.

Our Indian operations are subject to extensive government regulation and in respect of our existing operations we are required to obtain and maintain various statutory and regulatory permits, certificates and approvals including approvals under the Food Safety and Standards Act, 2006 (the "**FSSA**"), Water (Prevention and Control of Pollution) Act, 1974, environmental approvals, Legal Metrology Act, 2006, factory licenses and labour and tax related approvals. These safety, health and environmental protection laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our production operations. Our African Subsidiaries are subject to extensive government regulation and are required to obtain and maintain various statutory and regulatory permits, certificates and approvals including approvals under the Uganda National Bureau of Standards, Investment License by Uganda Investment Authority for Lakeside Dairy Limited and single business permit and tax registrations for Dodla Dairy Kenya Limited.

We have made applications for various approvals. There can be no assurance that the relevant authorities will issue such permits or approvals in time or at all. Failure or delay in obtaining or maintaining or renew the required permits or approvals within applicable time or at all may result in interruption of our operations. Further, the relevant authorities may initiate penal action against us, restrain our operations, impose fines/penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all. Consequently, failure or delay to obtain such approvals could have a material adverse effect on our business, financial condition and profitability. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, or suffer disruption in our activities, any of which could adversely affect our business. For further details see "*Government and Other Approvals*" on page 260.

Additionally, the financial results of our overseas Subsidiaries may also be affected by changing laws and regulations and policy changes (such as import and export policies) of the country in which of our overseas Subsidiaries are situated. For instance, with respect to DHPL, changes in government policies with respect to the applicable law governing subsidiaries or holding companies may affect us adversely. Further, LDL currently enjoys certain tax benefits from the Ugandan government due to its export operations. There can be no guarantee that LDL will be able to maintain the level of exports required to keep availing those benefits. Additionally, imports in Kenya, where our Subsidiary DDKL operates are regulated by the government. DDKL has been granted import permits which may vary in the future affecting its profitability.

We engage various contractors at our processing plants. We cannot assure you that the contractors operating our processing plants will be able to obtain and maintain relevant approvals for continuous operations of such facilities. Failure of the contractors to maintain requisite government approvals may lead to a disruption at our production facilities and consequently in the production and supply of our products and may adversely affect our results of operations. Certain material consents, licenses, registrations, permissions and approvals that are required to be obtained by our Company for undertaking its business have elapsed in their normal course and our Company has either made an application to the relevant Central or State government authorities for renewal of such licenses, consents, registrations, permissions and approvals or is in the process of making such applications.

32. A shortage or non-availability of electricity, firewood, gas or water may adversely affect our processing or manufacturing operations and have an adverse effect on our business, results of operations and financial condition.

Our processing plants require a significant amount and continuous supply of electricity, firewood and water and any shortage or non-availability may adversely affect our operations. Particularly, all of our processing plants require a significant amount and continuous supply of electricity and fuel and any shortage or non-availability of electricity and fuel may adversely affect our operations. Additionally, all the boilers at our plants are run on firewood and any shortage in the availability of firewood will adversely affect our operations. Further, our raw materials and our products, being perishable in nature, are required to be stored at specific temperatures, supported by continuous supply of electricity and if supply of electricity is not available for any reason, we will need to rely on alternative sources, which may not be able to consistently meet our requirements in an efficient manner or at at an acceptable cost. We depend on state electricity supply for our energy requirements and bore wells for water supply at our facilities. Some of our water supply at our processing plants is met by third party suppliers. For further information, see "*Government and Other Approvals*" beginning on page 260. Any failure on our part to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

33. Any loss of business or potential adverse publicity resulting from spurious or imitation products, could result in loss of goodwill for our products leading to loss of sales, and adversely affect our business, prospects, results of operations and financial condition.

We are exposed to the risk that entities in India and elsewhere could pass off their products as our products, including spurious or imitation products. For example, products imitating our brands and packaging material selling spurious products may adversely affect sale of our products, resulting in a decrease in market share resulting from a decrease in demand for our products. Such imitation or spurious products may not only result in loss of sales but also adversely affect the reputation of our products and consequently our future sales and results of operations. The proliferation of spurious and imitation products in our territories and sub-territories, and the time and resources utilized in taking action against such spurious products, defending claims and complaints regarding these spurious products, and in initiating appropriate legal proceedings against offenders who infringe our intellectual property rights, could result in lower sales, and adversely affect our results of operations and may have a material and adverse effect on our reputation, business, prospects, results of operations and financial condition.

34. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

We are highly dependent on our Directors, senior management and other key personnel for setting our strategic business direction and managing our business. Our senior management team and sales team have extensive experience in the dairy industry in India. Our individual Promoter, Managing Director, Dodla Sunil Reddy, our Chairman, Dodla Sesha Reddy and our chief executive officer, Venkat Krishna Reddy Busireddy, have over 22 years each in the dairy industry. We have not obtained any key man insurance with respect to such individuals. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management, commercial and finance professionals in our industry is intense. The loss of the services of our Directors, senior management or other key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects. Competition for qualified personnel with relevant industry expertise in India is intense due to the scarcity of qualified individuals in the industry in which we operate. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. A loss of the services of our key personnel could adversely affect our cash flows, business, financial condition, results of operations and prospects.

35. A number of our properties are not registered in our name and are located on leased premises. There can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.

A number of our properties including one of our processing plants, certain chilling centres and VLCCs are located on leased premises. These lease agreements may be terminated in accordance with their respective terms, and any termination or non-renewal of such leases could adversely affect our operations. There can be no assurance that we will be able to retain or renew such leases on same or similar terms, or that we will find alternate locations for the existing facilities on terms favourable to us, or at all. Failure to identify suitable premises for relocation of existing properties, if required, or in relation to new or proposed properties we may purchase, in time or at all, may have an adverse effect on our production and supply chain, the pace of our projected growth as well as our business and results of operations.

36. Our business does not involve long term purchase arrangements and we rely on indents from third-party agents and distributors and franchisees (for our Dodla Retail Parlours) that determine the terms of sales of our products. As a result, our sales may fluctuate significantly as a result of changes in our third-party agents and distributors' preferences.

Our business does not involve long-term purchase agreements and we rely on indents from third-party agents and distributors and franchisees (for our Dodla Retail Parlours). However, indents may be amended or cancelled prior to finalization, and in such event, an amendment or cancellation may take place, and we may be unable to seek compensation for any surplus products that we produce. We have not entered into any agreements with our third-party distribution agents and distributors for distribution of our products and there is no firm commitment on part of our third-party agents and distributors to continue to pass on new purchase orders to us and we may not be able to track their activities including in relation to marketing and selling of products. Any failure to meet our third-party distribution agents and distributors' and franchisees' expectation could result in the cancellation or non-renewal of indents. In cases where we have entered into agreements with third-party agents and distributors, such contracts do not bind them to provide us with a specific volume of business and can be terminated by them for cause. Additionally, these third-party agents and distributors also stock products of multiple manufacturers, who could be our competitors. As a result, our sales may fluctuate significantly as a result of changes in our third party agents' and distributors' preferences.

37. If we are not able to successfully identify and integrate any future acquisitions, it could have a material adverse effect on our growth strategy, business, financial condition, results of operations and prospects.

We evaluate potential acquisition targets from time to time, and we may in the future seek to acquire businesses and assets in order to expand our operations and brand portfolio or to enter new markets.

Further, in the past we have acquired certain processing plants, chilling centers and a cattle feed manufacturing plant (through our Subsidiary OPL). The completion of acquisitions and, if completed, the successful integration of such newly acquired businesses into our operations may be difficult for a variety of reasons, including differing culture or management styles, poor records or internal controls and difficulty in establishing immediate control over cash flows. As a result, potential future acquisitions pose significant risks to our existing operations, including:

- additional demands placed on our senior management, who are also responsible for managing our existing operations;
- increased overall operating complexity of our business, requiring greater personnel and other resources;
- additional cash expenditures to integrate acquisitions;
- negative impact on cash flows in the short term;
- incurrence of additional debt to finance acquisitions and higher debt service costs related thereto; and
- the need to attract and retain sufficient numbers of qualified management and other personnel.

Moreover, when making acquisitions it may not be possible for us to conduct a detailed investigation of the nature of the assets being acquired due to, for example, time constraints in making acquisition decisions and other factors. We may also become responsible for additional liabilities or obligations not foreseen at the time of an acquisition. Moreover, even if we are successful in integrating newly acquired assets and acquiring additional assets, expected synergies and cost savings may not materialise, resulting in lower than expected benefits from such acquisitions.

38. Stringent food safety, consumer goods, health and safety laws and regulations may result in increased liabilities and increased capital expenditures.

Our operations are subject to stringent health and safety laws as our products are for human consumption and are therefore subject to various industry specific regulations. We may also be subject to additional regulatory requirements due to changes in governmental policies. Further, we may also incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state and local food safety, consumer goods, health and safety and other laws and regulations. These relate to various issues, including food safety, food ingredients, and food packaging requirements, and the investigation and remediation of contamination. We have in the past paid penalties under the FSSA for substandard quality of milk, curd and SMP. For details, see "*Outstanding Litigation and Material Developments*" on page 256.

These laws and regulations are increasingly becoming stringent and may in the future create substantial compliance or remediation liabilities and costs. These laws may impose liability for non-compliance, regardless of fault. Other laws may require us to investigate and remediate contamination at our facilities and production processes. While we intend to comply with applicable regulatory requirements, it is possible that such compliance may prove restrictive, costly and onerous and an inability to comply with such regulatory requirement may attract penalty. For details see, "*Government and Other Approvals*" and "*Regulations and Policies*" beginning on pages 260 and 137, respectively.

39. Failure to realize anticipated benefits from various initiatives introduced to enhance productivity and improve operating efficiencies may adversely affect our business, results of operations, cash flows and financial condition.

Our future success and profitability depend in part on our ability to reduce costs and improve efficiencies. Our productivity initiatives help fund our growth initiatives and contribute to our results of operations. We continue to implement strategic plans that we believe will position our business for future success and long-term growth by enabling us to achieve a lower cost structure and operate more efficiently in the highly competitive dairy industry. In order to capitalize on our cost reduction efforts, it will be necessary to make certain investments in our business, which may be constrained by the amount of capital investments required. In addition, it is critical that we have the appropriate personnel in place to continue to lead and execute our growth strategy. If we are unable to successfully implement our productivity initiatives in a timely manner or at all, do not achieve expected savings as a result of these initiatives or incur higher than expected or unanticipated costs in implementing these initiatives, our business, results of operations, cash flows and financial condition may be adversely impacted.

40. Technology failures or advancements could disrupt our operations and adversely affect our business operations and financial performance.

IT systems are critical to our ability to manage our large production operations and distribution network and in turn, to maximize efficiencies and optimize costs. Our IT systems enable us to coordinate our operations, from planning, production scheduling and raw material ordering, vehicle loading, customer delivery, invoicing, customer relationship management and decision support. If we do not allocate and effectively manage the resources necessary to build and sustain the proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies, customer service disruptions and, in some instances, loss of customers. Our IT systems, and the systems of our third party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, telecommunications failures, computer viruses, hackers and other security issues. IT interruptions and system failures could have a material and adverse effect on our ability to realise the anticipated improvements in productivity and efficiency.

Additionally, we use advanced technology systems to manage our raw milk procurement, processing as well as distribution operations. A fault in or disruption to our information technology systems could cause disruption to our business. In addition, technological advances from time to time may result in our systems, methods or processing facilities becoming obsolete. Failure to keep up to date with such changes could result in our competitors having an advantage over us, which could impact negatively upon both our financial performance and our reputation. Any significant upgrade to or replacement of our systems could require considerable capital expenditure, which could affect our results of operations and financial condition.

41. The emergence of modern trade channels in the form of hypermarkets, supermarkets and online retailers may adversely affect our pricing ability, and result in temporary loss of retail shelf space and disrupt sales of food products, which may have an adverse effect on our results of operations and financial condition.

India has recently witnessed the emergence of hypermarkets, supermarkets and online retailers and the market penetration of large scaled organized retail in India is likely to increase further. While we believe this provides us with an opportunity to improve our supply chain efficiencies and increase the visibility of our brands, it also increases the negotiating position of such stores. We cannot assure you that we will be able to negotiate our distribution agreements, specially our pricing or credit provisions, on terms favourable to us, or at all. Any inability to enter into distribution agreements and on terms favourable to us, may have an adverse effect on our pricing and margins, and consequently adversely affect our results of operations and financial condition.

From time to time, retailers change distribution centers that supply products to some of their retail stores. If a new distribution center has not previously distributed our products in that region, it may take time to get a retailer's distribution center to begin distributing new products in its region. Even if a retailer approves the distribution of products in a new region, product sales may decline while the transition in distribution takes place. If we do not get approval to have our products offered in a new distribution region or if getting this approval takes longer than anticipated, our sales and operating results may suffer.

42. Any delay or default in payments from third party agents, distributors and franchisees could result in the reduction of our profits.

All our sales are made through third-party distribution agents and distributors and franchisees (for our Dodla Retail Parlours) and credit extended is included in such sales. Consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. As a result of such industry conditions, we have and may continue to have high levels of outstanding receivables. As at Fiscal 2020 and September 30, 2020, our trade receivables were ₹72.03 million and ₹63.74 million respectively. If our third-party distribution agents, distributors and franchisees default in making these payments our profits margins could be adversely affected.

43. We are subject to several tax regimes. Any failure to comply with such tax laws and any changes in tax laws and rules applicable to us may adversely affect our results of operations and financial condition.

Taxes and other levies imposed by the GoI or State governments in India that affect our business and operations include income tax, goods and services tax and other additional taxes and surcharges introduced on a permanent or temporary basis from time to time. Our operations, while primarily located in India, are also located in several jurisdictions in Africa and south east Asia. Consequently, we are subject to the jurisdiction of a significant number of tax authorities and regimes. The revenue recorded and income earned in these various jurisdictions are taxed on differing bases, including net income actually earned, net income deemed earned and revenue-based tax withholding. The final determination of our tax liabilities involves the interpretation of local tax laws, tax treaties and related authorities in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. These tax liabilities and tax regimes also involve the assessment of transfer pricing arrangements among our Company and its Subsidiaries in different tax jurisdictions.

Although we enter into arms-length transactions among our Company and its Subsidiaries, there can be no assurance that regulatory and tax authorities in the various jurisdictions that we operate in will not disagree with our assessment of such transactions. Changes in the operating environment, including changes in tax law and currency/repatriation controls, including on a retroactive basis, could impact the determination of our tax liabilities for any given tax year. Foreign income tax returns of foreign subsidiaries, unconsolidated affiliates and related entities are routinely examined by foreign tax authorities. These tax examinations may result in assessments of additional taxes or penalties or both and have an adverse effect on our results of operations and financial condition.

44. Our insurance coverage may not be adequate and this may have a material adverse effect on our business financial condition and results of operation.

We maintain insurance coverage for key risks relating to our business. While we believe that the amount of our insurance coverage is in line with industry standards, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. In addition, not all risks associated with our operations may be insurable, on commercially reasonable terms or at all. Although we believe that we have obtained insurance coverage customary to our business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected. Natural disasters in the future or occurrence of any other event for which we are not adequately or sufficiently insured may cause significant disruption to our operations that could have a material adverse impact on our business and operations. The occurrence of an event for which we are not adequately or sufficiently insured could have an adverse effect on our business, results of operations, financial condition and cash flows. If we are subject to litigation or claims or our operations are interrupted for a sustained period, we cannot assure you that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption. For further details on our insurance arrangements, see "*Business– Insurance*" on page 136.

45. We will continue to be controlled by our Promoters and certain members of our Promoter Group after the completion of the Offer

After the completion of the Offer, our Promoters and certain members of our Promoter Group will hold majority of our Equity Shares. As a result, our Promoters and certain members of our Promoter Group will continue to exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. They may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters and certain members of our Promoter Group could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. We cannot guarantee that our Promoters and Promoter Group will act in our interest while exercising their rights.

46. Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

As of December 31, 2020, we employed 2,539 whole time employees and 2,583 contract employees across our various facilities in India and Africa. Although we have not experienced any major work stoppages due to labour disputes or cessation of work in the recent past, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are improbable for us to forecast or control and any such event could adversely affect our business, results of operations and financial condition.

47. We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.

In order to retain flexibility and control costs, our Company appoints independent contractors who in turn engage on-site contract labour for performance of certain of our operations. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. Additionally, we are also required to ensure compliance with provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended, and we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

48. Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, financial condition and results of operations may be adversely affected.

We intend to use the Net Proceeds of the Fresh Issue for the purposes described in "*Objects of the Offer*" on page 69. In the event of the estimated utilisation of the Net Proceeds in a scheduled Fiscal being not undertaken in its entirety, the remaining Net Proceeds shall be utilised in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. Further, if the Net Proceeds are not completely utilised for the objects during the respective periods stated above due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) timely completion of the Offer; (iv) market conditions outside the control of our Company; and (v) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws. Deployment of funds is based on management estimates, current circumstances of our business and prevailing market conditions. The deployment of funds has not been appraised by any bank or financial institution. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. Our internal management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project and capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows.

Further, pending utilization of Net Proceeds towards the Objects of the Offer, our Company will have the flexibility to deploy the Net Proceeds and to deposit the Net Proceeds temporarily in deposits with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1939. Accordingly, prospective investors in the Offer will need to rely upon our management's judgment with respect to the use of Net Proceeds.

49. Any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in the Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders' approval.

We propose to utilise the Net Proceeds for repayment/ pre-payment, in full or part, of certain borrowings availed by our Company, for capital expenditure and other general corporate purposes.

Given the nature of our business and due to various uncertainties involved, we may be unable to utilize the Net Proceeds within the time frame or as per the schedule of deployment that we currently estimate. In the case of increase in actual outlay or shortfall in requisite funds, additional funds for the purpose will be met by means available to us, including internal accruals and additional equity and/or debt arrangements.

Further, while our management is required to temporarily deposit the Net Proceeds, pending utilization, with Scheduled commercial banks listed in Schedule II of the Reserve Bank of India Act, 1934, there can be no assurance that we will earn significant interest income on, or that we will not suffer unanticipated diminution in the value of, such temporary deposits.

For further details of the proposed objects of the Offer, see "*Objects of the Offer*" beginning on page 69. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in the Draft Red Herring Prospectus without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations.

Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to change the objects of the Offer or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may deter the Promoters or controlling shareholders from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price prescribed by SEBI.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Fresh Issue, if any, or vary the terms of any contract referred to in the Draft Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

50. We have issued Equity Shares at a price that may be lower than the Offer Price in the last 12 months

We have issued Equity Shares at a price in last 12 months at a price that may be lower than the Offer Price as below:

Date of allotment	**Number of Equity Shares allotted**	**Face value per Equity Share (₹)**	**Issue price per Equity Share (₹)**	**Nature of consideration**	**Allottees**
February 2, 2021	2,652,520	10	377	Cash	International Finance Corporation

For further information, see *"Capital Structure"* on page 57. The Offer Price is not indicative of the price that will prevail in the open market following listing of the Equity Shares.

51. We may not be able to derive the expected benefits of the deployment of the Net Proceeds, in a timely manner, or at all.

Our Company intends to use a certain portion of the Net Proceeds for repayment/ pre-payment, in full or part, of certain borrowings availed by our Company, for capital expenditure and other general corporate purposes. We cannot ascertain whether such initiatives will result in increased sales or have an equivalent monetary impact. Our estimates for the proposed expenditure are based on several variables, a significant variation in any one or a combination of which could have an adverse effect.

The details in this regard have been disclosed in the section entitled "*Objects of the Offer*" beginning on page 69. While the utilisation of Net Proceeds for repayment / prepayment of the borrowings would help us to reduce our cost of debt and enable the utilisation of our funds for further investment in business growth and expansion, these objects will not result in the creation of any tangible assets for our Company.

52. Information relating to our installed capacities and the historical capacity utilization of our processing plants included in this Draft Red Herring Prospectus is based on various assumptions and estimates by the chartered engineer verifying such information and future production and capacity utilization may vary.

Information relating to our installed capacities and the historical capacity utilization of our processing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. While we have obtained a certificate dated February 12, 2021 from Servel Krishna Engineers Private Limited, chartered engineers in relation to such capacities, actual production levels and future capacity utilization rates may vary significantly from the estimated production capacities of our production facilities and historical capacity utilization rates. In addition, capacity utilization is calculated differently in different countries, industries and for the kinds of products we manufacture. Actual utilization rates may differ significantly from the estimated installed capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our installed capacity or historical estimated capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus. For further information, see "*Our Business*" on page 121.

53. We are exposed to foreign currency exchange rate fluctuations may have an adverse effect on our results of operations and value of the Equity Shares.

Although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations.

The exchange rate between the Indian Rupee and the USD and other foreign currencies has changed considerably in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the Indian Rupee and other currencies may affect the value of a non-resident investor's investment in the Equity Shares.

A non-resident investor may not be able to convert Indian Rupee proceeds into USD or any other currency or the rate at which any such conversion may occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Rupee, if United States or other non-resident investors analyze our value based on the USD equivalent of our financial condition and results of operations.

For historical exchange rate fluctuations, see "*Certain Conventions, Presentation of Financial, Industry and Market Data*" on page 15.

54. Certain Promoters, Directors and key management personnel hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Promoters, Directors and KMPs are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. We cannot assure you that our Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over us, and may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For details on the interest of our individual Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Our Management*" on page 154.

55. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. Our Company has declared a an interim dividend in Fiscal 2020 and has adopted a formal dividend policy. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value. For details of dividend paid by our Company in the past, see "*Dividend Policy*" on page 176.

56. Our brand "Dairy Top" is currently unregistered in India. We have applied for the registration of our brand "Dodla +" in Kenya and we await the Trademark Registry to process the assignment of our brand "KC+". Until applied for registrations are granted, we may not be able to prevent unauthorised use of such trademarks by third parties, which may lead to the dilution of our goodwill and adversely affect our business.

Our brand "Dairy Top" is not registered in India as this mark is currently conflicting with certain registered trademarks in India. Additionally, our brand "Dodla +" under which we market our products in Kenya and Uganda is currently unregistered and we have applied for registering it in Kenya. Further, while marks acquired from KC Dairy under the KC Dairy BTA have been assigned to us through assignment deed dated July 6, 2020, they have not been processed by the Trademark Registry. In the event we are not able to obtain registrations due to opposition by third parties or due to administrative delays or if any injunctive or other adverse order is issued against us in respect of any of our trademarks for which we have applied for registration, we may not be able to avail the legal protection or prevent unauthorised use of such trademarks by third parties.

External Risk Factors

57. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, cash flows and prospects.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, cash flows and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example:

- the GAAR became effective from April 1, 2017. While the intent of this legislation is to prevent business arrangements set up with the intent to avoid tax incidence under the Income Tax Act, 1961, certain exemptions have been notified, viz., (i) arrangements where the tax benefit to all parties under an arrangement is less than ₹30 million, (ii) where FIIs have not taken benefit of a double tax avoidance tax treaty under Section 90 or 90A of the Income Tax Act, 1961 and have invested in listed or unlisted securities with SEBI approval, (iii) where a non-resident has made an investment, either direct or indirect, by way of an offshore derivative instrument in an FII. Further, investments made up to March 31, 2017 shall not be subject to GAAR provided that GAAR may apply to any business arrangement pursuant to which tax benefit is obtained on or after April 1, 2017, irrespective of the date on which such arrangement was entered into;

- the Government of India has implemented a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure. In this regard, the Constitution (One hundred and first Amendment) Act, 2016 enables the Government of India and state governments to introduce GST. While the Government of India and certain state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we cannot assure you as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions; and

- The Government of India has announced the union budget for Fiscal 2022 which introduced various amendments having an impact across various sectors including the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and prospects. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected

58. Financial difficulty and other problems in certain financial institutions in India could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions whose commercial soundness may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business. In Fiscal 2011, Indian government agencies initiated proceedings against certain financial institutions, alleging bribery in the loans and investment approval process, which impacted market sentiment. Similar developments in the future could negatively impact confidence in the financial sector and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

59. We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**"). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects.

60. Our business is substantially affected by prevailing economic, political and other prevailing conditions in emerging markets.

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally, including adverse geopolitical conditions such as increased tensions between India and China. We are incorporated in India, and our operations are located in India and other emerging markets across the world. As a result, we are highly dependent on prevailing economic conditions in India and the other emerging markets and our results of operations and cash flows are significantly affected by factors influencing the economy in these countries. Factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

- any increase in interest rates or inflation;
- any exchange rate fluctuations;

- any scarcity of credit or other financing, resulting in an adverse impact on economic conditions and scarcity of financing for our expansions;
- prevailing income conditions among consumers and corporates;
- volatility in, and actual or perceived trends in trading activity on, the relevant market's principal stock exchanges;
- changes in tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in the region or globally, including in various neighbouring countries. For example, the recent unrest on the Indo-China border led to retaliation by India and escalated hostilities between India and China.;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in the relevant country's principal export markets;
- any downgrading of debt rating by a domestic or international rating agency;
- instability in financial markets; and
- other significant regulatory or economic developments in or affecting India or the emerging markets.

Further, any slowdown or perceived slowdown in the Indian economy or the economy of any emerging market, or in specific sectors of such economies, could adversely impact our business, results of operations, cash flows and financial condition and the price of the Equity Shares.

61. It may not be possible for investors outside India to enforce any judgment obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.

Our Company is incorporated as a public limited company under the laws of India and all of our directors and executive officers reside in India, except our Independent Director Ponnavolu Divya who is a resident of the United States of America. Further, certain of our assets, and the assets of our executive officers and directors, may be located in India. As a result, it may be difficult to effect service of process outside India upon us and our executive officers and directors or to enforce judgments obtained in courts outside India against us or our executive officers and directors, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

62. Any adverse change in India's sovereign credit rating by an international rating agency could adversely affect our business, results of operations and cash flows.

In November 2016, Standard & Poor's, an international rating agency, reiterated its negative outlook on India's credit rating. It identified India's high fiscal deficit and heavy debt burden as the most significant constraints on its rating, and recommended the implementation of reforms and containment of deficits. Standard & Poor's affirmed its outlook on India's sovereign debt rating to "stable", while reaffirming its "BBB-" rating. In May 2017, Fitch, another international rating agency, affirmed India's sovereign outlook to "stable" and affirmed its rating as "BBB-". In November 2017 Moody's Investors Service ("**Moody**") upgraded the Sovereign Credit Rating of India to Baa2 from Baa3 and changed the outlook on the rating to stable from positive. On June 1, 2020, Moody's downgraded India's sovereign rating to the lowest investment grade and maintained the outlook from stable to negative. This is a result of the pandemic which has exacerbated India's weak fiscal setting. However, on June 10, 2020, S&P Global affirmed its BBB- long-term sovereign ratings on India with a stable outlook. Prior to the onset of the pandemic, India's GDP growth slowed on account of existing vulnerabilities such as a weak financial sector and subdued private investment. Going forward, the sovereign ratings outlook will remain dependent on whether the government is able to transition the economy into a high-growth environment, as well as exercise adequate fiscal restraint. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Indian economy and consequently our business..

63. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

64. Natural calamities could have a negative effect on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Further prolonged spells of below normal rainfall or other natural calamities in the future could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

Risks in relation to the Offer

65. Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Offer. Listing and trading does not guarantee that a market for our Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price and liquidity for the Equity Shares may be subject to significant fluctuations in response to, among other factors:

- volatility in the Indian and other global securities markets;
- problems such as temporary closure, broker default and settlement delays experienced by the Indian Stock Exchanges;
- the performance and volatility of the Indian and global economy;
- financial instability in emerging markets that may lead to loss of investor confidence;
- risks relating to our business and industry, including those discussed in this Draft Red Herring Prospectus;
- strategic actions by us or our competitors;
- investor perception of the investment opportunity associated with our Equity Shares and our future performance;
- future sales of our Equity Shares;

- variations in our quarterly results of operations or cash flows;
- differences between our actual financial and operating results and those expected by investors and analysts;
- our future expansion plans;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share price could fluctuate significantly as a result of market volatility. A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

66. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Investors are not permitted to withdraw their Bids after Bid/Offer Closing Date.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to block the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Similarly, Retail Individual Investors can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/Offer Closing Date, but not thereafter. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their Bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise at any stage after the submission of their Bids.

67. You may not be able to immediately sell any of the Equity Shares you subscribe to in this Offer on an Indian Stock Exchange.

The Equity Shares are proposed to be listed on the Stock Exchanges. In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares in this Offer have been Allotted and submission of all other relevant documents authorising the issuing of the Equity Shares. There could be failure or delays in listing the Equity Shares on the Stock Exchanges. Further, pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and commence trading. Investors' "demat" accounts with Depository Participants are expected to be credited within three Working Days of the date on which the Basis of Allotment is finalized with the Designated Stock Exchange. Thereafter, upon receipt of listing and trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within six Working Days from Bid/ Offer Closing Date.

68. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

69. Any future issuance of Equity Shares may dilute your shareholding and sales of the Equity Shares by our major shareholders may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth, whether organic or inorganic, through future equity offerings. Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in us. Any future issuances of Equity Shares or the disposal of Equity Shares by our major shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of the Equity Shares. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

70. We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the entire proceeds from the Offer for Sale.

This Offer includes a Fresh Issue and an Offer for Sale of Equity Shares by the Selling Shareholders. While our Company will receive the entire proceeds from the Fresh Issue, the entire proceeds from the Offer for Sale will only be paid to the Selling Shareholders and we will not receive any such proceeds. For further details, see "*Capital Structure*" and "*Objects of the Offer*" on pages 57 and 69, respectively.

71. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

72. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares. The Income Tax Act levies taxes on long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while there is no tax charged on unrealized capital gains earned up to January 31, 2018 on equity shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

The Government of India has announced the union budget for Fiscal 2022 and the Finance Bill, 2021 ("**Finance Bill**") has been introduced in the Lok Sabha on February 1, 2021. The Finance Bill is scheduled to be passed in the ongoing budget session of the Parliament. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations.

Earlier, the Finance Act, 2019, had clarified that in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These provisions have been notified with effect from July 1, 2020.

As such, there is no certainty on the impact that the Finance Act may have on our Company's business and operations. Further, our Company cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect the Company's business, results of operations and financial condition.

73. Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.

Foreign ownership of Indian securities is subject to government regulation. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet certain requirements specified by the RBI. Additionally, any person who seeks to convert the Rupee proceeds from any such sale into foreign currency and repatriate that foreign currency from India is required to obtain a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

74. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

SECTION III: INTRODUCTION

THE OFFER

The following table sets forth details of the Offer:

Equity Shares Offered	
Offer of Equity Shares(1)	Up to [●] Equity Shares of face value of ₹10 each, aggregating to ₹[●] million
of which	
Fresh Issue(2)	Up to [●] Equity Shares of face value of ₹10 each, aggregating to ₹500 million
Offer for Sale(3)	Up to 10,085,444 Equity Shares of face value of ₹10 each, aggregating to ₹[●] million
The Offer consists of:	
A) QIB Portion(3)(4)	[●] Equity Shares of face value of ₹10 each
of which:	
Anchor Investor Portion(3)	[●] Equity Shares of face value of ₹10 each
Of which:	
Available for allocation to mutual funds only	[●] Equity Shares of face value of ₹10 each
Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares of face value of ₹10 each
of which:	
Mutual Fund Portion	[●] Equity Shares of face value of ₹10 each
Balance for all QIBs including Mutual Funds	[●] Equity Shares of face value of ₹10 each
B) Non-Institutional Portion	Not less than [●] Equity Shares of face value of ₹10 each
C) Retail Portion	Not less than [●] Equity Shares of face value of ₹10 each
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	58,324,511 Equity Shares of face value of ₹10 each
Equity Shares outstanding after the Offer	[●] Equity Shares of face value of ₹10 each
Use of Net Proceeds	See "*Objects of the Offer*" on page 69 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

** to be updated upon finalisation of Offer Price*

(1) The Offer has been authorised by our Board of Directors pursuant to the resolution passed at its meetings dated February 15, 2021.

(2) The Fresh Issue has been authorised by our Board of Directors and our Shareholders pursuant to the resolutions passed at their meetings dated February 2, 2021 and February 3, 2021, respectively.

(3) The Selling Shareholders have confirmed and approved their participation in the Offer for Sale as set out below:

S. No.	Selling Shareholder	Number of Equity Shares offered in the Offer for Sale	Date of resolution	Date of consent letter
1.	TDDHPL	Up to 8,300,000 Equity Shares	February 12, 2021	February 15, 2021
2.	Dodla Sunil Reddy	Up to 416,604 Equity Shares	-	February 13, 2021
3.	Dodla Family Trust	Up to 1,041,509 Equity Shares	February 12, 2021	February 13, 2021
4.	Dodla Deepa Reddy	Up to 327,331 Equity Shares	-	February 13, 2021

For further details, please see "Capital Structure" on page 57

(4) Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 280.

(5) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue. For further details, see "Offer Structure" on page 277.

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For further details, see "*Offer Procedure*" on page 280 and for details of the terms of the Offer, see "*Terms of the Offer*" beginning on page 272.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Information as of and for the six month period ended September 30, 2020 and for the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018. The summary financial information presented below should be read in conjunction with "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 177 and 231.

RESTATED STATEMENT OF ASSETS AND LIABILITIES

(in ₹ million, unless otherwise stated)

Particulars	As at September 30, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
ASSETS				
Non-current assets				
Property, plant and equipment	4,745.18	4,822.62	4,511.66	3,261.88
Capital work-in-progress	159.62	112.44	112.20	160.42
Goodwill	441.70	441.70	359.37	-
Other intangible assets	82.31	98.66	133.69	6.61
Biological assets other than bearer plants				
(i) Matured biological assets	16.40	19.91	20.60	20.34
(ii) Immatured biological assets	6.44	5.53	6.40	7.65
Financial assets				
(i) Investments	-	3.42	78.63	71.10
(ii) Loans	94.21	93.73	84.95	148.24
(iii) Other financial assets	0.10	-	-	-
Other tax assets	18.09	87.58	36.48	46.19
Deferred tax assets (net)	3.52	0.21	3.12	18.75
Other non-current assets	86.52	88.37	111.64	85.90
Total non-current assets	**5,654.09**	**5,774.17**	**5,458.74**	**3,827.08**
Current assets				
Inventories	1,203.35	1,201.70	1,248.53	1,340.83
Financial assets				
(i) Investments	52.75	115.22	181.35	598.49
(ii) Trade receivables	63.74	72.03	73.23	36.05
(iii) Cash and cash equivalents	699.35	686.73	214.48	139.17
(iv) Bank balances other than above	400.24	0.34	0.82	0.70
(v) Loans	37.61	37.61	156.93	67.00
(vi) Other financial assets	4.67	6.48	2.26	1.63
Other current assets	67.43	108.80	182.87	78.69
Total current assets	**2,529.14**	**2,228.91**	**2,060.47**	**2,262.56**
Total assets	**8,183.23**	**8,003.08**	**7,519.21**	**6,089.64**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	556.72	556.72	556.72	32.75
Other equity	4,522.17	3,778.24	3,507.01	3,362.57
Equity attributable to owners of the Company	**5,078.89**	**4,334.96**	**4,063.73**	**3,395.32**
Non-controlling interest	-	-	-	-
Total equity	**5,078.89**	**4,334.96**	**4,063.73**	**3,395.32**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	739.21	867.25	1,102.38	222.50
(ii) Lease Liabilities	81.69	70.69	76.50	57.31
Deferred tax liabilities (net)	384.61	365.13	258.19	207.42
Government grants	26.95	28.38	31.34	34.52
Provisions	93.01	94.91	65.00	68.88
Total non-current liabilities	**1,325.47**	**1,426.36**	**1,533.41**	**590.63**
Current liabilities				
Financial liabilities				
(i) Borrowings	-	400.00	313.65	943.13
(ii) Lease Liabilities	14.58	26.45	14.45	9.23
(iii) Trade payables				
(a) Total outstanding dues of micro enterprises and small enterprises	6.50	7.91	2.74	-

Particulars	As at September 30, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	712.82	774.25	754.12	624.77
(iv) Other financial liabilities	598.51	611.33	568.56	317.82
Government grants	2.91	2.96	2.96	2.86
Provisions	35.76	27.96	27.56	22.89
Current tax liabilities (net)	357.28	337.89	178.49	132.74
Other current liabilities	50.51	53.01	59.54	50.25
Total current liabilities	**1,778.87**	**2,241.76**	**1,922.07**	**2,103.69**
Total liabilities	**3,104.34**	**3,668.12**	**3,455.48**	**2,694.32**
Total equity and liabilities	**8,183.23**	**8,003.08**	**7,519.21**	**6,089.64**

RESTATED STATEMENT OF PROFIT AND LOSS

(in ₹ million, unless otherwise stated)

	For the six months period ended September 30, 2020	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Revenue from operations	9,163.13	21,393.73	16,916.73	15,904.75
Other income	19.09	62.76	77.86	65.38
Total income	**9,182.22**	**21,456.49**	**16,994.59**	**15,970.13**
Expenses				
Cost of materials consumed	6,728.38	15,830.77	12,425.15	12,744.26
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(553.22)	575.01	140.74	(427.22)
Employee benefits expense	433.20	911.15	766.61	649.79
Finance costs	69.91	161.39	115.65	108.90
Depreciation and amortisation expense	253.94	491.92	370.93	279.27
Other expenses	1,192.66	2,667.54	2,242.71	1,810.73
Total expenses	**8,124.87**	**20,637.78**	**16,061.79**	**15,165.73**
Profit before tax	**1,057.35**	**818.71**	**932.80**	**804.40**
Income tax expense				
-Current tax	295.31	211.35	238.15	186.04
-Deferred tax	14.26	108.65	67.03	49.82
Total tax expense	**309.57**	**320.00**	**305.18**	**235.86**
Profit for the period/year (A)	**747.78**	**498.71**	**627.62**	**568.54**
Other comprehensive income				
Items that will be reclassified subsequently to the statement of profit or loss				
Exchange differences in translating financial statements of foreign operations	(9.49)	52.12	23.61	(2.78)
Items that will not be reclassified subsequently to the statement of profit or loss				
Remeasurement of the net defined benefit obligation	5.47	(3.66)	(1.79)	23.40
Income tax relating to these items	(1.91)	1.28	0.63	(8.10)
Other comprehensive income for the period/ year (B)	**(5.93)**	**49.74**	**22.45**	**12.52**
Total comprehensive income for the period/ year (A+B)	**741.85**	**548.45**	**650.07**	**581.06**
Profit attributable to:				
Owners of the Company	747.78	498.71	627.62	568.86
Non-controlling interest	-	-	-	(0.32)
Profit for the period/ year	**747.78**	**498.71**	**627.62**	**568.54**
Other comprehensive income attributable to:				
Owners of the Company	(5.93)	49.74	22.45	12.52
Non-controlling interest	-	-	-	-
Other comprehensive income for the period/ year	**(5.93)**	**49.74**	**22.45**	**12.52**
Total comprehensive income attributable to:				
Owners of the Company	741.85	548.45	650.07	581.38
Non-controlling interest	-	-	-	**(0.32)**
Total comprehensive income for the period/ year	**741.85**	**548.45**	**650.07**	**581.06**
Earnings per share (nominal value of equity shares of ₹ 10 each, fully paid-up) (not annualised)				
Basic [in ₹]	13.43	8.96	11.27	10.21
Diluted [in ₹]	13.43	8.96	11.26	10.21
Weighted average number of equity shares used in computing earnings per share:				
-Basic	55,671,991	55,671,991	55,671,991	55,671,991
-Diluted	55,671,991	55,671,991	55,733,681	55,671,991

RESTATED CASH FLOW STATEMENT

(in ₹ million, unless otherwise stated)

Particulars	For the six months period ended September 30, 2020	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flows from operating activities				
Profit before tax	1,057.35	818.71	932.80	804.40
Non-cash adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	253.94	491.92	370.93	279.27
Changes in fair valuation of biological assets	(3.80)	(2.08)	(4.16)	(9.82)
Loss on sale/ retirement of property, plant and equipment, net	1.13	10.23	5.70	6.19
Loss on sale/ discard of biological assets, net	3.22	1.44	1.78	3.67
Interest income	(6.37)	(6.87)	(4.85)	(3.31)
Finance costs	69.91	161.39	115.65	108.90
Dividend income from investment in Mutual Funds	-	-	-	(3.90)
Employee share based payment expense	2.08	7.62	18.34	0.60
Profit on sale of current investments in mutual fund, net	(0.57)	(23.68)	(29.95)	(0.82)
Fair value loss on financial assets measured at fair value through profit and loss, net	(1.87)	(9.79)	(7.21)	(32.51)
Government grant income	(1.48)	(2.96)	(3.08)	(4.32)
Unrealised foreign exchange gain, net	-	-	-	(0.34)
Operating profit before working capital changes	**1,373.54**	**1,445.93**	**1,395.95**	**1,148.01**
Change in operating assets and liabilities				
Decrease/ (increase) in trade receivables	7.45	4.19	(32.07)	(21.75)
(Increase)/ decrease in inventories	(2.73)	51.14	144.58	(488.92)
Increase in loans and other financial assets	(2.44)	(6.51)	(6.09)	(0.47)
Decrease/ (increase) in other current and non-current assets	42.62	98.13	(102.69)	224.35
(Decrease)/ increase in trade payables and other financial liabilities	(21.58)	158.03	140.25	169.48
Increase/ (decrease) in employee benefits obligation	11.37	26.65	(7.88)	11.38
(Decrease)/ increase in other current and non-current liabilities	(2.50)	(6.53)	9.29	2.17
Cash generated from operations	**1,405.73**	**1,771.03**	**1,541.34**	**1,044.25**
Income taxes paid, net	(174.13)	(115.22)	(185.40)	(169.74)
Net cash generated from operating activities	**1,231.60**	**1,655.81**	**1,355.94**	**874.51**
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	(228.60)	(953.04)	(974.49)	(717.33)
Proceeds from sale of property, plant and equipment	6.20	2.88	4.29	4.14
Proceeds from sale of biological assets	3.18	2.20	3.37	1.71
Inter-corporate deposit given	-	-	(100.00)	-
Inter-corporate deposit matured	-	-	100.00	-
Purchase of assets and liabilities in slump sale agreement	-	-	(961.32)	-
Purchase of mutual funds	-	(740.00)	(1,431.29)	(445.57)
Proceeds from sale of mutual funds	68.33	914.81	1,878.06	492.85
Interest received	9.70	2.79	4.22	3.07
Dividend received	-	-	-	3.90
Deposits (placed)/ redeemed (having original maturity of more than 3 months)	(399.90)	0.48	(0.12)	(0.20)
Net cash used in investing activities	**(541.09)**	**(769.88)**	**(1,477.28)**	**(657.43)**
Cash flows from financing activities				
Receipt of long term borrowings from banks	-	-	499.50	-
Receipt of long term borrowings from issue of debentures	-	-	550.00	-
Repayment of long term borrowings to banks	(94.50)	(163.69)	(100.26)	(72.82)
Receipt of government grant	-	-	-	25.78
Receipt/ (repayment) of short term borrowings, net	(400.00)	250.00	(225.00)	(250.00)
Payment of dividend	(107.49)	(182.01)	-	-
Lease liability payment	(12.36)	(19.46)	(19.06)	(13.55)
Capital infused by non-controlling interest in the subsidiary	-	-	-	0.32
Finance costs paid	(58.03)	(141.46)	(105.35)	(103.81)
Net cash (used in)/ generated from financing activities	**(672.38)**	**(256.62)**	**599.83**	**(414.08)**
Net increase/ (decrease) in cash and cash equivalents	**18.13**	**629.31**	**478.49**	**(197.00)**
Cash and cash equivalents at the beginning of the period/ year	686.73	50.83	(428.96)	(231.75)
Effect of exchange rate fluctuations on cash held	(5.51)	6.59	1.30	(0.21)
Cash and cash equivalents at end of the period/ year	**699.35**	**686.73**	**50.83**	**(428.96)**

Cash and cash equivalents as per above comprise of the following:	As at September 30, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Cash on hand	17.05	20.60	46.94	15.03
Balances with banks				
-in current accounts	194.45	255.19	167.54	74.14
-in deposit accounts (with original maturity of less than three months)	487.85	410.94	-	50.00
Cash credit and overdraft balances	-	-	(163.65)	(568.13)
Balances as per statement of cash flows	**699.35**	**686.73**	**50.83**	**(428.96)**

(in ₹ million, unless otherwise stated)

Movement in financial liabilities	For the six months period ended September 30, 2020	For the period ended March 31, 2020	For the period ended March 31, 2019	For the period ended March 31, 2018
Opening balance of borrowings				
Non-current borrowings (including current maturities)	1,100.55	1,264.24	315.00	393.04
Current borrowings	400.00	150.00	375.00	625.00
Lease liabilities*	97.14	-	66.55	54.67
Interest accrued but not due on borrowings	3.69	4.52	2.69	4.63
Movement				
Cash flows	(494.50)	86.31	724.24	(322.82)
Payment of lease liabilities	(12.36)	(19.46)	(19.06)	(13.55)
Interest expense	61.26	130.63	83.08	80.62
Interest paid	(57.59)	(124.67)	(73.59)	(76.38)
Other non-cash movements				
- Addition to lease liabilities	6.62	108.21	35.50	19.26
- Borrowing cost amortisation	0.87	1.60	0.31	-
- Forex gain	-	-	-	(5.23)
Closing balance of borrowings				
Non-current borrowings (including current maturities)	1,006.05	1,100.55	1,264.24	315.00
Current borrowings	-	400.00	150.00	375.00
Lease liabilities	96.27	97.14	90.95	66.55
Interest accrued but not due on borrowings	3.36	3.69	4.52	2.69

**Balance as at April 1, 2019 is considered as nil*

GENERAL INFORMATION

Registered Office and Corporate Office

Dodla Dairy Limited

8-2-293/82/A/270-Q, Road No 10-C
Jubilee Hills, Hyderabad, 500 033
Telangana, India
Corporate Identity Number: U15209TG1995PLC020324
Registration Number: 020324

For details in relation to changes in the Registered Office, see "*History and Certain Corporate Matters*" on page 146.

Address of the RoC

Our Company is registered with the RoC situated at the following address:

Registrar of Companies
2nd Floor, Corporate Bhawan
GSI Post, Tattiannaram Nagole
Bandlaguda, Hyderabad, 500 068
Telangana, India

Board of Directors

Our Board comprises the following:

Name	Designation	DIN	Address
Dodla Sesha Reddy	Chairman and Non-Executive Director	00520448	2, Bishop Wallers, Avenue (West), Mylapore, Chennai, 600 004, Tamil Nadu, India
Dodla Sunil Reddy	Managing Director	00794889	8-2-696/697 G 04/05 La Creative Heights Road No. 12, Banjara Hills, Hyderabad, 500 034, Telangana, India
Madhusudhana Reddy Ambavaram	Whole-time Director	08126380	10-3-32/9/29/B, East Maredpally, Near OBC Secunderabad, 500 026, Telangana, India
Akshay Tanna	Non- Executive Nominee Director	02967021	A/72, Darshan Apts, Mount Pleasant Road, Malabar Hill, Nr Chief Ministers Bungalow, Mumbai, 400 006, Maharashtra, India
Raja Rathinam	Independent Director	09045647	p1/6. Second Main Road, Besant Nagar Chennai, 600 090, Tamil Nadu, India
Ponnavolu Divya	Independent Director	05158352	1 Shore LN APT, PHA, Jersey City, NJ 07310, USA
Rampraveen Swaminathan	Independent Director	01300682	Fl No-C-1, Block-C, Meenakshi Trident Towers, Near Raheja Mindspace Circle, Gachibowli, 500 032, Telangana, India
Raman Tallam Puranam	Independent Director	00320782	C-3, Ashreya, No. 11/23, Raman Street, T. Nagar, Chennai, 600 017, Tamil Nadu, India

For further details of our Directors, see "*Our Management*" on page 154 .

Filing

A copy of the Draft Red Herring Prospectus was filed electronically with SEBI at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing – CFD".

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 will be filed with the RoC and a copy of the Prospectus shall be filed under Section 26 of the Companies Act, 2013 with the RoC.

Company Secretary and Compliance Officer

Ruchita Malpani
8-2-293/82/A/270-Q, Road No 10-C
Jubilee Hills, Hyderabad, 500 033
Telangana, India
Tel: +91 40 4546 7777
E-mail: cs@dodladairy.com

Book Running Lead Managers

ICICI Securities Limited
ICICI Center
H.T. Parekh Marg Churchgate
Mumbai, 400 020
Maharashtra, India
Tel: +91 22 2288 2460
E-mail: dodla.ipo@icicisecurities.com
Investor grievance E-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Rishi Tiwari / Anurag Byas

Axis Capital Limited
Axis House, 1st floor
C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai - 400 025
Maharashtra, India
Tel: +91 22 4325 2183
E-mail: dodladairy.ipo@axiscap.in
Website: www.axiscapital.co.in
Investor Grievance ID: complaints@axiscap.in
Contact Person: Pratik Pednekar

Syndicate Members

[●]

Legal Counsel to the Company, Promoters and Promoter Group Selling Shareholders

Cyril Amarchand Mangaldas
3rd Floor, Prestige Falcon Towers
19, Brunton Road
Bengaluru 560 025, Karnataka
India
Tel: +91 80 6792 2000

Legal Counsel to the BRLMs as to Indian Law

Shardul Amarchand Mangaldas & Co.
24th Floor, Express Towers
Nariman Point
Mumbai, 400 021
Maharashtra, India
Tel: +91 22 4933 5555

Legal Counsel to the Investor Selling Shareholder

AZB & Partners
AZB House
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai, 400 013
Maharashtra, India
Tel: +91 22 6639 6880

Special Advisor to our Company

South Atlantic Partners India Private Limited
B/304, Eastern Winds, Bandra Suburban
Mumbai 400 070
Maharashtra, India
Tel: +91 98201 40484
Website: www.southatlanticpartners.com
E-mail: contacts@southatlanticpartners.com
Contact Person: Dhruv Oberoi

Statutory Auditors to our Company

B S R & Associates LLP
Salarpuria Knowledge City, Orwell
B Wing, 6th Floor, Unit-3, Sy. No. 83/1, Plot No. 2, Raidurg
Hyderabad, 500 081

Telangana, India
Tel: +91 40 6111 6000
E-mail: hmaheshwari@bsraffiliates.com
Firm Registration No.: 116231W/ W-100024
Peer review no: 011719

There have been no changes in our auditors in the last three years preceding the date of this Draft Red Herring Prospectus.

Registrar to the Offer

KFin Technologies Private Limited
Selenium, Tower B,
Plot No- 31 and 32, Financial District,
Nanakramguda, Serilingampally
Hyderabad, Rangareedi 500 032
Telangana, India
Tel: +91 40 6716 2222/ 180034 54001
E-mail: dodladairy.ipo@kfintech.com
Investor grievance E-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M. Murali Krishna
SEBI Registration No.: INR000000221
Bankers to the Offer

Escrow Collection Bank(s)

[●]

Refund Bank(s)

[●]

Public Offer Bank(s)

[●]

Sponsor Bank

[●]

Bankers to the Company

HDFC Bank Limited
HDFC Bank House
Senapati Bapat Marg, Lower Parel
Mumbai, 400 013, Maharashtra
Tel: 040 3009 1402
E-mail: bhushanvilas.surange@hdfcbankcom
Website: www.hdfcbank.com
Contact Person: Bhushan Surange

ICICI Bank Limited
ICICI Bank Tower
Near Chakli Circle, Old Padara Road
Vadodara, 390 007, Gujarat
Tel:+91 99 5296 4391
E-mail: anup.john@icicibankcom
Website: www.icicibank.com
Contact Person: Anup John

Designated Intermediaries

Self-Certified Syndicate Banks

The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time.

Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website. The said list shall be updated on the SEBI website.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35)and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as their name and contact details, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated February 15, 2021 from our Statutory Auditors namely, B S R & Associates LLP, Chartered Accountants to include their name as an "expert" as defined under Section 2(38) of the Companies Act in relation to the Restated Financial Information, the examination report dated February 4, 2021 on the Restated Financial Information, and the statement of special tax benefits dated February 15, 2021 included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent from Servel Krishna Engineers Private Limited, chartered engineer to include their name as an "expert" as defined under section 2(38) of the Companies Act in respect of the certificate dated February 12, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from M/s A Ramachandra Rao & Co, independent chartered accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act in respect of the certificate dated February 15, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Credit Rating

As this is an Offer of Equity Shares, there is no credit rating required for the Offer.

IPO Grading

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Debenture Trustees

As this is an offer of Equity Shares, the appointment of debenture trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Inter-se allocation of responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs:

Sr No	Activities	Responsibility	Coordination
1	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy	I-Sec, Axis	I-Sec
2	Pre-Offer due diligence of our Company including its operations/management/business plans/legal etc., Drafting and design of DRHP, RHP and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus and RoC filing	I-Sec, Axis	I-Sec
3	Drafting and approval of all statutory advertisements	I-Sec, Axis	I-Sec
4	Drafting and approval of all publicity material other than statutory advertisements as mentioned in 3 above, including corporate advertising, brochures, media monitoring, etc. & filing of media compliance report	I-Sec, Axis	Axis
5	Appointment of Registrar to the Offer, printers, Escrow Collection Banks, share escrow agent, advertising agency (including coordinating all agreements to be entered with such parties)	I-Sec, Axis	Axis
6	Preparation of road show presentation and FAQs for the road show team	I-Sec, Axis	I-Sec
7	International institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy • Finalising the list and division of international investors for one-to-one meetings • Finalising international road show and investor meeting schedules	I-Sec, Axis	Axis
8	Domestic institutional marketing of the Offer, which will cover, inter alia: • Finalising the list and division of domestic investors for one-to-one meetings • Finalising domestic road show and investor meeting schedules	I-Sec, Axis	I-Sec
9	Conduct non-institutional marketing of the Offer Conduct retail marketing of the Offer, which will cover, inter-alia: • Finalising media, marketing, public relations strategy and publicity budget • Finalising collection centres • Finalising centres for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	I-Sec, Axis	I-Sec
10	Coordination with Stock Exchanges for book building software, bidding terminals and mock trading, deposit of 1% security deposit	I-Sec, Axis	Axis
11	Managing the book and finalization of pricing in consultation with our Company	I-Sec, Axis	I-Sec
12	Post-Bidding activities–managing Anchor book related activities and submission of letters to regulators post completion of Anchor issue, management of escrow accounts, coordinating underwriting, coordination of non-institutional allocation, finalization of the basis of allotment based on technical rejections, listing of instruments, demat credit and refunds / unblocking of funds announcement of allocation and dispatch of refunds to Bidders etc, payment of the applicable STT, coordination with SEBI and Stock Exchangs for refund of 1% security deposit	I-Sec, Axis	Axis

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band, and minimum Bid Lot size will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs after the Bid/Offer Closing Date.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI in relation to this Offer. In this regard, our Company along with the Selling Shareholders have appointed the BRLMs to manage this Offer and procure Bids for this Offer.

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 277 and 280, respectively.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure"* on page 280.

Underwriting Agreement

The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and transferred pursuant the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)

Name, Address, Telephone Number and Email Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board, the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below.

(in ₹, except share data)

Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A.	**AUTHORIZED SHARE CAPITAL**(1)		
	75,000,000 Equity Shares	750,000,000	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	58,324,511 Equity Shares	583,245,110	-
C.	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares (2)	[●]	[●]
	Of which		
	Fresh Issue of up to [●] Equity Shares(2)	[●]	[●]
	Offer for Sale of up to 10,085,444 Equity Shares (3)	100,854,440	[●]
D.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER***		
	[●] Equity Shares of face value of ₹10 each	[●]	[●]
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		1,541,754,930
	After the Offer		[●]

* *To be included upon finalisation of Offer Price*

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 146.*

(2) *The Fresh Issue has been authorized by our Board of Directors pursuant to a resolution passed on February 2, 2021, and by our Shareholders pursuant to the special resolution passed on February 3, 2021.*

(3) *Each Selling Shareholder confirms, severally and not jointly, that their respective portion of the Offered Shares has been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for being offered for sale in the Offer in accordance with the provisions of the SEBI ICDR Regulations. Each of the Selling Shareholders have confirmed and authorized their respective participation in the Offer for Sale. For details on the authorization by each Selling Shareholder in relation to the Offered Shares, see "The Offer" on page 45*

Notes to the Capital Structure

1. **Share Capital History of our Company**

(a) ***Equity Share Capital***

The history of the Equity Share capital of our Company is provided in the following table:

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of considera tion	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
May 18, 1995	9	10	10	Cash	Subscription to the MOA(1)	9	90
December 23, 1998	2,319,430	10	10	Cash	Preferential allotment(2)	2,319,439	23,194,390
March 30, 2001	180,561	10	10	Cash	Preferential allotment(3)	2,500,000	25,000,000
November 5, 2012	774,823	10	1,419.68	Cash	Preferential allotment(4)	3,274,823	32,748,230
July 17, 2018	52,397,168	10	N/A	N/A	Bonus issue in the ratio of 16 Equity Shares for every one Equity Share(5)	55,671,991	556,719,910

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
February 2, 2021	2,652,520	10	377	Cash	Private placement(6)	58,324,511	583,245,110

(1) One Equity Share each was allotted to D. Chenchurami Reddy, Dodla Sesha Reddy, Dodla Subba Reddy, Dodla Sunil Reddy, Dodla Girija Reddy, Dodla Deepa Reddy, R. Ramanathan, N. Krishnaswamy and A. Ramchandra Rao

(2) 2,319,430 Equity Shares allotted to ninety four allottees

(3) 30,561 Equity Shares allotted to Dodla Sesha Reddy and 150,000 Equity Shares allotted to Dodla Deepa Reddy

(4) 774,823 Equity Shares allotted to BR CPF Holdings (Mauritius) Limited

(5) 29,178,688 Equity Shares allotted to Dodla Sunil Reddy, 14,147,232 Equity Shares allotted to TDDHPL, 7,384,016 Equity Shares allotted to Dodla Deepa Reddy, 639,248 Equity Shares allotted to Venkat Krishna Reddy Busireddy, 523,984 Equity Shares allotted to Bommi Surekha Reddy, 523,968 Equity Shares allotted to Dodla Sesha Reddy, 16 Equity Shares allotted to Dodla Girija Reddy and 16 Equity Shares allotted to Dodla Subba Reddy

(6) 2,652,520 Equity Shares allotted to International Finance Corporation

(b) ***Preference Share capital***

As of the date of this Draft Red Herring Prospectus, our Company does not have any outstanding preference share capital.

2. **Offer of Equity Shares at a price lower than the Offer Price in the last year**

Except 2,652,520 Equity Shares which have been allotted to International Finance Corporation, our Company has not issued any Equity Shares at a price that may be lower than the Offer Price during the last one year.

3. **Offer of Equity Shares for consideration other than cash or out of revaluation of reserves**

(a) Our Company has not issued any Equity Shares out of revaluation of reserves since its incorporation.

(b) Our Company has not issued any Equity Shares for consideration other than cash as of the date of this Draft Red Herring Prospectus.

4. **Offer of Equity Shares pursuant to schemes of arrangement**

Our Company has not allotted any Equity Shares in terms of any scheme of arrangement approved under sections 391-394 of the Companies Act, 1956 or sections 230-234 of the Companies Act.

5. **History of the Equity Share Capital held by our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters hold 24,970,631 Equity Shares, constituting 42.81% of the issued, subscribed and paid-up Equity Share capital of our Company.

(a) Build-up of the shareholding of our Promoters in our Company since incorporation:

Date of transfer/ allotment of equity shares/ date when fully-paid up	Number of Equity Shares allotted/ transferred	Face Value per Equity Share (₹)	Transfer price/ issue price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital
Dodla Sunil Reddy							
May 18, 1995	1	10	10	Cash	Subscription to the MOA	negligible	[●]
December 23, 1998	205,925	10	10	Cash	Preferential allotment	0.35	[●]
December 24, 2001	444,550	10	2.5	Cash	Transfer of 444,550 Equity Shares from shareholders'	0.76	[●]
August 3, 2012	2	10	Nil	Gift	Transfer of 1 Equity Share from N. S. Krishnaswamy and 1 Equity Share from A. Ramchandra Rao	negligible	[●]
October 29, 2012	181,645	10	Nil	Gift	Transfer of 118,228 Equity Shares from	0.31	[●]

Date of transfer/ allotment of equity shares/ date when fully-paid up	Number of Equity Shares allotted/ transferred	Face Value per Equity Share (₹)	Transfer price/ issue price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital
					Dodla Subba Reddy, 63,417 Equity Shares from D. Chenchurami Reddy		
November 16, 2012	1	10	Nil	Gift	Transfer of 1 Equity Share from R. Ramanathan	negligible	[●]
June 29, 2017	109,379	10	Nil	Gift	Transfer of 109,379 Equity Shares from Dodla Subba Reddy	0.19	[●]
July 20, 2017	(4,163)	10	3,627.68	Cash	Transfer of 4,163 Equity Shares from Dodla Sunil Reddy to TDDHPL	(0.01)	[●]
January 22, 2018	(105,216)	10	Nil	Gift	Transfer of 105,216 Equity Shares to Dodla Deepa Reddy	(0.18)	[●]
May 12, 2018	991,544	10	Nil	Gift	Transfer of 991,544 Equity Shares from Dodla Sesha Reddy	1.70	[●]
July 17, 2018	29,178,688	10	Nil	N/A	Bonus issue in the ratio of 16 Equity Shares for every one Equity Share	50.03	[●]
July 30, 2018	(16,144,877)	10	Nil	N/A	Transfer of 16,144,877 Equity Shares to Dodla Family Trust for settling the Dodla Family Trust property	(27.68)	[●]
March 20, 2020	(10,845,960)	10	Nil	N/A	Transfer of 10,845,960 Equity Shares to Dodla Sunil Reddy (HUF)	(18.60)	[●]
January 29, 2021	4,257,519	10	Nil	N/A	Transfer of 4,257,519 Equity Shares from Dodla Sunil Reddy (HUF) pursuant to a deed of partition dated March 31, 2020	7.30	[●]
Sub Total (A)	**8,269,038**					**14.18**	[●]
Dodla Sesha Reddy							
May 18, 1995	1	10	10	Cash	Subscription to the MOA	negligible	[●]
December 23, 1998	261,000	10	10	Cash	Preferential allotment	0.45	[●]
March 30, 2001	30,561	10	10	Cash	Preferential allotment	0.05	[●]
June 25, 2003	(281,561)	10	Nil	Gift	Transfer of 221,561 Equity Shares to Dodla Girija Reddy and 60,000 Equity Shares to Dodla Subba Reddy.	(0.48)	[●]
August 29, 2016	134,999	10	Nil	Gift	Transfer of 134,999 Equity Shares from D. Padmavathamma	0.23	[●]
March 31, 2018	1,050,238	10	Nil	Gift	Transfer of 822,119 Equity Shares from Dodla Girija Reddy and 228,119 Equity Shares from Dodla Subba Reddy	1.80	[●]
May 12, 2018	(1,162,490)	10	Nil	Gift	Transfer of 991,544 Equity Shares to Dodla	(1.99)	[●]

Date of transfer/ allotment of equity shares/ date when fully-paid up	Number of Equity Shares allotted/ transferred	Face Value per Equity Share (₹)	Transfer price/ issue price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital
					Sunil Reddy, 98,245 to Dodla Deepa Reddy, 32,748 to Bommi Surekha Reddy and 39,953 to Venkat Krishna Reddy Busireddy		
July 17, 2018	523,968	10	N/A	N/A	Bonus issue in the ratio of 16 Equity Shares for every one Equity Share	0.90	[●]
Sub Total (B)	**556,716**					**0.95**	**[●]**
Dodla Family Trust							
July 30, 2018	16,144,877	10	N/A	N/A	Transfer of 16,144,877 Equity Shares from Dodla Sunil Reddy for settling the Dodla Family Trust property	27.68	[●]
Sub Total (C)	**16,144,877**					**27.68**	**[●]**
Total (A+B+C)	**24,970,631**					**42.81**	**[●]**

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment/ acquisition of such Equity Shares.

As of the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

(b) Details of Promoters contribution and lock-in:

(i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters (assuming full conversion of vested options, if any, under the ESOP Plan), shall be locked in for a period of three years as minimum Promoter's contribution from the date of Allotment and the shareholding of the Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.

(ii) Details of the Equity Shares held by our Promoter to be locked-in for three years from the date of Allotment as minimum Promoter's contribution are set forth in the table below:

Name of Promoter	Number of Equity Shares locked-in(1)	Date of allotment/transfer of Equity Shares and when made fully paid-up(2)	Nature of transaction	Face Value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage of the pre- Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: Will be updated in the Prospectus

(iii) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

(iv) Our Promoters, [●], has given its consent to include such number of Equity Shares held by it as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoter's

Contribution as required under the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoters, see " - *History of the Equity Share Capital held by our Promoters*" on page 58.

(v) In this connection, please note that:

(a) The Equity Shares offered for Promoter's contribution do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, or (ii) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of minimum Promoter's contribution.

(b) The minimum Promoter's contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.

(c) Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.

(d) The Equity Shares forming part of the Promoter's contribution are not subject to any pledge.

(e) All the Equity Shares held by the Promoters are held in dematerialised form

(c) Other lock-in requirements:

(i) In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by the Promoters locked in for three years as specified above, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment except for (i) the Equity Shares offered pursuant to the Offer for Sale; (ii) any Equity Shares held by the eligible employees (whether currently employees or not) of our Company which have been or will be allotted to them under the ESOP Plan; and (iii) the Equity Shares held by VCFs or Category I AIF or Category II AIF or FVCI, subject to certain conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares will be locked-in for a period of at least one year from the date of purchase by the VCFs or Category I AIF or Category II AIF or FVCI.

(ii) Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoter's contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(iii) Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

The Equity Shares held by any person other than our Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period (and such transferees shall not be eligible to transfer until the expiry of the lock-in period) and compliance with the Takeover Regulations.

6. **Shareholding Pattern of our Company**

The table below presents the equity shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up Equity Shares held (IV)	Number of partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								Number of Voting Rights		Total as a % of (A+B+ C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class: Equity Shares	Total								
(A)	**Promoters and Promoter Group**	8	39,961,356	-	-	39,961,356	68.52	-	-	-	-	68.52	-		-		39,961,356
(B)	**Public**	3	18,363,155	-	-	18,363,155	31.48	-	-	-	-	31.48	-		-		18,363,155
(C)	**Non Promoters-Non Public**	-	-	-	-	-	-	-	-	-	-	-	-		-		-
(C1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-		-		-
(C2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-		-		-
	Total	11	58,324,511	-	-	58,324,511	100.00	-	-	-	-	100.00	-		-		58,324,511

7. **Details of equity shareholding of the major Shareholders of our Company**

(i) The Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them as on the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre- Offer Equity Share capital (%)
1.	Dodla Family Trust	16,144,877	27.68
2.	TDDHPL	15,031,434	25.77
3.	Mylktree Consultants LLP	7,000,000	12.00
4.	Dodla Sunil Reddy	8,269,038	14.18
5.	Dodla Deepa Reddy	7,433,958	12.75
6.	International Finance Corporation	2,652,520	4.55
7.	Venkat Krishna Reddy Busireddy	679,201	1.16
	Total	**57,211,028**	**98.09**

(ii) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them 10 days prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre- Offer Equity Share capital (%)
1.	Dodla Family Trust	16,144,877	27.68
2.	TDDHPL	15,031,434	25.77
3.	Mylktree Consultants LLP	7,000,000	12.00
4.	Dodla Sunil Reddy	8,269,038	14.18
5.	Dodla Deepa Reddy	7,433,958	12.75
6.	International Finance Corporation	2,652,520	4.55
7.	Venkat Krishna Reddy Busireddy	679,201	1.16
	Total	**57,211,028**	**98.09**

(iii) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them one year prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre- Offer Equity Share capital (%)
1.	Dodla Family Trust	16,144,877	29.00
2.	TDDHPL	15,031,434	27.00
3.	Dodla Sunil Reddy	14,857,479	26.69
4.	Dodla Deepa Reddy	7,845,517	14.09
5.	Venkat Krishna Reddy Busireddy	679,201	1.22
6.	Bommi Surekha Reddy	556,733	1.00
7.	Dodla Sesha Reddy	556,716	1.00
	Total	**55,671,957**	**99.99**

(iv) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them two years prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre- Offer Equity Share capital (%)
1.	Dodla Family Trust	16,144,877	29.00
2.	TDDHPL	15,031,434	27.00
3.	Dodla Sunil Reddy	14,857,479	26.69
4.	Dodla Deepa Reddy	7,845,517	14.09
5.	Venkat Krishna Reddy Busireddy	679,201	1.22
6.	Bommi Surekha Reddy	556,733	1.00
7.	Dodla Sesha Reddy	556,716	1.00

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre- Offer Equity Share capital (%)
	Total	**55,671,957**	**99.99**

8. **Details of Equity Shares held by our Directors, Key Managerial Personnel and members of our Promoter Group**

(i) Set out below are details of the Equity Shares held by our Directors and Key Managerial Personnel in our Company:

S. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Number of employee stock options outstanding	Percentage of the post-Offer of Equity Share Capital (%)
1.	Dodla Sunil Reddy	8,269,038	14.18	Nil	[●]
2.	Venkat Krishna Reddy Busireddy	679,201	1.16	835,074	[●]
3.	Dodla Sesha Reddy	556,716	0.95	Nil	[●]
Total		**9,504,955**	**16.29**	835,074	[●]

(ii) Set out below are the details of the Equity Shares held by our Promoters and our Promoter Group, in our Company:

S. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Percentage of the post-Offer Equity Share Capital (%)
Promoters				
1.	Dodla Family Trust	16,144,877	27.68	[●]
2.	Dodla Sunil Reddy	8,269,038	14.18	[●]
3.	Dodla Sesha Reddy	556,716	0.95	[●]
Total (A)		**24,970,631**	**42.81**	**[●]**
Promoter Group				
1.	Dodla Deepa Reddy	7,433,958	12.75	[●]
2.	Mlyktree Consultants LLP	7,000,000	12.00	[●]
3.	Bommi Surekha Reddy	556,733	0.95	[●]
4.	Dodla Subba Reddy	17	negligible	[●]
5.	Dodla Girija Reddy	17	negligible	[●]
Total (B)		**14,990,725**	**25.70**	**[●]**
Total (A + B)		**39,961,356**	**68.51**	**[●]**

9. None of the BRLMs or their respective associates, as defined in the SEBI Merchant Bankers Regulations, hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

10. There are no partly paid up Equity Shares as on the date of this Draft Red Herring Prospectus and all Equity Shares issued pursuant to the Offer will be fully paid up at the time of Allotment.

11. **Employee Stock Option Plans**

Our Company, pursuant to the resolution passed by our Board and our Shareholders' resolutions dated February 20, 2018 and March 23, 2018 respectively adopted the ESOP Plan. Pursuant to the ESOP Plan, options to acquire Equity Shares may be granted to Eligible Employees (as defined in the ESOP Plan). The aggregate number of Equity Shares, which may be issued under ESOP Plan, shall not exceed 1,391,800 Equity Shares. The ESOP Plan is in compliance with the SEBI SBEB Regulations. As on the date of this Draft Red Herring Prospectus, 835,074 options have been granted by our Company under the ESOP Plan. The details of the ESOP Plan, are as follows:

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	From April 1, 2020 till the date of the DRHP	Cumulative (as on date of the DRHP)
Options granted	835,074	Nil	Nil	Nil	835,074
Exercise Price (in ₹)	Nil	Nil	Nil	Nil	Nil
Options vested and not exercised	Nil	Nil	417,554	198,322	615,876
Options exercised	Nil	Nil	Nil	Nil	Nil

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	From April 1, 2020 till the date of the DRHP	Cumulative (as on date of the DRHP)
The total number of Equity Shares arising as a result of exercise of options	Nil	Nil	Nil	Nil	Nil
Options forfeited/lapsed	Nil	Nil	Nil	Nil	Nil
Variation of terms of options	Nil	Nil	Nil	Nil	Nil
Money realized by exercise of options	Nil	Nil	Nil	Nil	Nil
Total number of options in force	835,074	835,074	835,074	835,074	835,074
Employee-wise detail of options granted to:					
i. Key managerial personnel	835,074	Nil	Nil	Nil	835,074
ii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	Nil	Nil	Nil	Nil
iii. Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil	Nil	Nil	Nil	Nil
Fully diluted Earnings per Equity Share – (face value of ₹10 per Equity Share) pursuant to issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard for 'Earnings per Share'; and consideration received against the	10.21	11.26	8.96	13.43	Nil

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	From April 1, 2020 till the date of the DRHP	Cumulative (as on date of the DRHP)
issuance of Equity Shares^					
Lock-in	No-lock in	No-lock in	No-lock in	No-lock in	No-lock in
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and on the Earnings per Equity Share – (face value ₹10 per Equity Share)@	N/A	N/A	N/A	N/A	N/A
Description of the pricing formula method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	Black Scholes Options Pricing model is used for estimating fair value of options. Following factors were taken into consideration- (a) the exercise price of the option- This price is as per Letter of Grant from The Nomination and Remuneration Committee to Venkat Krishna Reddy Busireddy dated March 23, 2018 – ₹ 3627.68 per share (pre bonus); (b) the life of the option- This is based on vesting period and in terms of the Grant letter (subject to the limits prescribed in Schedule F of the DODLA EMPLOYEE STOCK OPTION PLAN 2018 – Taken as 3 years for Exercise Price valuation; (c) the current price of the underlying shares is fair value of common stock arrived using revenue multiple for publicly traded comparable companies is ₹ 2968 as per the Certificate obtained from Chartered Accountant for the valuation of shares (d) the expected volatility - 45% (e) dividends yield – 0% (f) the risk-free interest rate for the life of the option taken at 7.6%				
Impact on profit and Earnings per Equity Share – (face value ₹10 per Equity Share) of the last three years if the accounting policies prescribed in the SEBI SBEB Regulations had been followed in respect of options granted in the last three years	10.21	11.26	8.96	13.43	N/A
Intention of the KMPs and whole time directors who are holders of Equity Shares allotted on exercise of options granted to sell their Equity Shares within three	No intention to sell within three months after the date of listing of Equity Shares				

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	From April 1, 2020 till the date of the DRHP	Cumulative (as on date of the DRHP)
months after the date of listing of Equity Shares pursuant to the Offer					
Intention to sell Equity Shares arising out of, or allotted under an employee stock option scheme within three months after the date of listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	No intention to sell within three months after the date of listing of Equity Shares				

^ Since none of the options have been exercised no monies were received against the options;
@ Company is following fair value of shares and hence not applicable

12. Except as stated below None of the members of our Promoter Group, our Directors or their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus:

Name of Promoter / Promoter Group Member	Date of transfer/ allotment of equity shares/ date when fully-paid up	Number of Equity Shares allotted/ transferred	Face Value per Equity Share (₹)	Transfer price/ issue price per equity share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital
Dodla Sunil Reddy	January 29, 2021	4,257,519	10	Nil	N/A	Transfer of 4,257,519 Equity Shares from Dodla Sunil Reddy (HUF) pursuant to a deed of partition dated March 31, 2020	7.30	[●]
Dodla Deepa Reddy	January 29, 2021	6,588,441	10	Nil	N/A	Transfer of 6,588,441 Equity Shares from Dodla Sunil Reddy (HUF) pursuant to a deed of partition dated March 31, 2020	11.30	[●]

13. As of the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is 11.

14. Our Company, our Directors and the BRLMs have not made any or entered into any buy-back arrangements for purchase of Equity Shares.

15. Except for Equity Shares that may be allotted pursuant to the conversion of employee stock options granted under the ESOP Plan and the Equity Shares allotted pursuant to the Offer, there will be no further issue of Equity Shares whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer.

16. There have been no financing arrangements whereby the our Promoter Group, our Directors, and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity, during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.

17. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to any issuance of Equity Shares, pursuant to the exercise of employee stock options under the ESOP Plan.

18. Except employee stock options granted pursuant to the ESOP Plan, there are no outstanding convertible securities or any warrant, option or right to convert a debenture, loan or other instrument which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue of [●] Equity Shares, aggregating up to ₹ 500 million by our Company and an Offer for Sale of up to 10,085,444 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders.

The Offer for Sale

The proceeds of the Offer for Sale shall be received by the Selling Shareholders after deducting their proportion of Offer expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

The Fresh Issue

The net proceeds of the Fresh Issue, i.e. gross proceeds of the Fresh Issue less the offer expenses apportioned to our Company ("**Net Proceeds**") are proposed to be utilised in the following manner:

1. Repayment and/ or pre-payment, in full or part, of certain borrowings availed by our Company;

2. Funding capital expenditure requirements of our Company; and

3. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable us (i) to undertake our existing business activities; and (ii) to undertake the activities proposed to be funded from the Net Proceeds. Further, our Company expects to receive the benefits of listing of the Equity Shares, including to enhance our visibility and our brand image among our existing and potential customers.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarised in the following table:

Particulars	Estimated amount (₹ in million)
Gross Proceeds of the Fresh Issue(1)	Upto 500
(Less) Offer related expenses in relation to the Fresh Issue	[●]
Net Proceeds	[●]

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (₹ in million)
Repayment and/or pre-payment, in full or part, of certain borrowings availed by our Company	322.64
Funding incremental capital expenditure requirements of our Company	71.51
General corporate purposes(1)	[●]
Total	[●]

(1)To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds from the Fresh Issue

Proposed Schedule of Implementation and Deployment of Net Proceeds

The following table sets forth the details of the schedule of the expected deployment of the Net Proceeds:

(₹ in million)

Particulars	Amount to be funded from the Net Proceeds	Estimated deployment	
		Fiscal 2022	Fiscal 2023
Repayment and/or pre-payment, in full or part, of certain borrowings availed by our Company	322.64	322.64	Nil
Funding incremental capital expenditure requirements of our Company	71.51	71.51	Nil
General corporate purposes(1)	[●]	[●]	[●]
Total	[●]	[●]	[●]

(1) To be finalized upon determination of the Offer Price

Means of Finance

The fund requirements for all objects are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance. The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, current and valid quotations from suppliers, and other commercial and technical factors. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition and interest or exchange rate fluctuations and other external factors, which may not be within the control of our management. In the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management. For further details, see "***Risk Factors –** Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, financial condition and results of operations may be adversely affected*" on page 35.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by our internal accruals and/ or debt, as required. If the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Net Proceeds from the Fresh Issue in accordance with the SEBI ICDR Regulations.

The Offer comprises the Fresh Issue and the Offer for Sale.

Details of the Objects of the Offer

1. Repayment and/or pre-payment of certain borrowings, in full or part, availed by our Company

Our Company has entered into various financial arrangements from time to time, with banks, financial institutions and other entities. The loan facilities entered into by our Company include borrowing in the form of, *inter alia,* term loans and working capital facilities. For further details, see "*Financial Indebtedness*" on page 253. As at September 30, 2020 our total borrowings amounted to ₹1,006.05 million. Further, as at December 31, 2020 the total amount outstanding under our term loans, working capital facilities and NCDs was ₹963.76 million. Our Company proposes to utilise an estimated amount of ₹322.64 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. Our Company may avail further loans after the date of this Draft Red Herring Prospectus.

Our Company may, in accordance with the relevant repayment schedule, repay or refinance some of their existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part prepayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of borrowings (including refinanced or additional facilities availed, if any), in part or full, would not exceed ₹322.64 million. We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness, debt servicing costs and enable utilisation of our accruals for further investment in our business growth and expansion. Additionally, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

For the list of the borrowings availed by our Company, which are proposed to be fully or partially repaid or pre-paid from the Net Proceeds, please refer to the table below and for details of the outstanding borrowings of our Company as of December 31, 2020, please see "*Financial Indebtedness*" on page 253.

Sr. No.	**Name of the Lender**	**Name of the Borrower**	**Nature of Borrowing and date of the Sanction Letter / Document**	**Purpose#**	**Amount Sanctioned**	**Amount Outstanding as at September 30, 2020(1)**	**Repayment Date / Schedule**	**Interest Rate (%)**	**Pre-payment penalty**
					(₹ in million)				
1.	ICICI Bank Limited	Dodla Dairy Limited	Term loan dated February 1, 2019	Working capital needs of the Company	250.00	180.19	Repayment of principal will start post moratorium of 6 months	8.80	Waived for prepayment from internal accruals

							from the date of first disbursement in form of unequal quarterly instalments payable on the last day of the corresponding quarter. The repayment would be equal for first 9 quarters and will be bullet payment for last quarter.		subject to internal approval from Bank. 1% for prepayment by way of takeover from other lenders.
2.	HSBC	Dodla Dairy Limited	Term loan and loan agreement dated January 16, 2019	Reimbursement of capital expenditure and fresh capital expenditure	250.00	194.44	6 months of moratorium and 18 equal quarterly repayments	8.00	Any cancellation or prepayment will be subject to funding penalties at the Bank's discretion.
3.	HDFC Bank Limited	Dodla Dairy Limited	Term loans and loan agreement dated February 4, 2015	Capital expenditure	250.00	78.13	6 months of moratorium repayable over 16 equal quarterly instalments	8.55	2% on principal outstanding
Total amount sanctioned as on September 30, 2020 in the loans proposed to be repaid									**750.00**
Total amount outstanding as on September 30, 2020									**452.76**

(1) *The amount outstanding as of September 30, 2020 has been certified by our Statutory Auditors by way of their certificate dated February 15, 2021. Further, our Statutory Auditors by way of their certificate dated February 15, 2021 have confirmed that the utilisation of the borrowings above is as per the sanction letters/loan agreements issued by the respective banks.*

Our Company may consider the following factors for identifying the loans that will be repaid out of the Net Proceeds:

(i) Costs, expenses and charges relating to the facility including interest rates involved;

(ii) Presence of onerous terms and conditions under the facility;

(iii) Ease of operation of the facility;

(iv) Terms and conditions of consents and waivers;

(v) Levy of any prepayment penalties and the quantum thereof;

(vi) Provisions of any law, rules, regulations governing such borrowings;

(vii) Terms of pre-payment to lenders, if any; and

Other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

In the ordinary course of business, due to various operational benefits, our Company may explore possibilities of other banks participating in existing loans either in full or in part, including the loans mentioned above. Our financing facilities provide for the levy of prepayment penalties. Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding loan amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of Net Proceeds. We will take such provisions also into consideration while deciding repayment and/ or pre-payment of loans from the Net Proceeds. In case we are unable to raise the Offer Proceeds till the due date for repayment of any of the above mentioned portion of the loans, the funds earmarked for such repayment may be utilised for payment of future instalments of the above mentioned loan or other loan for an amount not more than the amount mentioned above.

The actual mode of such deployment of funds has not been finalized as on the date of this Draft Red Herring Prospectus.

2. Funding capital expenditure requirements of the Company

We aim to continue investing in existing manufacturing technologies to build new capabilities to support our milk processing operations and for the automation of our Kurnool processing plant. As part of such investment, we will require to purchase certain automation equipment including (i) raw milk silo; (ii) Prime Milk Storage Tank ("**PMST**") silo; (iii) butterfly valves; (iv) single circuit clean in place ("**CIP**") unit; and (vi) other automation equipment. For further details, see "*Our Business –Our Strategies*" on page 125.

Our Company has received a quotation from a vendor for all such equipment and is yet to place any orders or enter into definitive agreements for purchase of such equipment. Our Company intends to utilise ₹71.51 million from the Net Proceeds to purchase certain of such equipment based on our current estimates. The specific number and nature of such equipment to be procured by our Company will depend on our business requirements and technology advancement and the details of the equipment to be procured from the Net Proceeds will be suitably updated at the time of filing of the Red Herring Prospectus with the RoC.

An indicative list of such equipment that we intend to purchase, along with details of the quotation we have received in this respect is set forth below. The details set out below have been certified by Servel Krishna Engineers Private Limited, an independent chartered engineer, through its certificate dated February 15, 2021.

Particulars	**Total Estimated Costs (in ₹ million)**	**Amount to be funded from the Net Proceeds (in ₹ million)**	**Name of supplier**	**Date of quotation**	**Validity of quotation**
Raw Milk silo, pump, butterfly valve and piping instruments	8.68	8.68	Neologic Engineers Private Limited	February 10, 2021	November 9, 2021
PMST silo, pump, piping and pasteurizer instruments	31.12	31.12			
5 kilo litres per hour ("**KLPH**") curd pasteurizer, instruments, pumps and curd milk tank	11.42	11.42			
Single circuit CIP system including CIP module and CIP tanks	5.22	5.22			
Progamable Logic Controller ("**PLC**") hardware and software development	3.84	3.84			
Motor Control Centre ("**MCC**") panel, power cables, control cables, galvanised cable trays and JB	4.47	4.47			
Packing forwarding	0.65	0.65			
Installation and commissioning	6.11	6.11			
Total*	**71.51**	**71.51**			

**inclusive of all applicable taxes*

Brief Description of the automation equipment

A. *Raw milk silo, pump, butterfly valve and piping instruments*

Currently, our processing plant in Kurnool is equipped with horizontal storage tanks / silos for milk storage which occupy more space in our processing plant than a vertical storage tank would. Additionally, the old equipment causes a rise in temperature due to reduced insulation efficiency. In the horizontal silos clean in place procedures are ineffective as well. We propose to purchase vertical silos which will lead to an effective clean in place procedure and would enable us to effectively utilise space in our Kurnool processing plant. Additionally, we propose to purchase new pipes and valves to support our processing automation.

B. *PMST SILO, pump, piping and pasteurizer instruments*

To cope with processing enhancement in the Kurnool processing plant in the future, we propose to purchase a new pasteurizer with an enhaced capacity to replace the current pasteurizer in the Kurnool processing plant. This pasteurizer is required to destroy pathogen in our products and reduce harmful bacteria to the maximum extent. We also intent to purchase a homogenizer to reduce fat globules and uniformly distribute fat content in our products.

C. *5 KLPH curd pasteurizer, instruments, pumps and curd milk tank*

We intend to purchase new instruments in order to support our future projected growth of curd production. For this purpose we intent to purchase a pasteurizer with an enhanced capacity of 5 KLPH and allied instruments. We also propose to purchase a new curd milk tank for the storage and processing of our curd in the Kurnool processing plant.

D. *Single circuit CIP system including CIP module and CIP tanks*

Presntly, our processing plant in Kurnool is equipped with a manual clean in place system that leads to manual errors in the performance of cleaning functions. We intent to replace this with an automated clean in place system by purchasing appropriate software and hardware to increase the accuracy of our clean in place systems and reduce chances of errors.

E. *PLC hardware and software development*

We intent to upgrade our progamable logic controller ("**PLC**") software and hardware in processing plant in Kurnool by purchasing new PLC hardware and carrying out corresponding development of its software.

F. *MCC panel, power cables, control cables, GI cable trays and JB*

To carry out the automation of our Kurnool processing plant, we would require electrical components. Towards that purpose, we intent to purchase new panels and cables for the installation of the new automation equipment.

G. *Packing forwarding and installation and commissioning*

We would also incur packaging and forwarding charges associated with the transport of goods for the automation of our Kurnool processing plant. Additionally, we will incur installation and commissioning charges for setting up the automation equipment.

The quotation received from the vendor mentioned above is valid as on the date of this Draft Red Herring Prospectus. However, since we have not entered into any definitive agreement with the vendor and there can be no assurance that the same vendor would be engaged to eventually supply the equipment or provide the service at the same costs. If there is any increase in the costs of equipment, such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of equipment or through contingencies, if required. The quantity of equipment to be purchased is based on the present estimates of our management.

Our Company will not purchase any second hand equipment as part of the above stated spend on capital expenditure.

Our Promoter, Directors and Key Managerial Personnel do not have any interest in the proposed purchase of equipment or in the entity from whom we have obtained the quotation in relation to such proposed purchase of equipment

3. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹[●] million towards general corporate purposes, subject to such amount not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, but are not restricted to, (i) strategic initiatives; (ii) funding growth opportunities; (iii) strengthening marketing capabilities and brand building exercises; (iv) meeting ongoing general corporate contingencies; (v) capital expenditure; and (vi) any other purpose, as may be approved by the Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.

In addition to the above, our Company may utilise the Net Proceeds towards other expenditure considered expedient and as approved periodically by our Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million.

The Offer related expenses primarily include fees payable to the BRLMs and legal counsels, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Except for listing fees which shall be solely borne by our Company, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale. However, in the event that the Offer is withdrawn by our Company or not completed for any reason whatsoever, all the Offer related expenses will be solely borne by our Company.

The estimated Offer related expenses are as under:

Activity	Estimated expenses(1) (in ₹ million)	As a % of the total estimated Offer expenses(1)	As a % of the total Offer size(1)
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Selling commission/processing fee for SCSBs, Sponsor Bank and fee payable to the Sponsor Bank for Bids made by RIBs(2)(3)(4)	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs(5)	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) *Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders, which are directly procured by the SCSBs, would be as follows:*

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

(3) *No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

Portion for Retail Individual Bidders	₹[●] *per valid application (plus applicable taxes)*
Portion for Non-Institutional Bidders	₹[●] *per valid application (plus applicable taxes)*

(4) *The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:*

Sponsor Bank	₹[●] *per valid Bid cum Application Form* (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

**For each valid application*

(5) *Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

Portion for Retail Individual Bidders	[●]*% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	[●]*% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, as may be approved by our Board.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities, including through secured or unsecured loans or any short-term instrument like non-convertible debentures, commercial papers etc. pending receipt of the Net Proceeds.

Monitoring of Utilisation of Funds

Our Company is not required to appoint a monitoring agency as per the requirements of Regulation 41 of the SEBI ICDR Regulations as the Fresh Issue size does not exceed ₹ 1,000 million.

Our Company will disclose the utilisation of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Telugu, being the local language of the jurisdiction where the Registered Office is situated in accordance with the Companies Act and applicable rules. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, in accordance with our AoA, and the SEBI ICDR Regulations.

Other Confirmations

Except to the extent of the proceeds received pursuant to the Offer for Sale, none of our Promoters, Directors, KMPs, Promoter

Group or Group Companies will receive any portion of the Offer Proceeds and there are no existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoters, Directors, KMPs, Promoter Group or Group Companies. Our Company has not entered into nor has planned to enter into any arrangement/ agreements with our Promoter, our Promoter Group, our Directors, our Key Management Personnel or our Group Companies in relation to the utilization of the Net Proceeds of the Offer. Further, there are no existing or anticipated interest of such individuals and entities in the objects of the Offer as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders in consultation with BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Red Herring Prospectus pursuant to the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band. Investors should also see "*Our Business*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" "*Financial Statements*" and "*Summary of Financial Information*" on pages 121, 18, 231, 177 and 46, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry and form the basis of our Offer Price::

- Consumer focused dairy company with a diverse range of products under the "Dodla Dairy" and "Dodla" brands;
- Integrated business model with well-defined procurement, processing and distribution capabilities;
- Focused engagement and long term relationship with dairy farmers;
- Stringent quality control procedures;
- Financial Growth and operational efficiencies; and
- Experienced Board and senior management team

For further details, see "*Our Business - Competitive Strengths*" on page 122.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Financial Information. For details, see "*Financial Statements*" on page 177.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. Basic and Diluted Earnings Per Share ("EPS") at face value of ₹10:

As per the Restated Financial Information:

Fiscal	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2018	10.21	10.21	1
March 31, 2019	11.27	11.26	2
March 31, 2020	8.96	8.96	3
Weighted Average	9.94	9.94	
Six months period ended September 30, 2020*	13.43	13.43	

**Weighted average means weighted average diluted and basic EPS derived from Restated Financial Information based on weights assigned for the respective year ends*

NOTES:

Basic EPS: Basic Earning per share= Profit attributable to equity shareholders/Weighted average number of equity shares outstanding during the period/ year;

Diluted EPS: Diluted Earnings per share = Profit attributable to equity shareholders/Weighted average number of potential equity shares outstanding during the period/ year.

2. Price/Earning ("P/E") ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Fiscal 2020	[●]	[●]
Based on diluted EPS for Fiscal 2020	[●]	[●]

Industry Peer Group P/E ratio

Particulars	P/E Ratio
Highest	102.3x
Lowest	9.7x
Average	56.0x

Note: The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average P / E of the industry peer set disclosed in this section. For further details, see "– Comparison with Listed Industry Peers" on page 78.

3. Return on Net worth ("RoNW")

Fiscal	RoNW (%)	Weight
March 31, 2018	16.74	1
March 31, 2019	15.44	2
March 31, 2020	11.50	3
Weighted Average	13.69	
Six months period ended September 30, 2020*	14.72	

** Not annualized*

Notes:

*Return on net worth/ Return on Equity% = (Profit after tax (PAT)/ Equity attributable to owners of the company at the period / year end)*100.*

4. Net Asset Value ("NAV") per Equity Share

As per the Restated Financial Information:

Fiscal/ Period ended	NAV (₹)
As on March 31, 2020	77.87
As on September 30, 2020	91.23
After the completion of the Offer	At the Floor Price: [●] At the Cap Price: [●]
Offer Price	[●]

Notes:

Net asset value per share (in ₹): (total assets – total liabilities) / number of Equity Shares outstanding as at the period end.

5. Comparison with listed industry peers

Name of the company	Face value per equity share (₹)	P/ E	Net Profit (in ₹ million)	EPS (Basic) (₹)	EPS (Diluted) (₹)	Net worth (in ₹ million)	RoNW (%)	Net Asset Value/ Equity Share (₹)	Closing Share Price as on February 12, 2021 (₹ per equity share)
Dodla Dairy Limited	10	[●]	498.71	8.96	8.96	4,334.96	11.50	77.87	NA
Hatsun Agro Products	1	102.3x	1,122.72	6.99	6.94	9,044.79	12.41	55.94	715.05
Heritage Foods	5	NA	(1,694.00)	(34.55)	(34.55)	4,402.19	(38.48)	94.88	279.75
Parag Milk Foods	10	9.7x	936.89	11.16	11.14	9,111.62	10.28	108.32	108.00

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the financial statements of the respective company for the year ended March 31, 2020 submitted to stock exchanges;

Notes:

1. *Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company for the year ended March 31, 2020;*
2. *P/E Ratio has been computed based on the closing market price of equity shares on BSE on February 12, 2020 divided by the Basic EPS provided under Note 1;*
3. *For listed peers, RoNW is computed as profit after tax for the year divided by closing net worth. Net worth has been computed as sum of equity share capital, other equity; and*
4. *NAV is computed as the closing net worth divided by the equity shares outstanding as on March 31, 2020.*

6. The Offer price is [●] times of the face value of the Equity Shares

The Offer Price of ₹[●] has been determined by our Company and Selling Shareholders in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 18, 121, 231 and 177, respectively, to have a more informed view. The trading price of Equity Shares could decline due to factors mentioned in "*Risk Factors*" beginning on page 18 and you may lose all or part of your investments

STATEMENT OF SPECIAL TAX BENEFITS

REPORT ON THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,
The Board of Directors
Dodla Dairy Limited
8-2-293/82/A/270-Q, Road No. 10-C,
Venkatagiri, Jubilee Hills,
Hyderabad - 500033

Date: 15 February 2021

Dear Sirs,

Subject: Statement of possible special tax benefits ("the Statement") available to Dodla Dairy Limited ("the Company") and its shareholders (the "Shareholders") prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the ICDR Regulations")

This report is issued in accordance with the engagement letter dated 15 February 2021.

We hereby report that the enclosed Annexure I prepared by the Company, initialed by us and the Company for identification purpose, states the possible special tax benefits available to the Company and to the Shareholders under Income-tax Act, 1961 ("the IT Act") and Income tax Rules, 1962 (together with the Act, **"the Tax Laws"**), presently in force in India as on the signing date. These possible special tax benefits are dependent on the Company and the Shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and the Shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and the Shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure I cover the possible special tax benefits available to the Company and the Shareholders and do not cover any general tax benefits available to them. Further, the preparation of the enclosed Annexure I and its contents is the responsibility of the management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company comprising a fresh issue of equity shares by the Company and an offer for sale of equity shares by certain Shareholders (the **"Proposed Offer"**) particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" ("**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

i) the Company and the Shareholders will continue to obtain these possible special tax benefits in future; or

ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of enclosed Annexure are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.
Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its

interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

We hereby give consent to include this Statement in the Draft Red Herring Prospectus and in any other material used in connection with the Proposed Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

for **B S R & Associates LLP**
Chartered Accountants
ICAI firm registration number: 116231W/ W-100024

Hemant Maheshwari
Partner
Membership No.: 096537
ICAI UDIN: 21096537AAAAAQ5622

Place: Hyderabad
Date: 15 February 2021

Cc:

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg,
Churchgate,
Mumbai – 400020

Axis Capital Limited
Axis House, Level 1,
C-2 Wadia International Centre,
P. B. Marg, Worli,
Mumbai – 400025

ANNEXURE I

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS UNDER THE APPLICABLE DIRECT TAX LAWS ("TAX LAWS") IN INDIA

Outlined below are the possible special tax benefits available to the Company and the Shareholders under the Tax Laws. These possible special tax benefits are dependent on the Company or the Shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company or the Shareholders to derive the possible special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

UNDER THE TAX LAWS

A. *Special tax benefits available to the Company*

The following special tax benefits would be available to the Company after fulfilling conditions as per the respective provisions of the relevant tax laws identified supra:

1. In accordance with and subject to satisfaction of conditions as laid out in Section 32(iia) of the IT Act, the Company will be entitled for further deduction by way of additional depreciation under Section 32(iia) of the Act @ 20% on new plant and machinery acquired and installed after 31st March 2005.

   However, if the company exercises option for concessional income tax rate as prescribed under Section 115BAA of the IT Act, the said benefit shall not be available.

2. In accordance with and subject to fulfillment of conditions as laid out in Section 80IB(11A) of the IT Act, the Company will be entitled to claim deduction under Section 80IB(11A) of the IT Act, with respect to the undertakings deriving profit from the business of processing, preservation and packaging of dairy products. The amount of deduction available is 100% of the profits and gains derived from such undertaking, for first five years and 30% of the profits and gains for next five years, in such a manner that total period of deduction does not exceed ten consecutive years.

   However, if the company exercises option for concessional income tax rate as prescribed under Section 115BAA of the IT Act, the said benefit shall not be available.

3. In accordance with and subject to fulfilment of conditions **as laid out** under Section 35D of the **IT Act**, the Company will be entitled to amortize preliminary expenditure, being expenditure incurred in connection with the issue for public subscription, under section 35D of the **IT Act**, subject to the limit specified in section 35D(3) of the **IT Act**. The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive assessment years beginning with the assessment year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed or the new unit commences production or operation.

4. In accordance with the provisions of Section 80M of the IT Act, dividend received by the Company from any other domestic company or a foreign company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by the Company on or before the one month prior to due date of furnishing the income-tax return for the relevant year, be allowed.

5. In accordance with and subject to fulfilment of conditions (i.e. not availing certain deductions, exemptions, carry forward of certain losses, MAT credit etc) as laid out under Section 115BAA of the IT Act, the Company also has an option to be governed by the tax rate of 25.168% (concessional tax rate of 22% as increased by a surcharge of 10% and health and education cess of 4%). In case the Company opts to be governed by the provisions of Section 115BAA of the IT Act, provisions relating to Minimum Alternate Tax ('MAT') provided under Section 115JB of the IT Act would not be applicable. The option provided under Section 115BAA of the Act needs to be exercised on or before the due date of filing the income-tax return. Further, such option once exercised, cannot be subsequently withdrawn for the same or any other previous year.

B. *Special tax benefits available to Shareholders*

The Shareholders of the Company are not eligible to any special tax benefits under the Tax Laws identified *supra*.

NOTES:

1. The above is as per the current tax laws**, as amended by the Finance Act, 2020**.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. The possible special tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.
4. This Statement does not discuss any tax consequences in any country outside India of an investment in the shares of the Company. The Shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.
5. The tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
6. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable double taxation avoidance agreement, if any, between India and the country in which the non-resident has fiscal domicile.

For **Dodla Dairy Limited**

Authorized Signatory

Place: Hyderabad
Date: 15 February 2021

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section is obtained or extracted from "Assessment of the Indian dairy industry" dated January, 2021 prepared and issued by CRISIL Limited (the "CRISIL Report") (which was commissioned by us). *Neither we nor any other person connected with the Offer have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. Unless noted otherwise, the information in this section is obtained or extracted from CRISIL Report (which was commissioned by us).*

Overview of the Macroeconomic Scenario

Covid-19 pandemic derails world and Indian economy; signs of gradual rebound visible since later part of second quarter of fiscal 2021

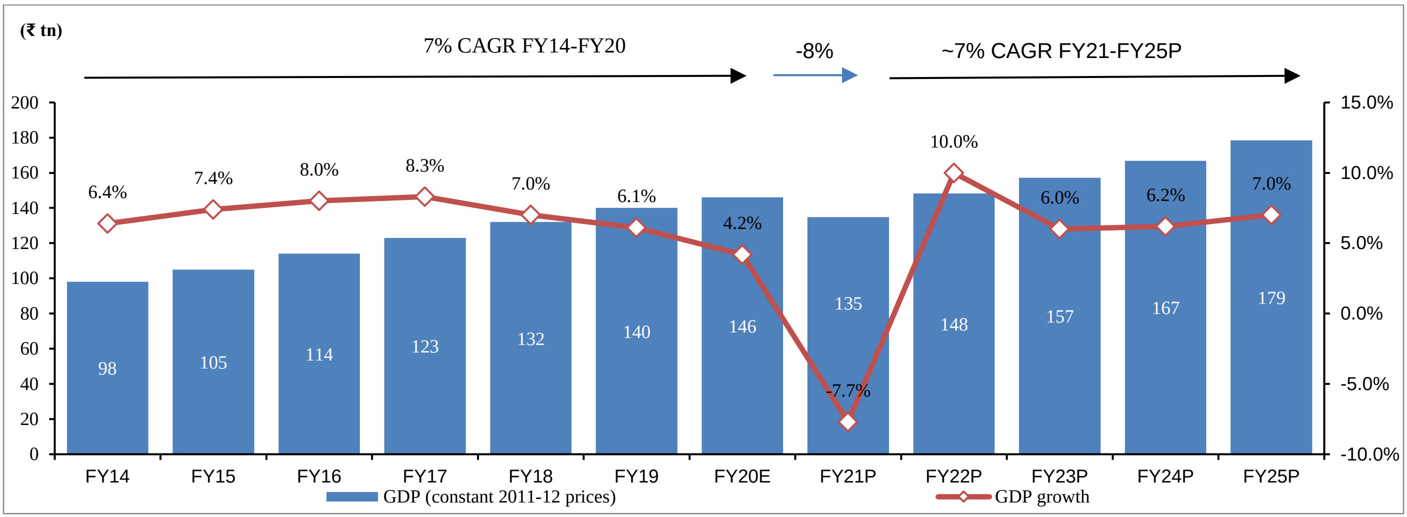
Hopes of broad-based recovery in the fourth quarter were dashed by the Covid-19 pandemic, which has infected more than 74.9 million people in more than 200 countries (as of December 17, 2020) and counting, leading to considerable human suffering and economic disruption.

Growing restrictions on the movement of people and lockdowns in the affected countries have led to demand, supply and liquidity shocks. While the lockdowns in India have gradually been lifted and economic activity seems to be reviving, globally, especially in Europe, there is a second wave of cases

However, the scenario seems to be improving now with high frequency data such as Purchasing Manager's Index (PMI) for manufacturing, power consumption, E-way bills, GST collections and automobile sales showing an uptrend since September 2020. India's second quarter (Q2) gross domestic product (GDP) declined by 7.5% in Q2 of fiscal 2021 as compared to a 23.9% decline in the first quarter (Q1). This revival is a result of pent-up demand, support from agriculture and select export sectors, cost savings for the corporates and lower input costs due to benign interest rates, crude and commodity prices. Other supportive factors included a 3.4% growth of agriculture sector on-year and a small contraction of 1.5% in exports versus -19.8% in Q1.

Based on the faster than expected revival in the July–September 2020 quarter, fiscal policy support and flattening of the national Covid-19 cases, CRISIL estimates the Indian economy to shrink by 7.7% in fiscal 2021. Despite some support from the rural economy, consumption is expected to sink this fiscal. Consumption of some services, especially contact-based ones such as travel, sports and entertainment, will continue to remain muted. The pandemic has come at the most inopportune time as India was showing signs of recovery following a slew of fiscal/monetary measures. Having said that, CRISIL foresees a bounce-back in gross domestic product (GDP) growth to ~10% in fiscal 2022, on back of a very weak base, and in the subsequent 4 years till fiscal 2025, GDP is expected to grow at a 7% CAGR.

GDP growth outlook for India has been severely impacted by the pandemic



Note: E - Estimated and P - Projected

Source: National Statistics Office (NSO), International Monetary Fund (IMF) and CRISIL Research estimates

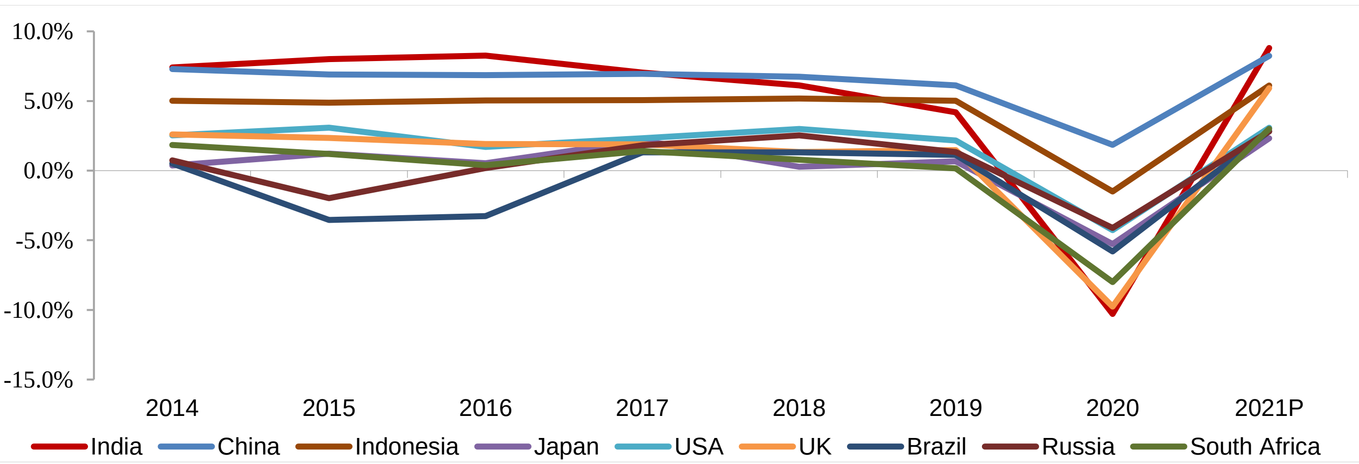
India's GDP to rebound sharply

India is one of the fastest-growing economies in the world. Over the past four fiscals, there has been a gradual improvement in India's macroeconomic situation: twin deficits (current account and fiscal) have been coming down and the growth-inflation mix has improved, and durably so. Both fiscal and monetary policies are more prudent, focusing on raising the quality and not just the rate of growth. The government has adopted an inflation-targeting framework that provides an institutional mechanism for inflation control, while modernising central banking. Fiscal policy has managed to stay mildly growth-focused, while managing a gradual reduction in the deficit. The upshot is that India's macroeconomic variables are a lot more stable, and with sufficiently large foreign exchange reserves, the economy is pretty resilient to any global shock today, than it was during the taper tantrum shock of 2013.

Going forward, rapid urbanisation, rising consumer aspiration and increasing digitisation coupled with government support in the form of reforms and policies is expected to support growth. For example, the government has recently announced production-linked incentives across identified sectors with an aim to propel the growth of India as a manufacturing destination. At a macro level, digitalization has led to various benefits like linkage to aadhaar identity cards, direct benefit transfer and various other government benefits. At a macro level, digitalization has led to various benefits like linkage to aadhaar identity cards, direct benefit transfer and various other government benefits.

As of October, 2020 the International Monetary Fund (IMF) forecast India's GDP to contract by 10.3% in the current calendar year from 1.8% growth estimated in April 2020. The pandemic is expected to shrink world output by 4.4% in calendar 2020. The IMF also forecasts that India's GDP will recover sharply and grow at 8.8% in calendar 2021. However, in light of production-linked incentive (PLI) scheme, reduction in corporate tax rate, labour law reforms together with healthy demographics and a more favourable corporate tax regime, India is expected to witness strong GDP growth when the global economy eventually recovers, supported by prudent fiscal and monetary policy.

India is one of the fastest-growing major economies (GDP growth, % on-year)



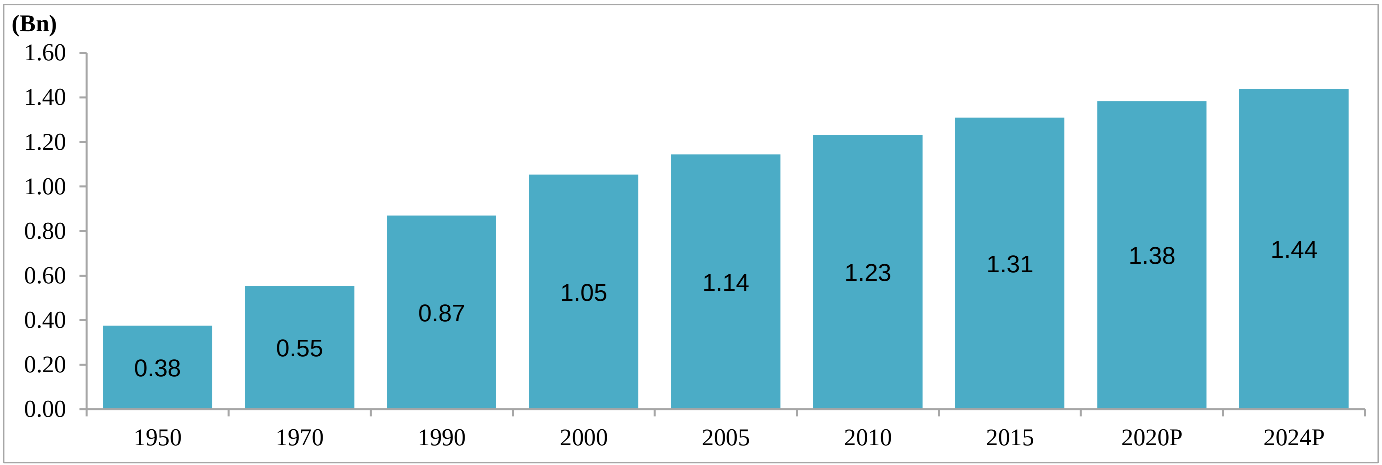
Note: GDP growth is based on constant prices, P: Projected

Source: IMF (World Economic Outlook - October 2020 update), CRISIL Research

India has world's second largest population

As per the Census 2011, India's population was ~1.2 billion, comprising ~246 million households. The population, which grew ~1.8% every year between 2001 and 2010, is expected to increase ~1% every year between 2010 and 2024, to reach ~1.44 billion.

India's population growth trajectory

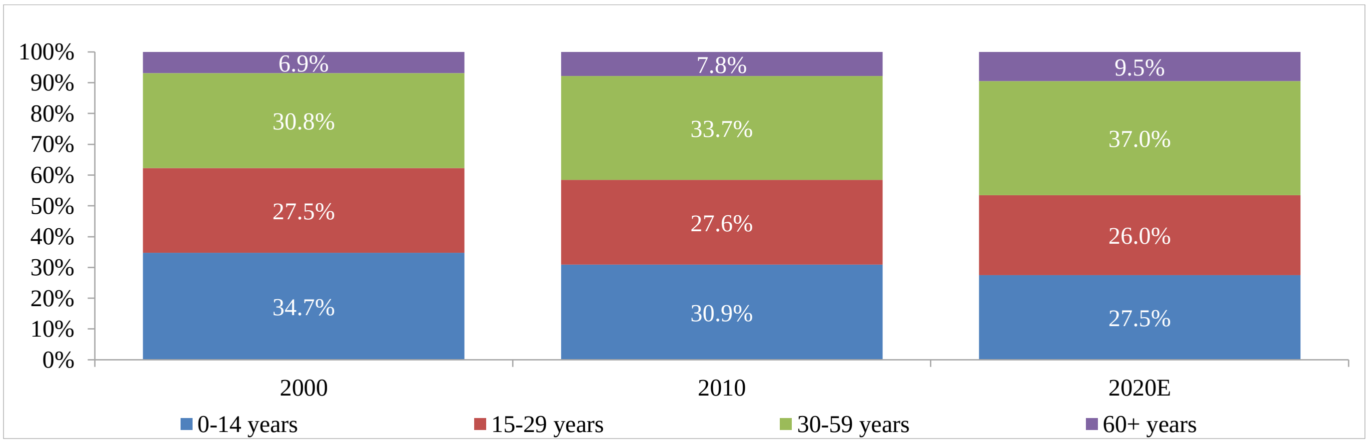


Note: P: Projected
Source: United Nations Department of Economic and Social affairs, CRISIL Research

Favorable demographics

As of 2020, India has one of the largest young populations in the world, with a median age of 28 years. About 90% of Indians will still be below the age of 60 by calendar 2020. CRISIL Research forecasts that 63% of them will be between 15 and 59 years. In comparison, in 2020, the United States (US), China and Brazil had 74%, 62% and 78%, respectively, of their population below the age of 60.

India's demographic dividend

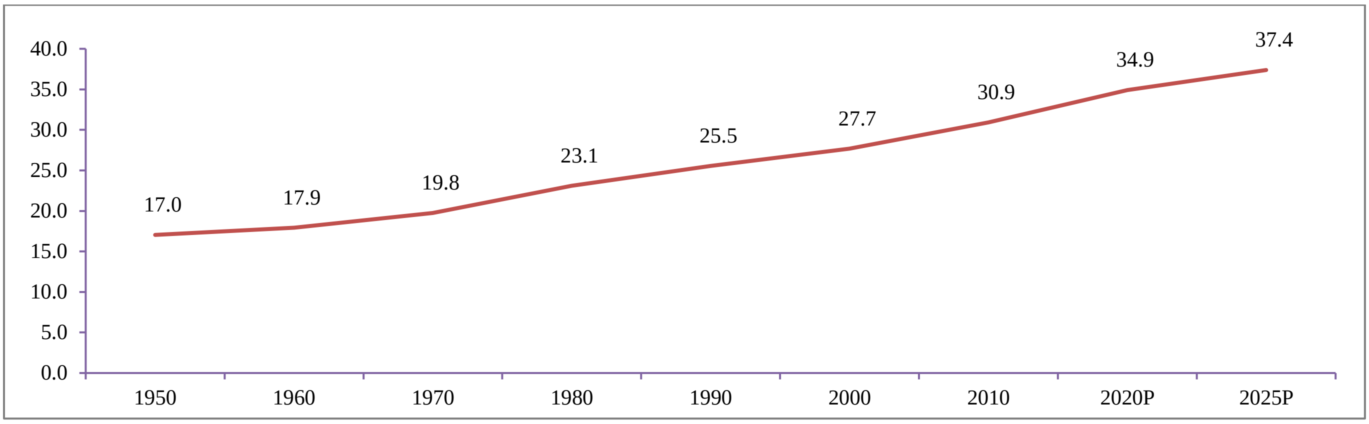


Note: E: Estimated
Source: United Nations Department of Economic and Social affairs, CRISIL Research

Urbanisation

Urbanisation is one of India's most important economic growth drivers as it will drive substantial investments in infrastructure development, which, in turn, is expected to lead to job creation, development of modern consumer services and increased ability to mobilise savings. The country's urban population has been rising consistently over the decades. In 1950, it was 17% of total population. As per the 2018 revision of World Urbanization prospects, it was estimated at 34% for India. This is expected to reach 37% by 2025.

Urban population as a percentage of total population (%)



Note: P - projected
Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)

Increasing per capita GDP

Per capita income is estimated to have grown 3.1% in fiscal 2020 compared with 5.8% in the preceding fiscal. The per capita income is forecast to improve with GDP growth and sustained low inflation. This will be an enabler for domestic consumption. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 6.7% compound annual growth rate (CAGR) from fiscals 2020-25.

Per capita income	Level in FY20 (INR-'000)^			Growth at constant prices (%)								
	Current prices	Constant prices	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20^	FY25E
	152	109	3.3	4.6	6.2	6.7	6.8	5.7	5.8	3.1	6.7*

Note – (*) - 5-year CAGR growth (FY20-FY25), As per IMF estimates of October 2020, (^) – Provisional estimates by MOSPI – May 2020

Source – MOSPI, IMF, CRISIL Research

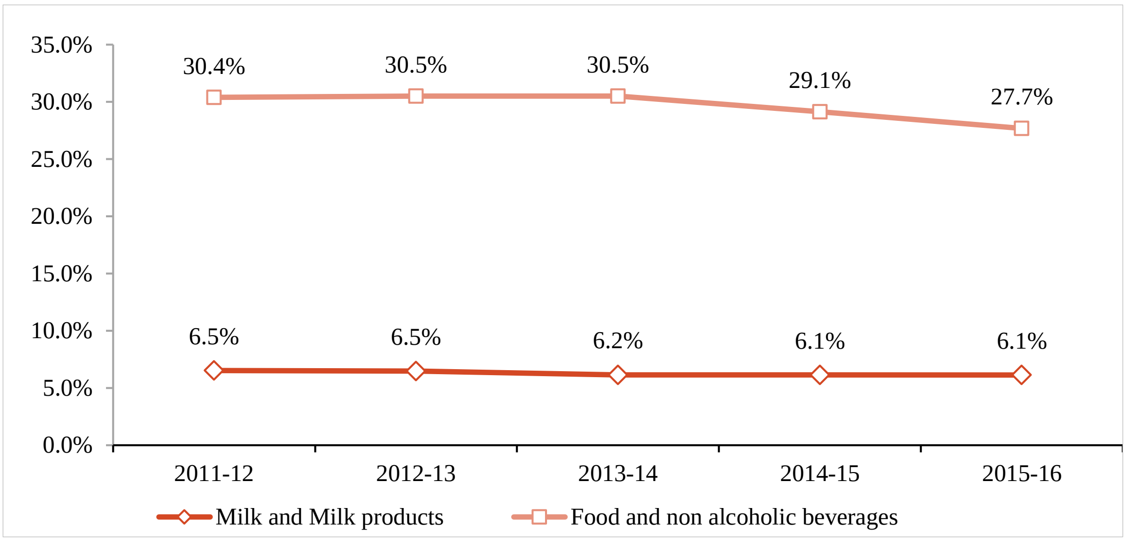
Dietary pattern of households in India

Dairy spend is more than 1/5th of the total spend on food

Consumption of milk and dairy products is a dominant part of Indian consumers' diet. As per the National Account Statistics 2017 report, dairy products comprise nearly 22% of total spend by households on food and non-alcoholic beverages. Overall, dairy products accounted for 6.1-6.5% of the total PFCE between FY12 and FY16 (at constant prices).

Various rounds of NSSO's surveys on expenditure pattern of Indian households have shown that recently, the food consumption pattern in India has undergone a change in favour of high-value and more nutritious food items such as milk and milk products, mulberry fruits extracts, fruits and vegetables, and away from staple and starch centric cereals. This shift has been accompanied by falling share of food expenditure in total expenditure as with rise in income levels, the proportion of expenditure on food falls. In absolute terms, the expenditure on food as well as dairy has been increasing.

% of total PFCE spend on milk & dairy products and food & non-alcoholic beverages



Source: 72nd NSSO Survey Report, CRISIL Research

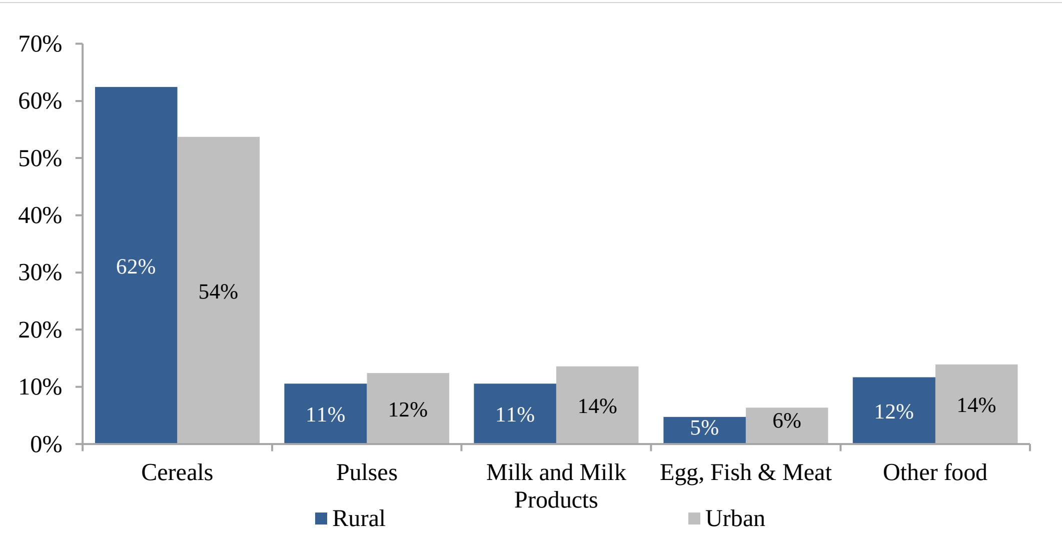
Large and growing population embracing vegetarianism

With a large population of Indian consumers being vegetarian, there is a greater dependency on dairy products for dietary protein requirements. As per the Sample Registration System (SRS) baseline survey (2018) results released by Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, 28% of people above the age of 15 years are vegetarians. This is a considerable increase from 25% in 2004. This shows a shift of consumers from depending on animals for their dietary requirements to other sources of protein such as milk and dairy products.

Low protein consumption in the overall nutritional intake

A large vegetarian population has resulted in low protein intake in India in overall nutritional needs. As per FAOSTAT, statistical division of the Food and Agricultural Organisation, the average protein intake in India is ~60 g/person/day. This dismal protein intake comes from various sources such as cereals, pulses, milk and dairy products as well as egg, fish and meat and some other food items.

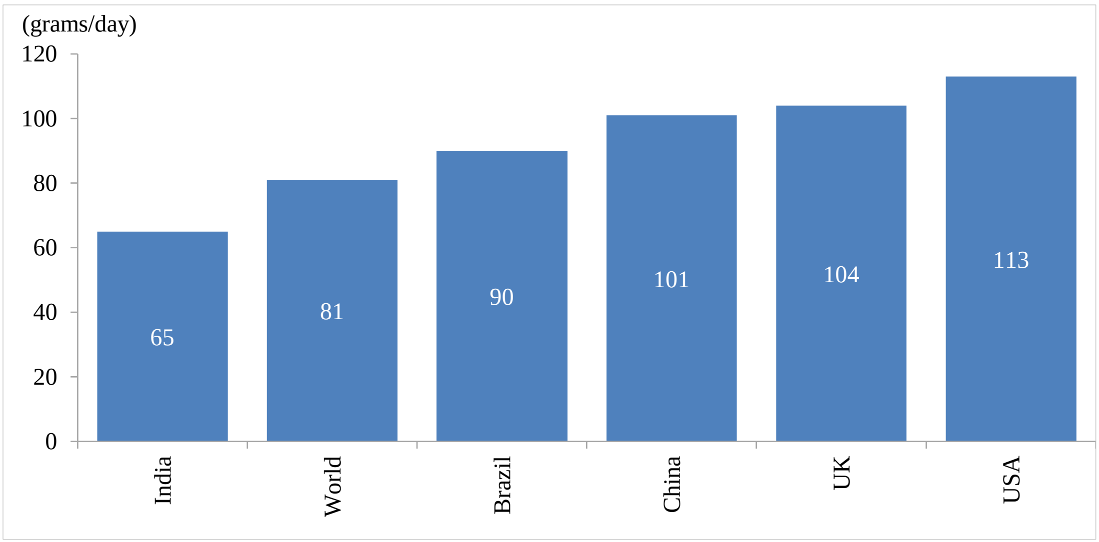
Percentage intake of proteins from different food types



Source: 68th NSSO Survey Report, CRISIL Research

The average intake in India is low in comparison with other developed nations which average more than 100 gm/person/day as well as developing countries which average about 80-90 gm/person/day. In India, milk and dairy products are an important source of dietary protein, especially for the vegetarian population.

Per capita protein consumption across different countries (2017)



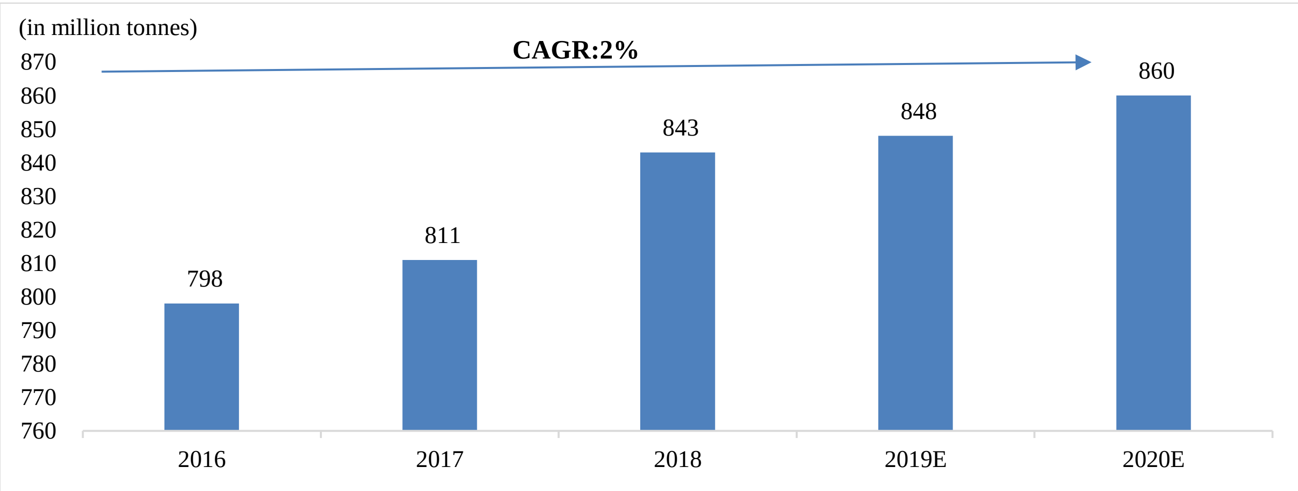
Source: FAOSTAT, CRISIL Research

Overview of the Global dairy industry

Global milk production increased by 1.4% in 2020

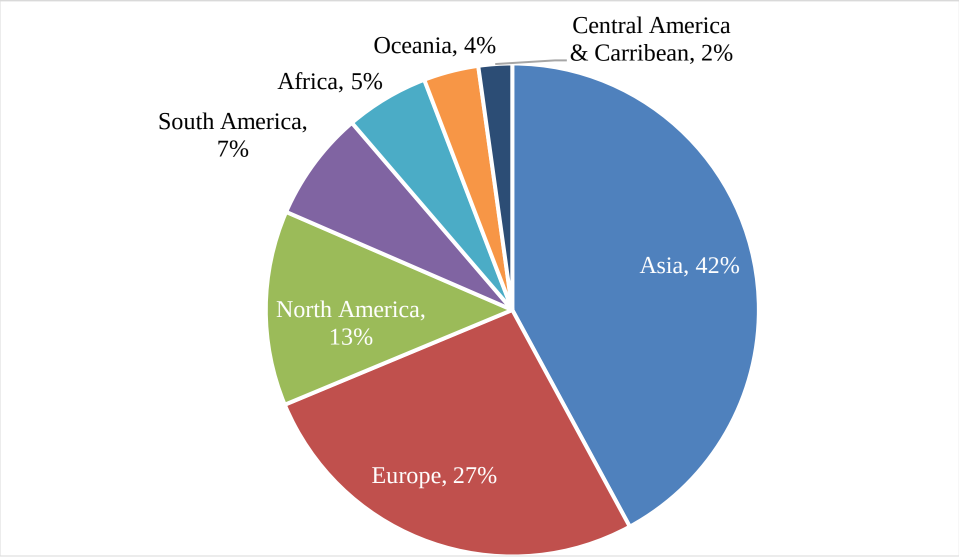
Global milk output is estimated to have reached ~860 million tonnes in CY2020, up nearly ~1.4% from 2019. The growth is in account of increase in milk production in Asia, Europe and USA. In Asia, milk output is estimated to have reached ~362 million in 2020, up ~2% on-year as a result of expansions in India, Pakistan, China and Turkey. In Turkey & China, rising cattle numbers and operational efficiency are leading to higher output. In Japan, government price support provided during the early phase of Covid-19 market disruptions helped stabilize milk output. India, the largest milk producer in the world, is also estimated to have witnessed an increase in milk production underpinned by increase in dairy cattle and improved feed & fodder availability resulting from favourable monsoon (July – September 2020). In European Union and United States, the production is bolstered by yield improvements and government assistance.

Trend in global milk production (in million tonnes)



Note:E: Estimated
Source: FAO, CRISIL Research

Worldwide regional share in total milk production (2020)

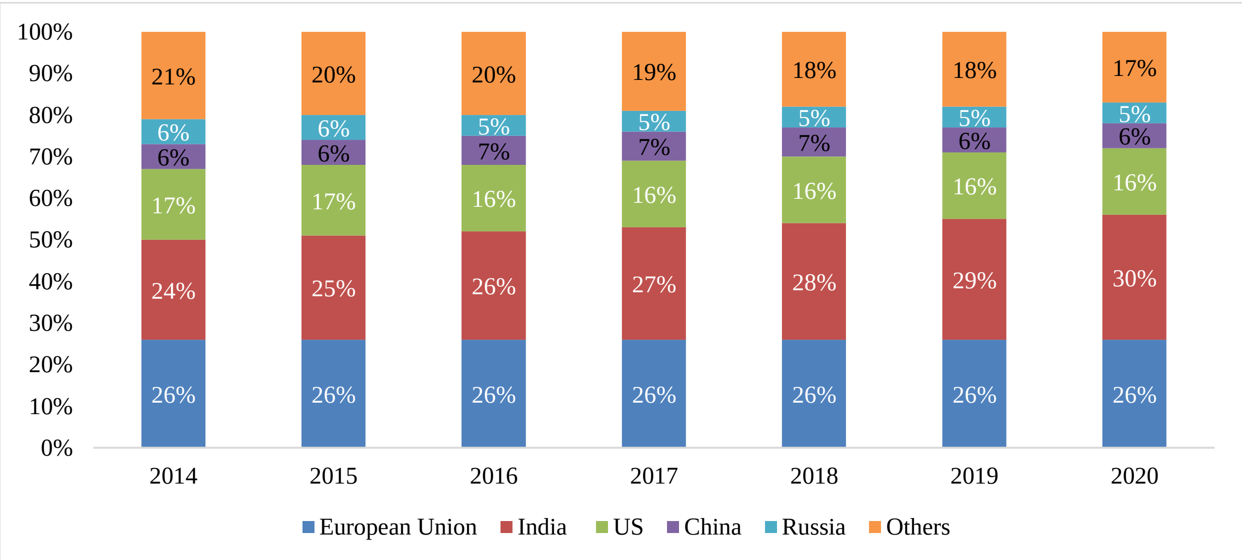


Source: FAO, CRISIL Research

India is the largest milk producer in the world

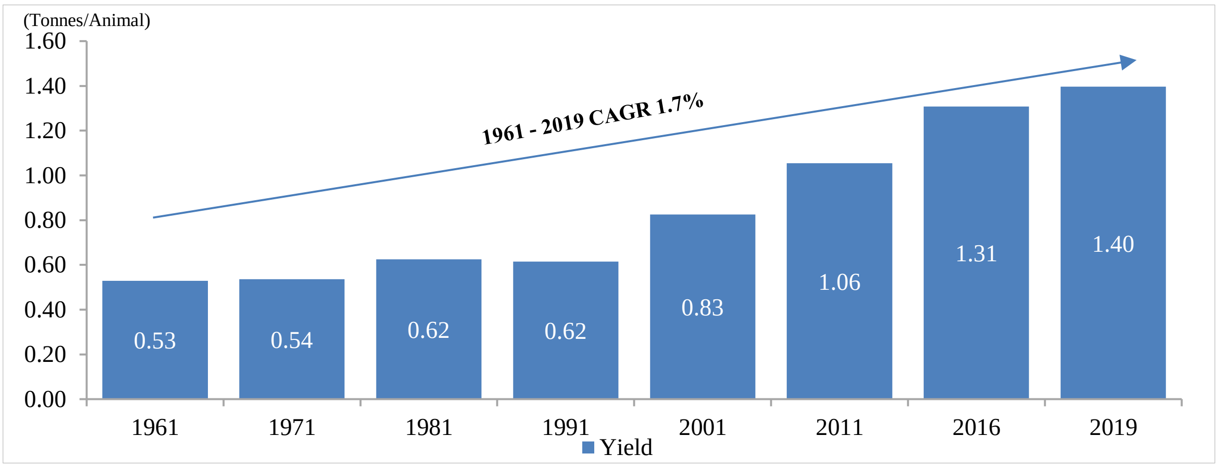
India is the global leader in milk production, contributing ~30% of milk production in 2020. Top six milk-producing countries, viz., India, USA, China, Pakistan, Brazil and Germany, together contributed more than ~60% of the world's milk production. India's share in overall production increased to 25% in 2015 from 30% in 2020.

India continues to be the largest milk producer (CY 2020)



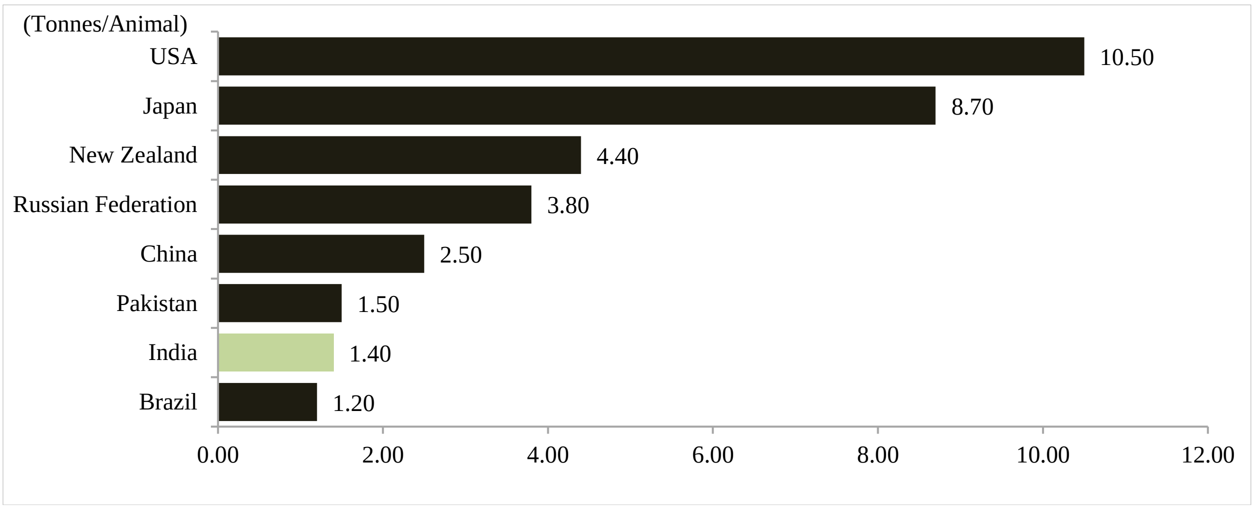
Source: USDA, Industry, CRISIL Research

Rise in milk yield in India



Source: FAOSTAT, CRISIL Research

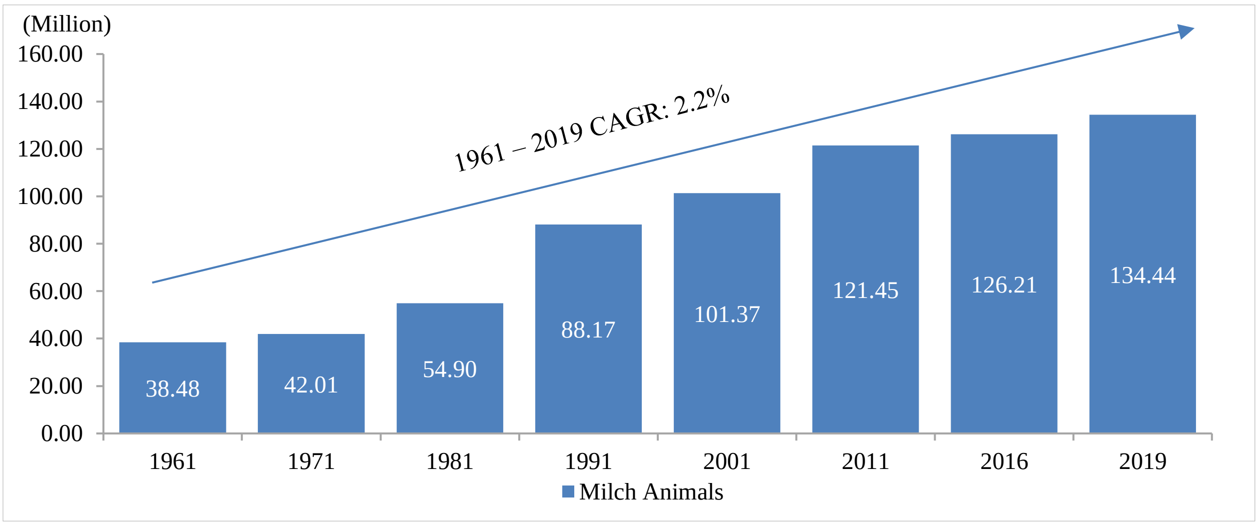
Milk yields in India much lower compared to developed countries (CY2019)



Source: FAO, CRISIL Research

Milk yield in India is slightly higher than the global average, but it is still lower than many developed countries. United States milk yield is significantly higher than the global average due to better breeding techniques and highly mechanised milk collection and processing techniques. The number of milch animals in the country increased at a CAGR of 2.2% from 1961 to 2019, resulting in rising milk production in the country compared with growth across the world.

Rising number of milch animals in India

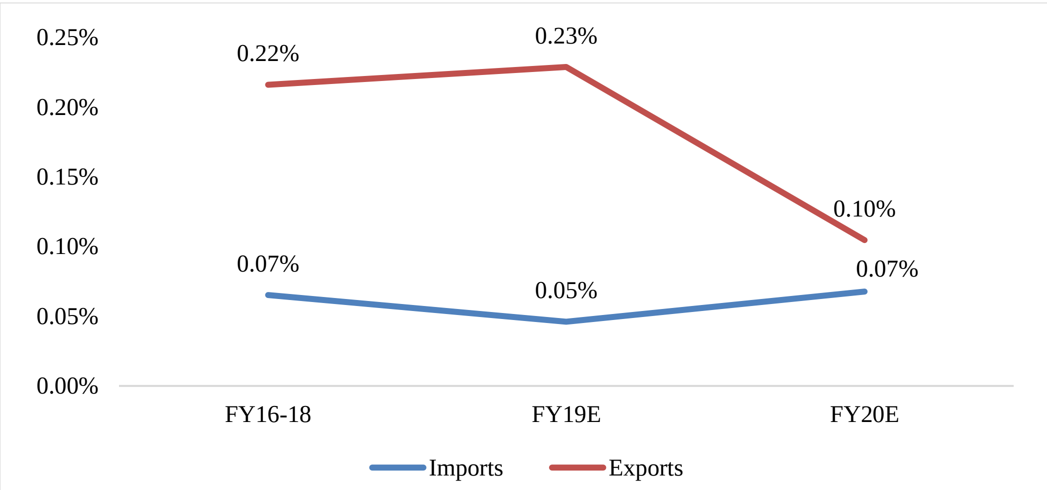


Source: FAOSTAT, CRISIL Research

India's share in global milk trade is low

India is the highest producer and consumer of milk globally. Despite that, limited quantities of milk left for exports after accounting for domestic demands, restrictions imposed on imports by other countries, regular bans on export of high volume products like milk powder by the government and imports limited to premium varieties of cheese & butters have kept India's share in overall milk trade low i.e. only 0.10% of the total milk produced in India is exported whereas 0.07% of the total milk consumed in India is imported.

India's share of milk imports and exports as a % of total milk production



Note: E: Estimated
Source: Biannual Report on Global Food Markets(FAO), CRISIL Research

Overview of the Indian dairy industry

Indian dairy industry to grow marginally in fiscal 2021 despite Covid-19 woes

The Indian dairy market industry has grown at a CAGR of ~10% between fiscal 2015 and 2020 to reach ₹6.7 trillion in fiscal 2020. This growth has come on the back of a 6-7% increase in volumes and 3-4% increase in price realizations. The dairy industry includes milk, traditional value added products (include Butter, Ghee, Paneer, Khoa, Curd & Skimmed milk powder) and embedded value products (flavoured milk, ice cream, yoghurt, cheese and whey). Over the last five years, the growth in the industry has been driven by the value-added products (~35% of the industry in value terms) which have witnessed a growth of 12-14% between fiscal 2015 and 2020. Amongst the value added products, emerging value added products has grown at a faster rate of ~18% (owing to ~12% increase in volumes and 6% increase in prices) as compared to 12-13% for traditional value added products. The fastest-growing products during this five-year period were ice cream at ~21%, followed by paneer (19%) and cheese (14%).

Milk was classified as an essential item and hence the industry wasn't severely impacted despite supply and demand-side challenges due to Covid-19. In the initial months of lockdown, however, the dairy industry faced challenges in last-mile customer reach, availability of labour at plants, logistical issues such as availability of vehicles for transportation, and adhering to COVID-19 safety protocols for all employees.

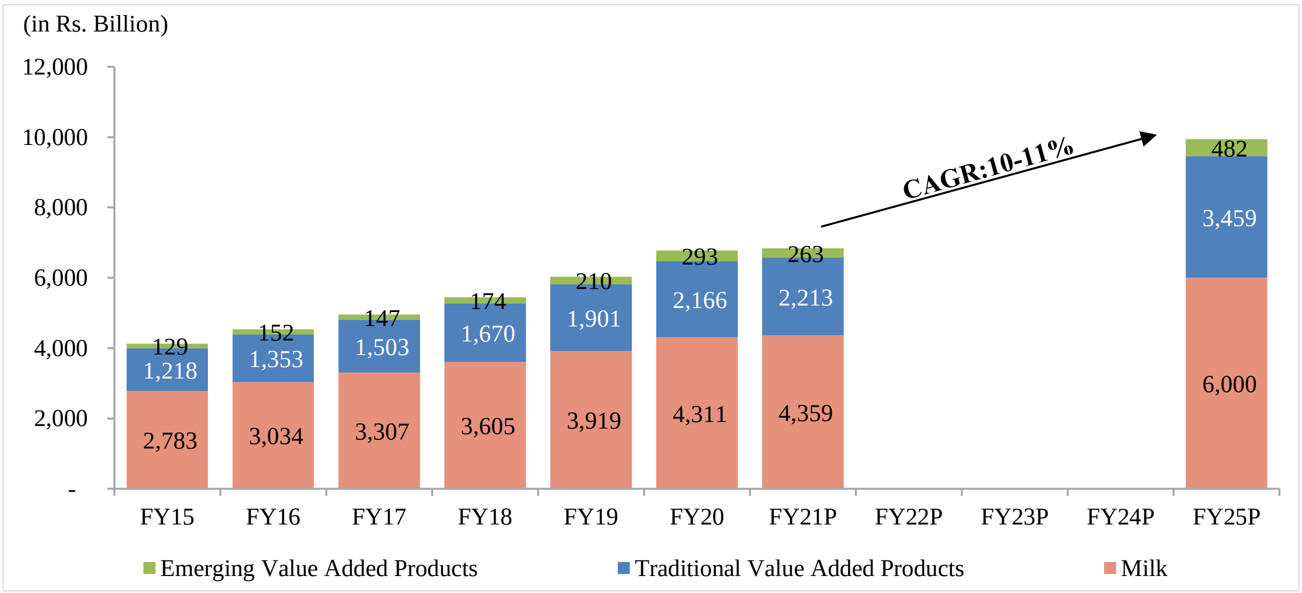
The nationwide lockdown leading to a shutdown of hotels, restaurants and cafes (HORECA) dried up demand from industrial users in H1 FY21. Consumption from office canteens dried up. While hotels reopened in H2FY21, the number of people physically visiting hotels has come down significantly compared to pre-covid levels, which will impact revenues from this segment in the current fiscal. However, much of industrial demand in milk, butter, ghee and paneer shifted home with people preferring in-home consumption and favouring established brands on account of rising health concerns; thereby aiding revenue growth in these segments.

The ice-cream industry which has grown at a fast pace in the past was severely hit in fiscal 2021. With the nation-wide lockdown coinciding with the peak consumption season of ice-cream, sales fell by over 40% in Q1 FY21 and is expected to fall by ~26-27% in FY21. The demand for products like butter milk and curd was also lost due to the pandemic induced lockdown. In addition, with slower income growth and insecurity, rising health concerns, some people moved back to making curd and curd related products at home, affecting demand for curd. Whey protein, largely marketed and consumed in health clubs, also saw a sales decline of ~30% in H1 FY21. With customers expected to only gradually return to gymnasiums and health clubs, demand is expected to remain sluggish and revenue from whey protein is expected to decline by ~18-20% in FY21.

Overall, CRISIL projects the dairy industry revenues to grow at a much slower 1-2% in fiscal 2021. Sales volumes are expected to decline by ~1-2%, while pricing is expected to see a 2-3% increase.

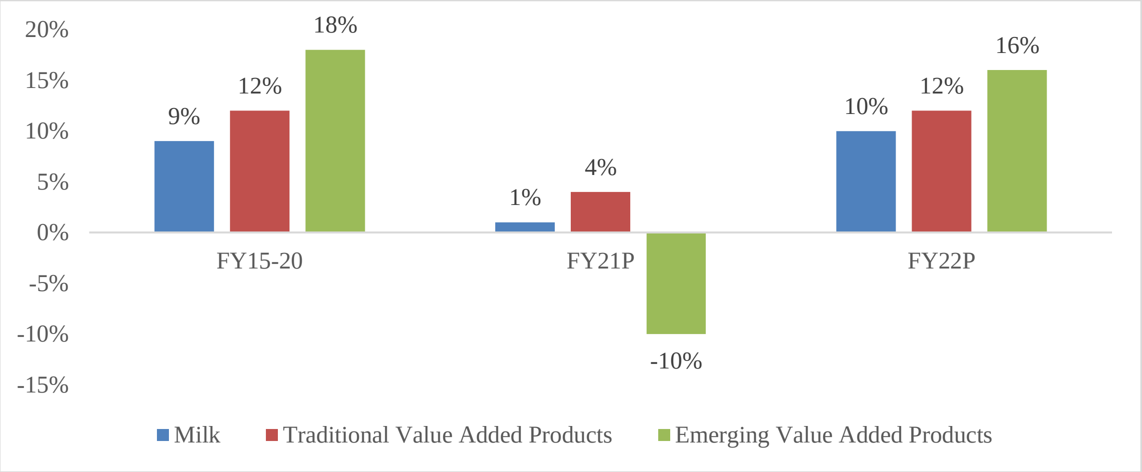
Nevertheless, the structural factors like increasing young population, inclination towards heathier, high protein diet, higher demand for value added products and aggressive growth plans of quick service restaurants (QSR) is expected to propel the growth of the industry. With economic growth expected to gradually pick up and demand from the HORECA segment also expected to return, we expect the industry to grow at a CAGR of 10-11% between FY21 to FY25. Within this, embedded value products (which includes flavored milk, ice cream, yoghurt, cheese and whey) is expected to outpace other segment and grow faster at ~14-16% between FY21 and FY25. Traditional value added products and milk is expected to grow by 10-12% and 6-8% between the same time period.

Dairy industry to grow at a tepid ~1% in fiscal 2021 before picking up in fiscal 2022



Note: 1) Traditional value added products include Butter, Ghee, Paneer, Khoa, Curd & Skimmed milk powder, 2) Emerging value added products include flavoured milk, ice cream, yoghurt, cheese and whey; 3) P: Projected
Source: Industry, CRISIL Research

Demand for emerging valued added products melts away in fiscal 2021 (overall value)



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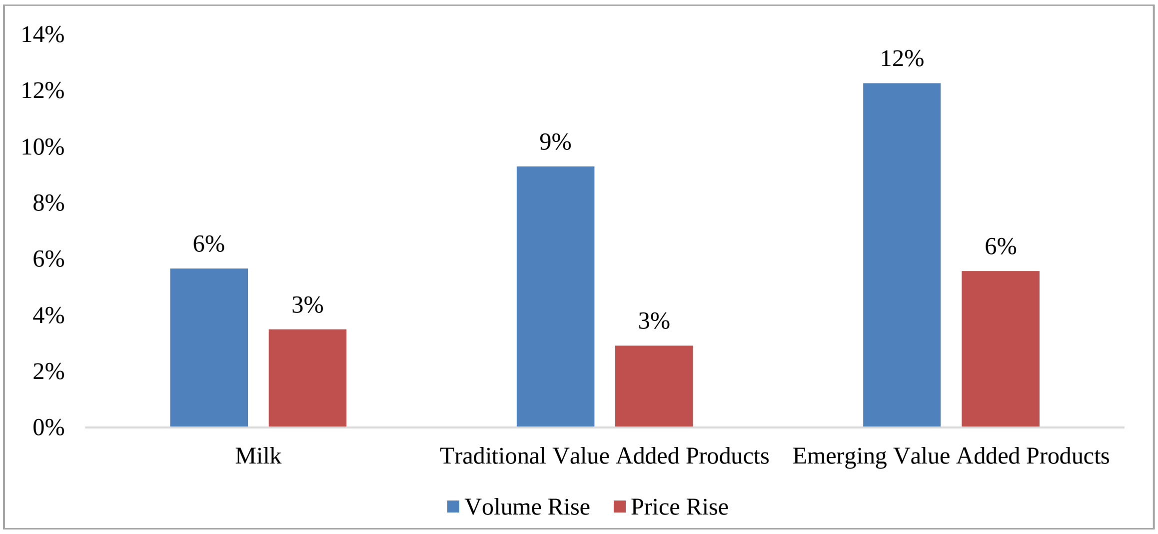
Source: Industry, CRISIL Research

Dairy industry growth driven by both increase in volume and prices (FY15-20)



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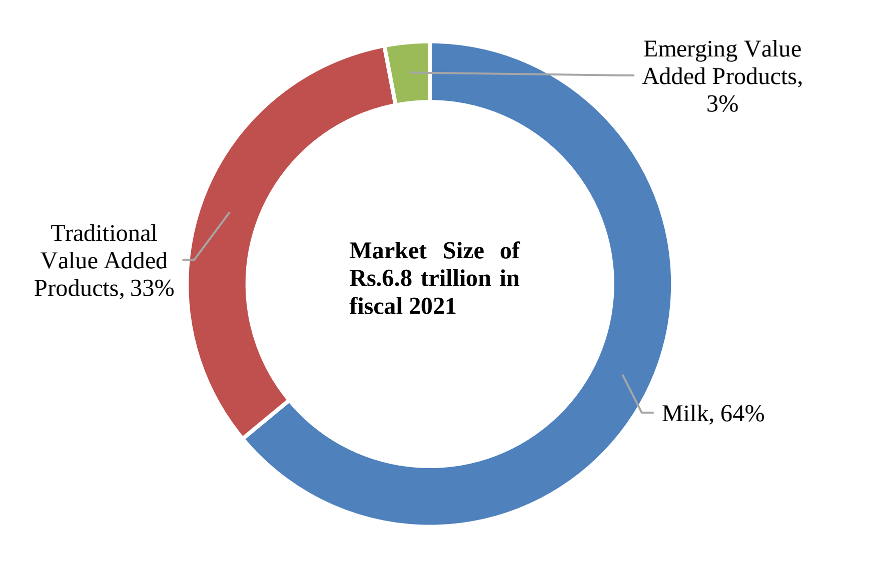
Source: Industry, CRISIL Research

Milk dominates the dairy consumption basket with 64% share in industry revenue in fiscal 2021



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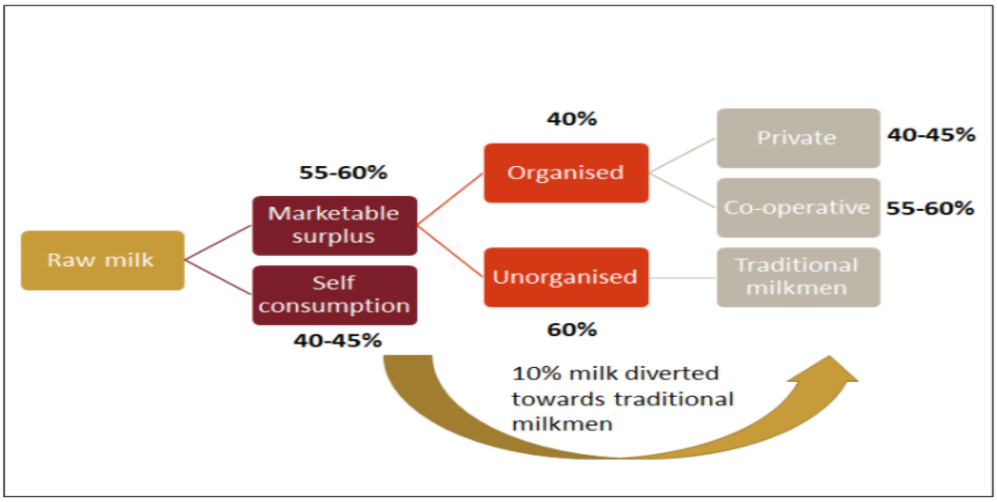
2) Emerging value added products include flavoured milk, ce cream, yoghurt, cheese and whey
Source: Industry, CRISIL Research

Structure of the Indian dairy industry

The Indian dairy industry is broadly divided into organized and unorganized segments. The organized segment comprises cooperative, private and producer companies (set up with the help of National Dairy Development Board or NDDB), while the unorganized segment comprises local vendors and dairy farmers selling within their area of production.

Structure of domestic milk market (FY20)

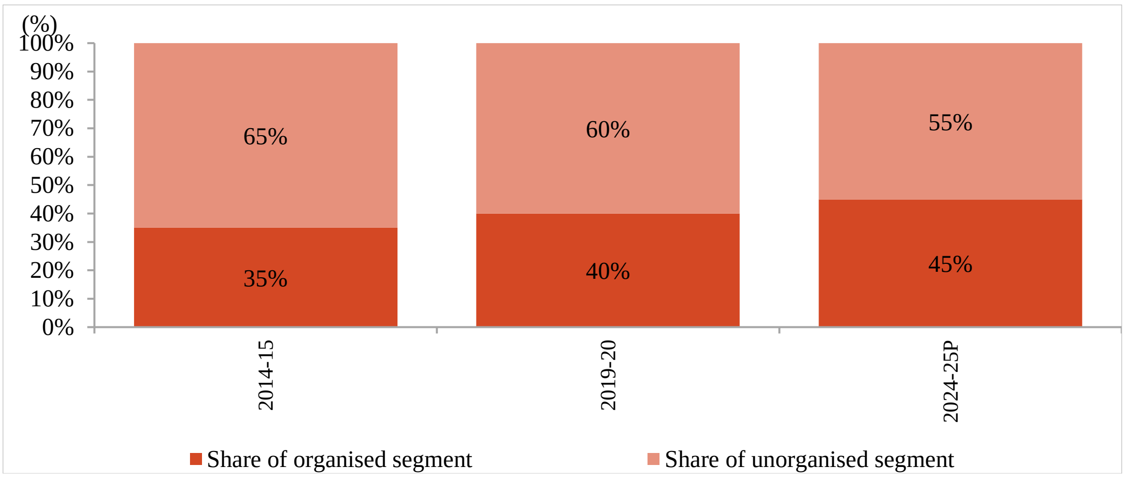


Note: Dats is in terms of volume
Source: NDDB, Industry, CRISIL Research

Indian dairy sector is highly fragmented and unorganised

As of fiscal 2020, the unorganized segment dominated the Indian dairy industry with ~59-60% market share, while the organized sector accounted for the rest, at the retail level sales of dairy products. In fiscal 2021, outbreak of Covid-19 pandemic accelerated the shift towards organized players, on account of supply chain disruptions and increased focus on hygiene and health. Going forward, the organized segment is expected to grow at a faster pace of 12-13%, while the unorganized segment is expected to grow at 8-10%, thus enhancing the share of the organized players in the near future. Rising consumerism, growing urbanization, some cooperatives being impacted due to lack of professionalism and preference for branded packaged foods will primarily drive this trend. In addition, rising capital investments from private players will give them a strong foothold to eat into the market share of unorganized players.

Share of organized segment to rise gradually at retail level (FY2020)



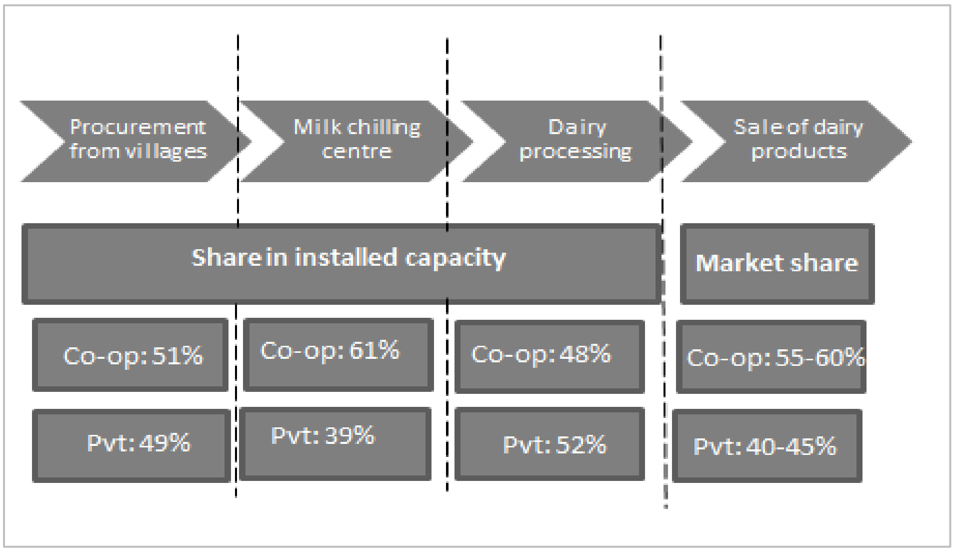
Note: Data is in terms of value, P: Projected
Source: Industry, CRISIL Research

Cooperatives have an upper hand in milk procurement owing to subsidies in few states

Co-operative players currently have a strong procurement and storage capacity with a wide network of collection and chilling centers at the village level. They also have vehicles that travel door to door across many villages to collect milk. Also, a few state governments such as those in Karnataka, Telangana, and Haryana offer subsidies of Rs 3-5 per liter to the farmers on supplying their milk to the co-operative dairies. Hence, the co-operative players enjoy an upper hand in milk procurement, especially in these states. Gujarat has the highest presence of co-operatives across the value chain, with the Gujarat Co-operative Milk Marketing Federation (owner of the brand Amul) alone enjoying a whopping market share of 90-95% at the retail level, while it procures 85-90% of the milk available for marketing in the state.

On the other hand, private players are investing heavily to strengthen their procurement and distribution network by setting up chilling centers at village levels and building relations with farmers

Value chain of the Indian dairy industry: Organised segment



Source: Industry, CRISIL Research

Private players compete on the basis of farmer connect and promptness in payments

Historically, cooperatives dominated the milk supply chain in terms of procurement and storage. However, private players are gradually gaining ground by making requisite investments to strengthen their procurement, storage and distribution network. Cooperatives compete with private players on the basis of milk procurement prices. However, private players offer prompt and upfront payment to farmers and often engage with them to enhance yield / production of their cattle. The more progressive private players are also increasingly opting for direct milk procurement from farmers as opposed to procurement through agents.

Low shelf life of dairy products results in the domination of regional players

Another key trend in the Indian dairy industry has been the dominance of regional players in most markets. This can be attributed to high share of liquid milk and demand for low shelf life products, low margins and profitability in liquid milk, making it economically unviable to transport over longer distances and time and effort required to gain trust of farmers and build a strong procurement network.

Most players started off operations in their home regions and have gradually expanded into other markets only after establishing a strong presence at home

Close to 40% of the milk produced is self-consumed

Close to 40% of the milk produced in India is not processed and is consumed either by the households owning the milch animals (the producer level), or sold to non-producers in the rural area. For the betterment of producers, the government is making efforts to increase the reach of the organized sector to these producers. The share of marketable milk is slowly rising thanks to the involvement of the organized segment to reach out to under-penetrated areas for milk procurement and distribution. Capacity additions close to such areas will make more milk available for the organized sector in the near term.

Private investments to increase in few states over the next few years

Private players usually stay away from states where co-operative players have a strong foothold and a wide network for milk procurement as farmers prefer to sell milk to co-operatives like in states like Gujarat. Further, in states like Karnataka, Haryana and Telangana where state governments provide a subsidy to co-operatives for milk procurement, which gives cooperative players an advantage over private players. On the other hand, despite of Uttar Pradesh being the largest milk producer in India, co-operatives have a weaker position paving way for private players.

In the budget for the year 2020-21, the government of India made an announcement to double the milk processing capacity with an aim to increase share in overall milk exports. Following the announcement, in June 2020, the Indian government approved an allocation of Rs.150 billion to setup an Animal Husbandry Infrastructure Development Fund (AIHDF) to support private investments in dairy, poultry and meat processing units. It is expected to increase private sector participation in the sector, ramp up export and dairy production as government push towards self-reliant Bharat. With these incentives, select states where private players have a strong hold are expected to benefit over the next few years on account of increase in investments and efforts to ramp up production and setting up of new facilities.

Key growth drivers for the Indian dairy industry

The dairy and milk products industry is expected to grow at 10-11% CAGR over FY21 to FY25 based on the following:

Rising urban population and middle class along with rapid nuclearisation

Growth in the dairy industry is expected to be aided by rising consumerism, growing urbanisation and increasing number of nuclear families, especially in the value-added dairy product (VADP) segment. Rising health consciousness is driving demand for products such as pro-biotic, fortified milk foods, etc. while urbanisation-related lifestyle changes are pushing demand for packaged milk products. Similarly, VADPs such as curd, buttermilk, ghee, butter, ice cream and paneer are driven by increasing nuclearisation of families.

Rising importance of milk as a prominent source of protein for vegetarian population

A vast population of the country is vegetarian. Given that the proportion of vegetarians is increasing in the overall population mix (About 28% in 2018 from 25% in 2004), it is expected to result in rising demand for milk and dairy products as milk is an important source of protein, particularly for the vegetarian population. This translates into a huge growth potential for the dairy industry.

Growth of Indian Quick service restaurants (QSR) to boost consumption of dairy products

Over the last decade, changing consumption patterns and socio-demographic profile in India has fuelled the growth of quick service restaurants (QSR) industry in India. According to National Restaurant Association of India (NRAI), the food services industry in India (which is predominantly unorganised) is estimated around Rs.4.23 trillion in fiscal 2019, which is expected to grow at a pace of 9-10% over the next five years. The organised chained QSR industry is estimated to be around ~Rs.170 billion in fiscal 2019 and reach ~Rs.199 billion by fiscal 2020. Increasing trend of eating out and ordering-in behaviour as part of leisure outing or socializing in the urban areas will aid the demand for QSRs. CRISIL Research expects organised QSRs to grow at a CAGR of ~15-16% in the coming few years which will boost the demand for dairy products.

Continued government focus towards the dairy sector

Priority sector lending status for the dairy sector since 1999 has played a pivotal role in shaping the sector. Better access to credit, aided by a need among bankers to diversify portfolio concentration in the priority sector lending space, will continue to benefit dairy sector stakeholders.

India has also tremendously benefitted from 'National Dairy Plan' and 'Operation Flood'. A CAGR of 4.0% over the past five years in domestic milk production has proven that government initiatives have been beneficial. Remunerative price of milk from cooperatives and private dairy players have encouraged several regional farmers to upgrade to better yielding cross-bred cows. This has not only aided production, but has also been beneficial to farmers, thus encouraging more players to enter. With phase 1 of the National Dairy Plan having ended in 2019, the NDDB has initiated preliminary consultations with the World Bank for phase 2 (2020-2025). The project, which aims to double India's milk production, has an investment outlay of ~Rs.80 billion, and will focus on enhancing milk processing capacity, improving the infrastructure of dairy co-operatives, and increasing the number of villages that form a part of the co-operative network.

Permission of 100% foreign direct investment (FDI), setting up of National Genomic Centre for raising high yielding breeds, efforts to connect farmers to breeders, online market places for selling the produce, and increasing MSP are some government initiatives. Setting up of Animal Husbandry Infrastructure Development Fund (AIHDF) will also support the industry and ramp up export and dairy production as government push towards self-reliant Bharat. The government is expected to continue to bring about policy reforms to aid growth and safeguard farmer interests, which will be instrumental in sustained growth of the sector.

Rising preference for packaged milk

Rapid urbanisation, changing demographics (such as increasing number of working women and rising disposable income), nuclearisation of families, and growing health awareness have led to rising preference for packaged milk. It is also preferred owing to superior hygiene, ease of storage, consistent quality, and easy availability. Pouches are the most preferred means of packaging, as these are cost-effective for manufacturers as well as consumers.

Rising share of VADPs

With changing dietary patterns and consumer lifestyle, demand for VADPs such as curd, ghee, cheese, butter, paneer, etc. is outpacing demand for processed milk. Over the near to medium term, superior growth of VADPs will drive the milk and dairy industry. Rising consumer purchases of these products, as they move from making it at home to purchasing it off the shelf, has supported the shift to VADPs.

Product innovation and improving quality across price points

Companies are increasingly innovating and manufacturing products across all price points to cater to consumers, with varying tastes and preferences. This, coupled with enhanced packaging, longer shelf-life and better quality of products, will drive further penetration of processed milk products and thereby support long-term growth. For example, since the outbreak of covid-19 pandemic, the dairy companies have introduced various new products like turmeric, ginger and tulsi flavoured milk variants to increase immunity on account of rising health consciousness amongst the customers.

Improvement in supply chain infrastructure

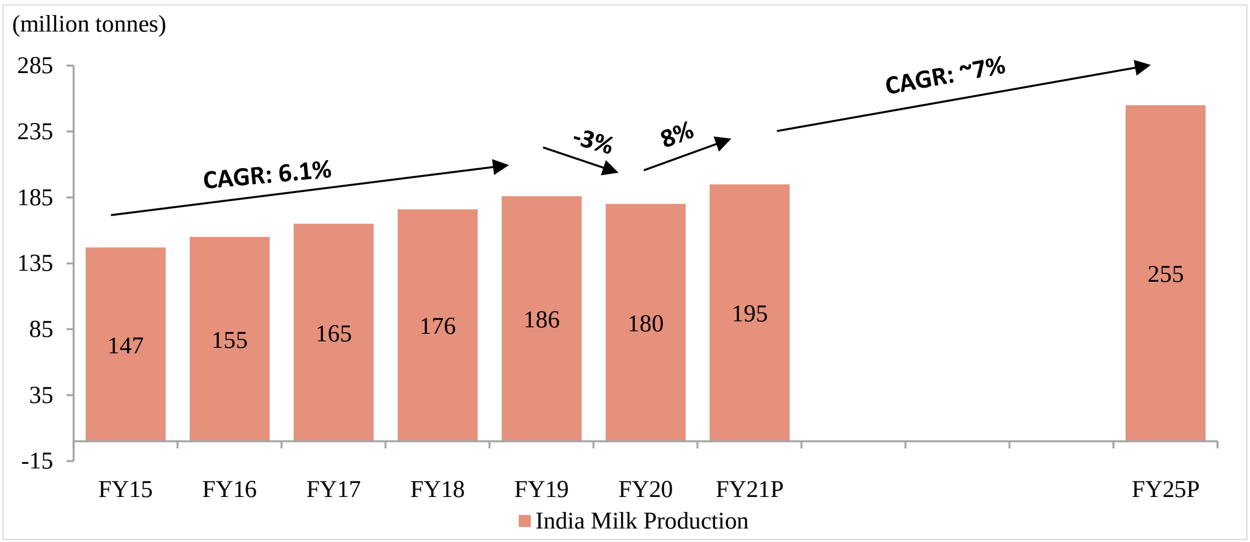
With cold storage facilities, transportation, and other critical supply chain infrastructure improving across India, companies are expected to manufacture and sell more products, over the medium term. This would help increase the penetration of processed milk products in towns and villages, thus driving growth of the dairy and milk products industry, over the next three-four years.

The inherent limitations owing to lower shelf life of dairy products are progressively getting eliminated by organised players, which will help increase the penetration of processed milk and dairy products in towns and villages, resulting in industry growth over the next 3-4 years.

India's milk production to rebound in fiscal 2021 after declining in fiscal 2020

Domestic milk production rose at a compounded annual growth rate (CAGR) of ~6.1% between fiscals 2015 and 2019. However, in fiscal 2020, it fell by 3-4% due to lower animal yield. High temperatures in summers of 2019 followed by floods in a few parts of India affected fodder availability and animal health. However, in fiscal 2021, milk production is expected to pick up as water availability is expected to increase leading to higher fodder availability. Further, Government of India and private dairies have taken various initiatives to improve the rearing methods of cows and buffaloes. The yield per animal, which currently stands at 4.65 litres per day, is expected to touch 4.8 litres per animal per day by fiscal 2021, thereby driving up milk production in the country.

Volume of milk production to see a healthy rise (million tonnes)



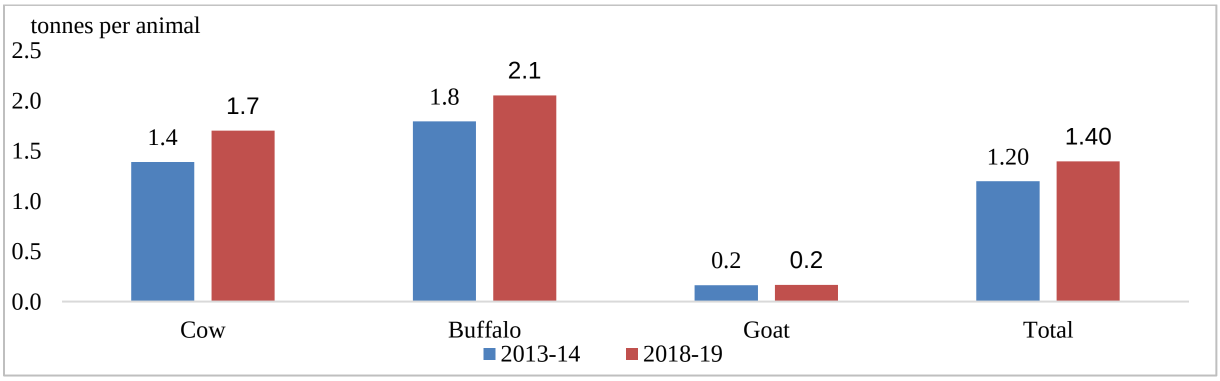
Note: P: Projected
Source: NDDB, Industry, CRISIL Research

Cow milk gaining share in milk production

In India, 49% of milk produced in FY19 was obtained from buffaloes as against 48% from cows and ~3% from goats. However, contribution of cows to milk production has been slowly increasing, up from 45% in FY14 to 48% in FY19. In terms of the number of milk animals, 39% of animals are cows followed by 34% buffaloes and 27% goats. Although goats make up a considerate proportion of total milk animals, they have very low yield and contribute a paltry share in total milk production.

Increase in the share of cow milk is in line with change in demand preferences. CRISIL's interactions with market participants indicate a growing preference for cow milk on the back of increasing health awareness and changing demographics, especially in urban areas. Cow milk contains less fat content than buffalo milk and, hence, appeals to health-conscious youth population.

Milk yield across different species



Source: FAO, NDDB, CRISIL Research

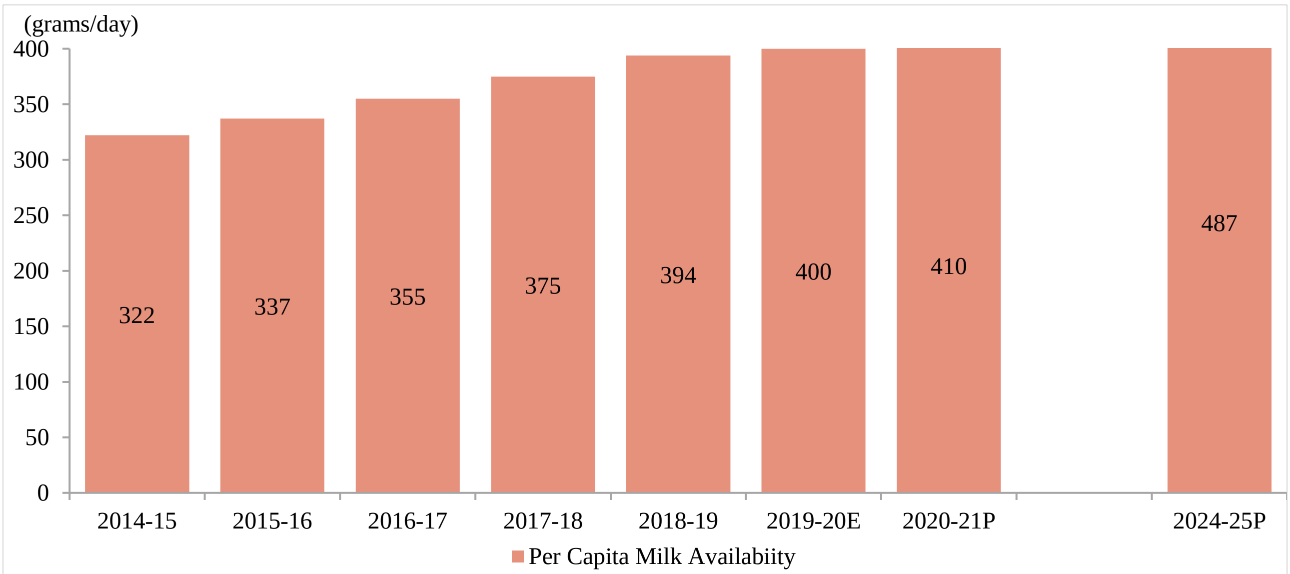
In the southern states of Tamil Nadu, Karnataka and Kerala, bulk of production takes place through high-yielding, cross-bred cattle. In Andhra Pradesh and Telangana, predominance of milk production through buffalo milk is observed.

Milk availability in India

Per capita availability of milk in India has grown steadily

India is the largest milk producer globally and milk production is growing at a healthy rate. Per capita availability (PCA) of milk in India has grown at 5.2% CAGR over FY15-19. As per NDDB data, as of FY19, it is 394 grams per day. It is estimated to increase to 400 grams per day in FY20 and is expected to reach 487 grams per day by FY25.

Domestic per capita availability of milk has grown at CAGR of 5.2% over past few years



Note: E: Estimated, P: Projected
Source: NDDB, CRISIL Research

Product-wise growth outlook for the overall dairy industry

The share of fluid milk (packaged + unprocessed) as a percentage of the overall domestic dairy industry has historically remained above 65%, but is gradually decreasing. With changing trends in the consumption patterns, CRISIL Research expects VADPs, which are generally more profitable, to grow at a much faster rate than fluid milk, thus estimated to bring down the share of fluid milk from ~67% in FY15 to ~58-60% by FY25.

Product-wise margins, market size and growth

(₹ billion)	EBITDA margin	FY15	FY20	FY21E	FY25P	CAGR FY15-20	CAGR FY21-25P
Fluid milk	4-6%	2,783	4,311	4,359	6,000	~9%	~6-8%
Ghee	20-22%	590	1049	1101	1,773	~12%	~13-14%
Paneer	19-21%	209	443	494	894	~16%	~15-17%
Butter	17-19%	130	228	238	380	~12%	~12-13%
Curd	19-21%	120	187	180	308	~9%	~13-15%
Ice cream	37-39%	43	113	83	170	~21%	~19-21%
SMP	6-8%	60	90	90	136	~9%	~9-10%
Yogurt	24-26%	19	51	55	110	~22%	~20-21%
Khoa	14-16%	47	75	61	93	~9%	~11-12%
Cheese	29-31%	36	72	69	120	~14%	~14-16%
Whey	27-29%	8	17	14	22	~16%	~13-14%
Buttermilk & Lassi	10-12%	5	7	8	12	~8%	~10-11%

Note: E: Estimated, P Projected
Source: Industry, CRISIL Research

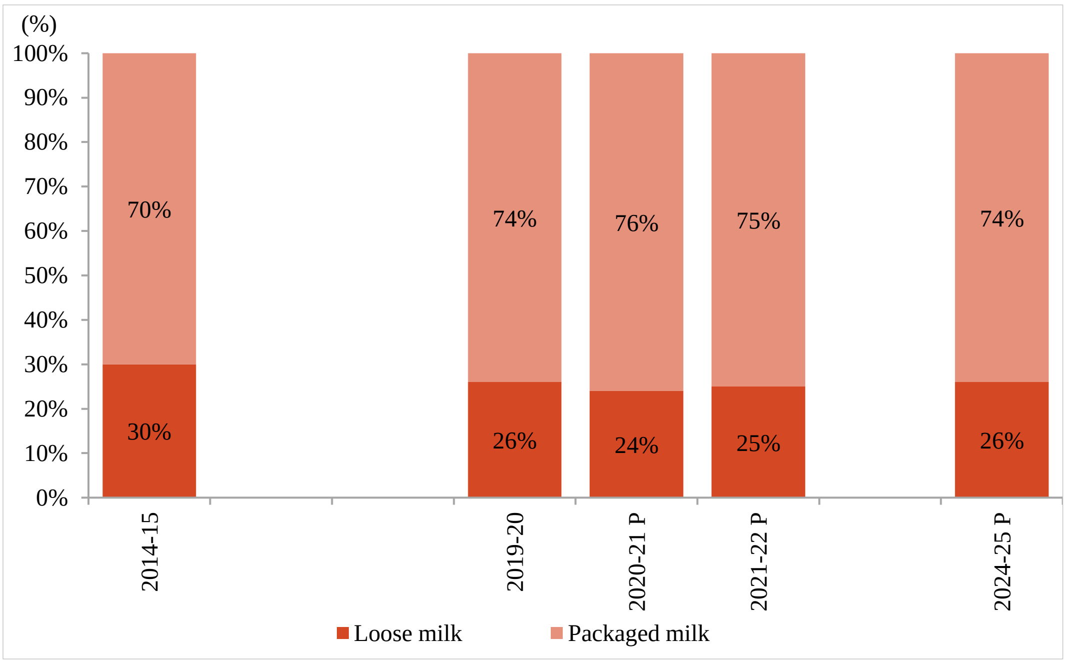
Fluid milk to grow albeit at a tepid pace in fiscal 2021

Even before a nation-wide lockdown was announced on March 24, 2020, many urban cities had ordered a closure of restaurants and public eateries to contain the spread of COVID-19. This created supply chain disruption temporarily up to June 2020. Household demand returned to pre-COVID levels from July 2020. However, offtake of milk from hotels, restaurants and cafes (accounting for ~17% of total consumption) was wiped out as most of them remained closed while a few restaurants operated at minimal capacity. In Q2 FY21, despite many 'unlock' measures taken by the government, fear of contamination kept food consumption from restaurants at bay, thereby affecting milk demand from the HORECA segment. Going forward, FY22 onwards, milk demand is expected to pick up on a lower base and grow by 9-10% till FY25. Long term growth drivers like rising population and per capita consumption is expected to aid growth.

Fear of contamination leads consumers towards packaged milk

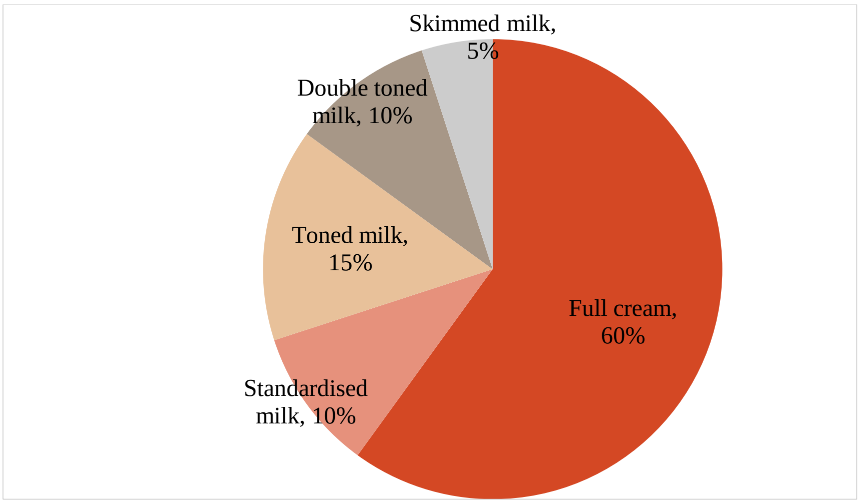
Over the past few years, the milk market has seen a gradual shift from loose milk to packaged milk. This shift is expected to be faster in FY21 as fear of contamination has led many consumers to switch from loose to packaged milk. However, this shift is expected to be temporary and virus-led. In FY22, consumers are expected to partially switch back, as freshness is most preferred. In the long run, the gradual shift from loose milk to packaged milk is expected to continue. Amongst the packaged milk, pouch milk is most preferred as consumers perceive it to be fresh and is more economical than tetra packs and PET bottles. In the packaged milk segment, currently 80-85% of packaged milk is sold in pouches, 10-15% in tetra packs and a mere 1-2% in PET bottles

Gradual shift towards packaged milk to continue in the long run



Note: P: Projected
Source: Industry, CRISIL Research

Full cream milk dominates pouched milk segment (FY2020)



Note Data is in terms of volume
Source: Industry, CRISIL Research

Competition among Co-operative and private players remains intense

The strengthening of the co-operatives model has aided growth of the milk processing segment. As this model ensures farmers retain part ownership, farmers are assured better returns, thus incentivizing them to increase the supply of milk to co-operatives. Dairy farmers also benefit from animal husbandry, better quality fodder, and awareness programs organized by co-operatives. Furthermore, a subsidy of Rs.4-5 per litre of milk supplied to the farmer by the co-operative dairies, has also encouraged new farmers to enter milk production, enabling co-operative organizations to establish a strong foothold of their brands in key states like Gujarat (Amul), Karnataka (Nandini), Andhra Pradesh (Vijaya) and Tamil Nadu (Aavin)

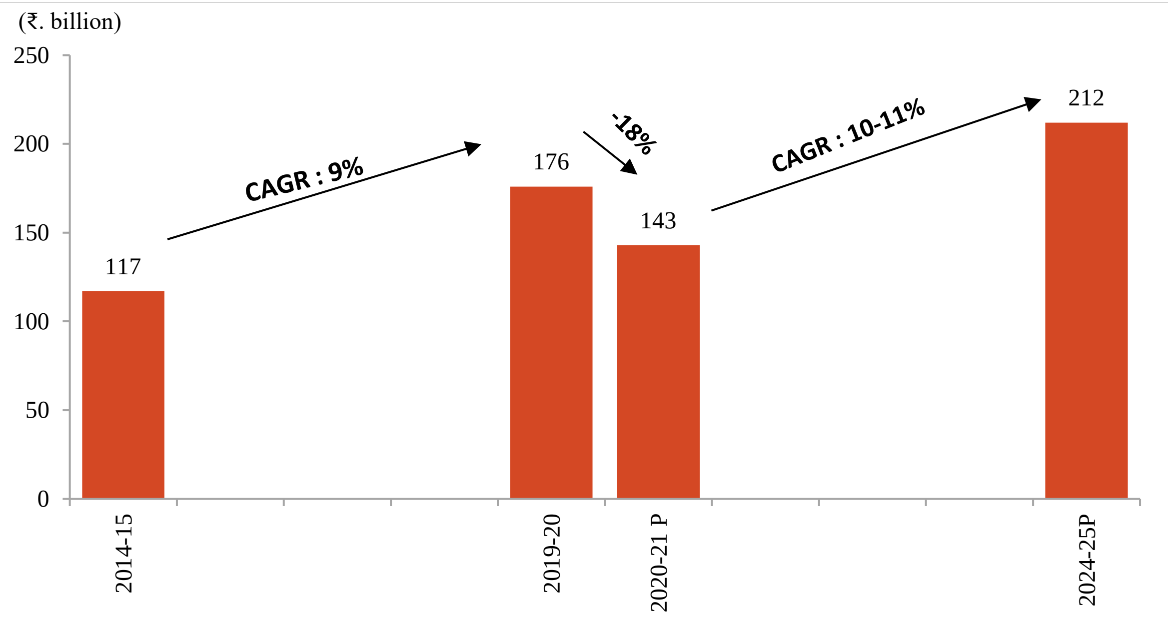
To counter this, private players like Nestle and Britannia are investing in differentiated products like high quality tetra pack ultra-high-temperature processed milk (UHT) and flavored milk. These products sell at a 50-60% premium compared with milk sold in pouches, and cater mainly to very health-conscious consumers. For example, 'Nestle A+ slim' is positioned as milk with 15 times less fat content when compared with regular toned milk, while and 'Nestle a+ nourish' targets the kids segment. In response, the co-operative players are also launching new products to counter the competition from private players. The UHT milk segment has seen rising competition, with big players like Amul, Parag, Mother Dairy and Nandini already vying for a larger share of the pie.

The Indian dairy market is witnessing an increased investment and consolidation under which smaller firms are selling to the bigger ones in order to cope up with rising input cost and challenges in achieving scale. Given the challenges of the industry, numerous sub scale players have sold off to larger players in the past and in future also, we expect this trend of increased mergers and acquisitions to sustain. Being regional players, these smaller players provide readymade regional procurement and consumption market but may have other challenges that impede their ability to run operations efficiently. For instance, ITC Limited, recently entered the dairy sector with its 'Aashirwad' brand of ghee and plans to add more products to its portfolio offerings

Indian SMP inventory to pile up; export to remain muted in FY21

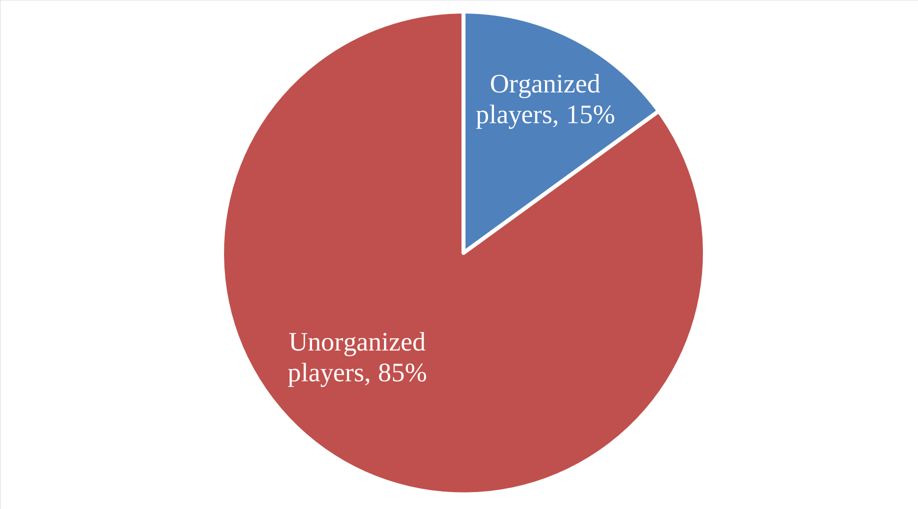
SMP (skimmed milk powder) is mostly consumed by the Indian dairy processors to reconstitute it into milk in the low milk producing seasons (mostly summer). This product had high demand internationally, especially in Europe as there were restrictions on its production and supply. However, in 2015, those restrictions were lifted and it opened up the market. This led to a spike in production and fall in international SMP prices, leading to piling up of inventory in India. With excess stock, and sluggish export market, the Indian dairy processors turned to the domestic market and used SMP to manufacture value-added products in the domestic market from FY15. Since then, the segment has witnessed a CAGR of 9% till fiscal 2020. SMP is usually consumed largely by HORECA which accounts for 90% of the total consumption. With both these industries coming to standstill in the current fiscal, CRISIL Research expects offtake for SMP to be lower resulting in inventory pile up to 2.2 lakh tonnes in the current fiscal. Dairy players are also expected to use the SMP inventory for captive consumption to meet the peak demand in the next summer season. Further, lower global SMP prices and absence of subsidy from the government is expected to keep the exports negligible, thereby triggering a fall in domestic SMP prices. CRISIL Research therefore expects the SMP segment to tumble in fiscal 2021 and bounce back in fiscals 2022 and 2023 with industrial demand returning back to normalcy.

Steady growth of 10-11% expected in SMP over FY21-25



Note: P: Projected
Source: Industry, CRISIL Research

Organized players hold a small share in the curd market as of fiscal 2020



Note: Data is in terms of volume
Source: Industry, CRISIL Research

Lower processing cost, stable demand from southern states attract domestic and global players

In volume terms, loose curd sales exceed that of packaged and branded curd, mainly because the former is available at a more affordable price, whereas packaged versions are priced at 15-20% premium. The branded curd market, primarily driven by demand from urban areas, is estimated to have a very low share of ~15% in volume terms. Our interactions with industry sources reveal that demand for packaged curd has been increasing at a faster pace over the past few years, and lower processing cost of curd among the value-added dairy products is attracting both domestic and foreign players. Better margin compared with milk and low capital investments have attracted many players in the curd segment.

Competition has increased with the entry of Milky Mist, Heritage, Parag and Dodla Dairy to name a few, in recent years, particularly in the southern market. Amul has a market share of ~25% in the branded curd segment. Other major players include Nestle and Mother Dairy. Dominant southern players like Heritage Foods Ltd, which markets close to 175-200 tonnes of curd per day under the 'Heritage', and 'Nandini' brands promoted by Karnataka Milk Federation, have a widespread presence in the region

Lower rural demand & lower offtake from industrial users to affect buttermilk and lassi in fiscal 2021

The buttermilk and lassi segment expanded at 10% CAGR to reach ~Rs.8.2 billion in fiscal 2020, from Rs.5.2 billion in fiscal 2014. Buttermilk and lassi sales are largely confined to unorganised segment and were deeply affected due to COVID-19 in Q1 FY21.

During H1FY21, sales are estimated to have declined by 3% and are expected to further decline in H2 FY21. In the long term, CRISIL Research expects urban demand to drive growth in this industry and revenues to clock a growth of 10-11% CAGR between fiscals 2021 and 2025 to reach Rs.12 billion.

Changing lifestyle & preference for high protein foods to enable growth in paneer segment

Paneer market in India is expected to grow at a slower pace of 12% in fiscal 2021 as against a CAGR of ~16% in the past five years. In spite of a nationwide lockdown, paneer is considered an essential food product in many households. In fact, household consumption of paneer is expected to have increased in H1 FY21, as many consumers avoided non-vegetarian food amidst the pandemic and opted for paneer for their protein requirement. However, muted income growth and lower out-of-home consumption is expected to keep paneer sales growth muted in FY21. The demand is expected to bounce back with aggressive growth plans of quick service restaurants (QSR) in response to growing demand of snacks, take –home packs and introduction of new variants. Increasing health awareness with inclination towards healthier, low fat, high protein diet, especially among the millennial population is also expected to drive demand. CRISIL Research expects paneer production volume to increase by 10% up to fiscal 2025 while realization is expected to rise by 5-6%, taking the overall segment to grow sharply by 15-16% CAGR up to fiscal 2025.

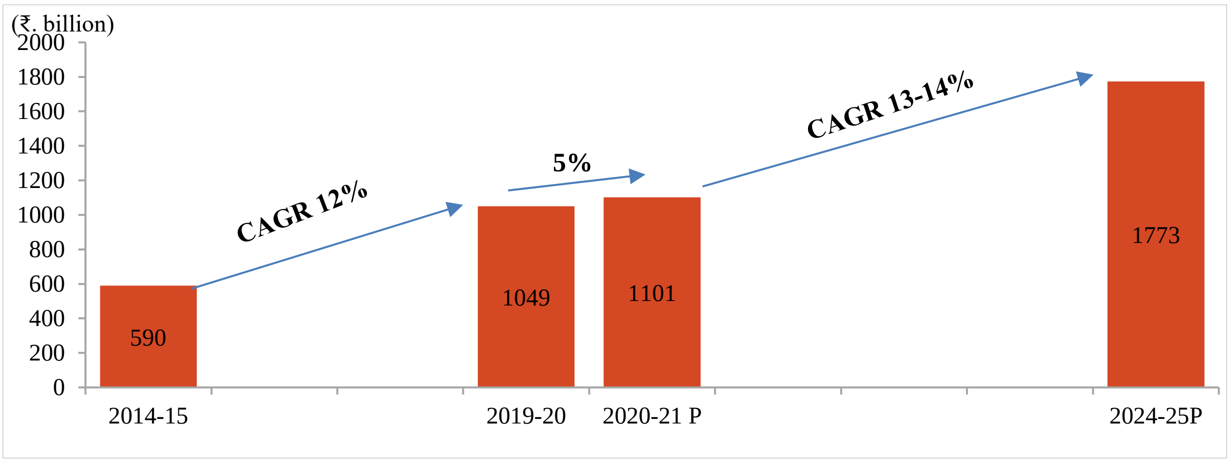
Ghee & Butter sales to rise at a tepid pace in FY21

About 25-30% of ghee and butter accounts for industrial consumption while the rest is consumed by households. Hence, decline in the business of HORECA and sweet-meat stalls is expected to moderately affect sales of butter and ghee in FY21. In the first half of fiscal 2021, slower economic activity leading to loss of jobs in urban areas amidst the virus induced lockdown dented sales. However, the situation has improved and sales have picked up in H2FY21. For the full fiscal year, CRISIL Research expects ghee and butter sales to rise by 4-5% as against a CAGR of 12% in the past 5 years. Going forward, fiscal 2022 onwards, with an expected increase in economic activity and rise in income levels, demand is expected to pick up and resulting into rise at a healthy growth rate of 13-14% annually up to FY25 for ghee and butter.

Rising awareness of health benefits of ghee combined with rising income driving ghee sales in India

Domestic ghee industry is the second-largest segment after processed milk, with over 16% share of the entire dairy industry. The ghee market expanded at a robust CAGR of 12%, from an estimated Rs.590 billion in fiscal 2015 to Rs.1049 billion in fiscal 2020. Realisation rose at a 6-7% CAGR, largely due to an increase in milk prices and pricing power, enjoyed by a few large private players. CRISIL Research, thus expects the ghee segment to grow at a rapid pace of 13-14% up to fiscal 2025, as the entry of a few private players has led to the evolution of the ghee market in India.

Organised players to drive growth for Ghee with increased rural outreach



Note: P: Projected
Source: Industry, CRISIL Research

Other Drivers for Ghee segment

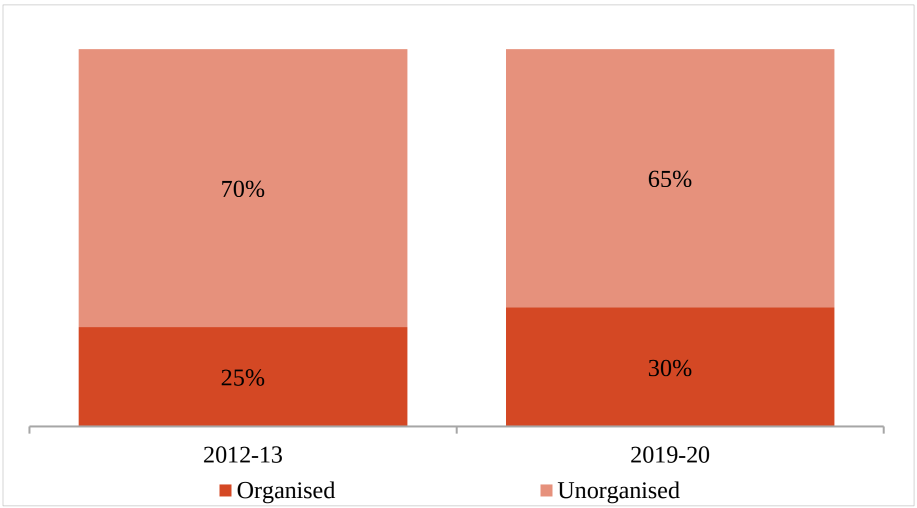
A. Industrial users switching from vanaspati to ghee for better quality products
Growth of the ghee segment will also be led by the industrial users such as manufacturers of sweets and bakery products, as they increasingly substitute vanaspati with ghee to maintain the quality of their products.

B. Rapid urbanisation and a steady shift to branded products to further aid ghee sales
Rural-to-urban migration and growing preference of households (mainly in urban areas) for processed branded ghee (instead of home-made ghee) have led to the evolution of the ghee segment in India. The evolution can also be partly attributed to the growing concerns about potential health effects of vanaspati ghee, which is high in trans-fat content. Trans-fats increases the risk of heart diseases and are associated with obesity.

C. Launch of new variants and branding strategies pushing growth in ghee segment

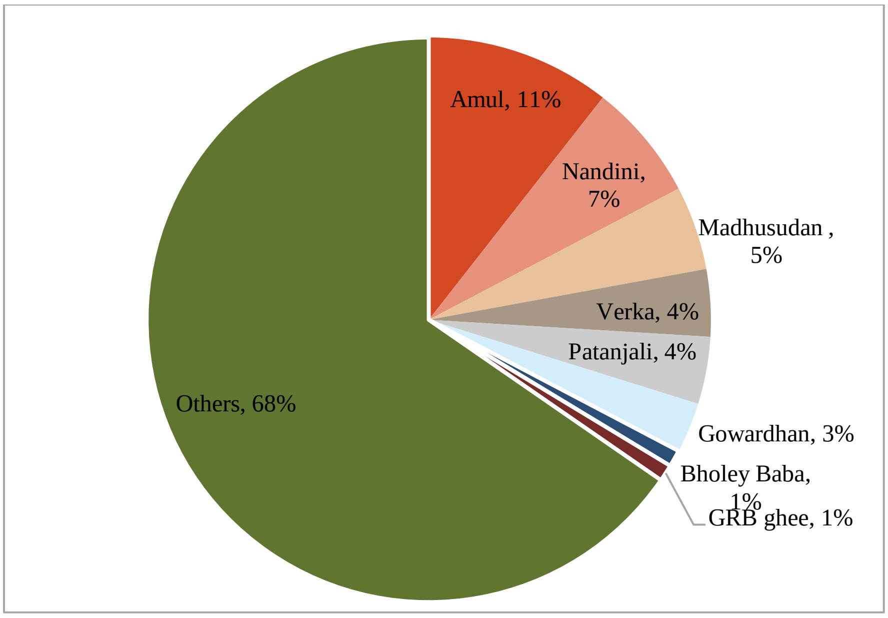
Patanjali launched its ghee brand in 2014, and commands an estimated 4% market share in the Indian ghee market. The company branded its ghee to be 'pure cow ghee' and organic, which led the company's ghee sales to increase exponentially. The company focused on rural penetration first, unlike other companies, which begin with the urban areas. On the other hand, players such as Kwality and Parag Milk Foods, have launched 'low-fat' ghee to cater to the health conscious urban consumer. Smaller players operate only in certain regions, due to the lack of proper infrastructure for distribution and regional preferences among consumers. For example, CavinKare, which forayed into the ghee segment in 2011, is present only in southern states, while Chitale operates only in Maharashtra and Gujarat.

Share of organized players gradually rising in the ghee segment (FY20)



Note: Data is in terms of volume
Source: Industry, CRISIL Research estimates

Market share of players in the ghee segment (FY2020)



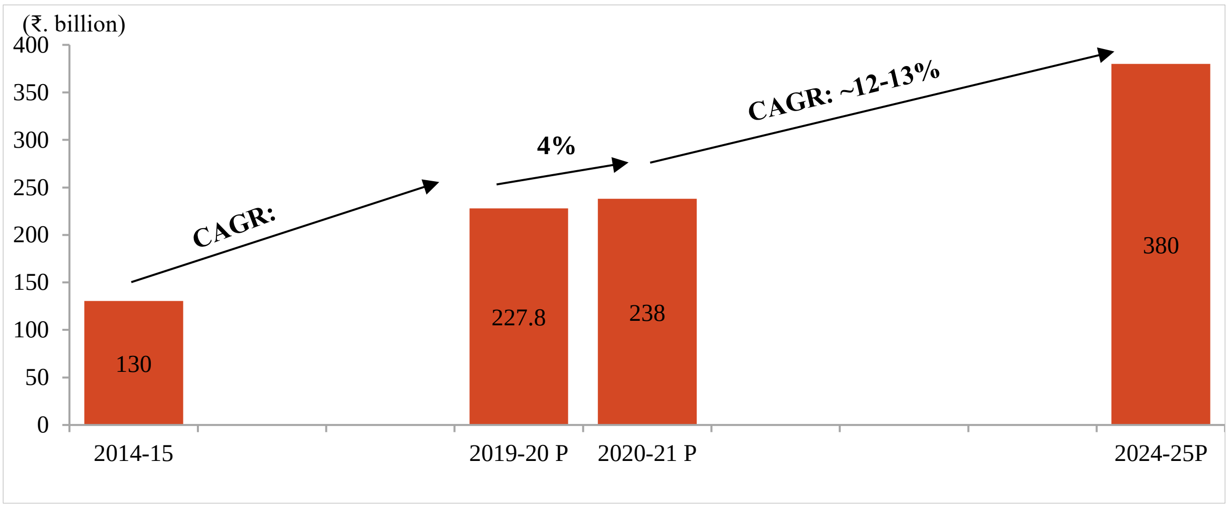
Note: Data is in terms of value
Source: Industry, CRISIL Research

HORECA sales to drive butter consumption from fiscal 2022

Between fiscals 2015 and 2020, the domestic retail market for butter is estimated to have grown at a 12% CAGR to Rs.238 billion, largely driven by realization growth. In volume terms, it grew at an estimated 4-5% CAGR, while realisation is estimated to have increased 6-7%, driven by the rise in milk prices and high demand for packaged butter.

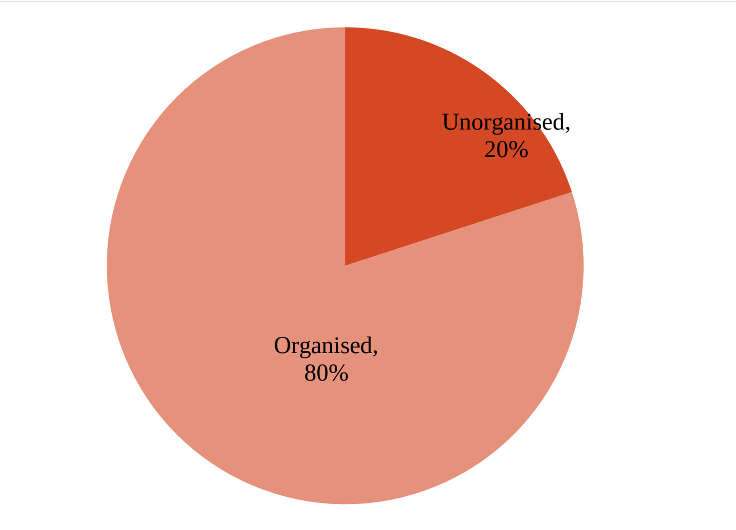
Quick-service restaurants - hotels, restaurants and cafes (HORECA) that account for 25-30% of butter consumption – have grown at a rapid pace of 25% CAGR from FY15 to FY20 and are expected to be the key demand drivers for the butter segment. Increasing urbanisation and change in food habits have also aided butter sales. However, with the increasing substitution of butter by margarine (a spread made from vegetable fat) in most restaurants, demand growth from this segment is expected to be limited from low-end quick service restaurants. Margarine is preferred by restaurants, as it is 35-40% cheaper than butter. CRISIL Research expects growth in the segment to be marginally faster at a 12-13% CAGR until fiscal 2025.

Butter segment to grow steadily over the next five years



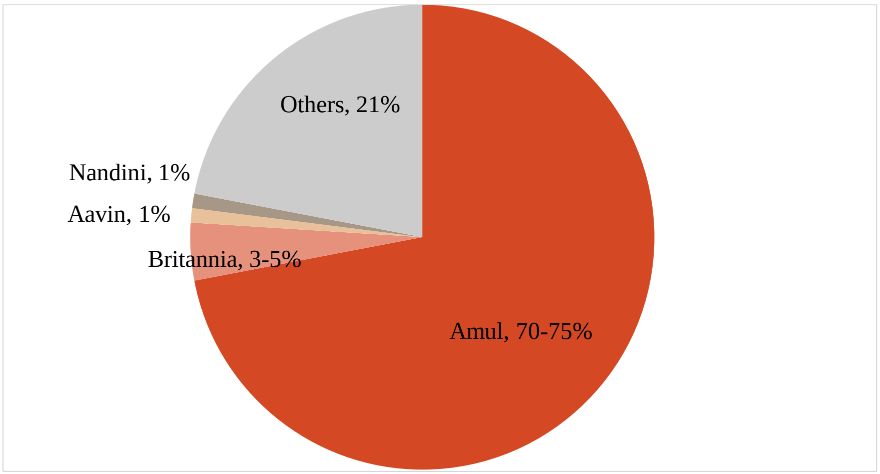
Note: P: Projected
Source: Industry, CRISIL Research

Organized players dominate the butter segment (FY2020)



Note: Data is in terms of volume
Source: Industry, CRISIL Research estimates

Market share of players in the butter segment (FY2020)

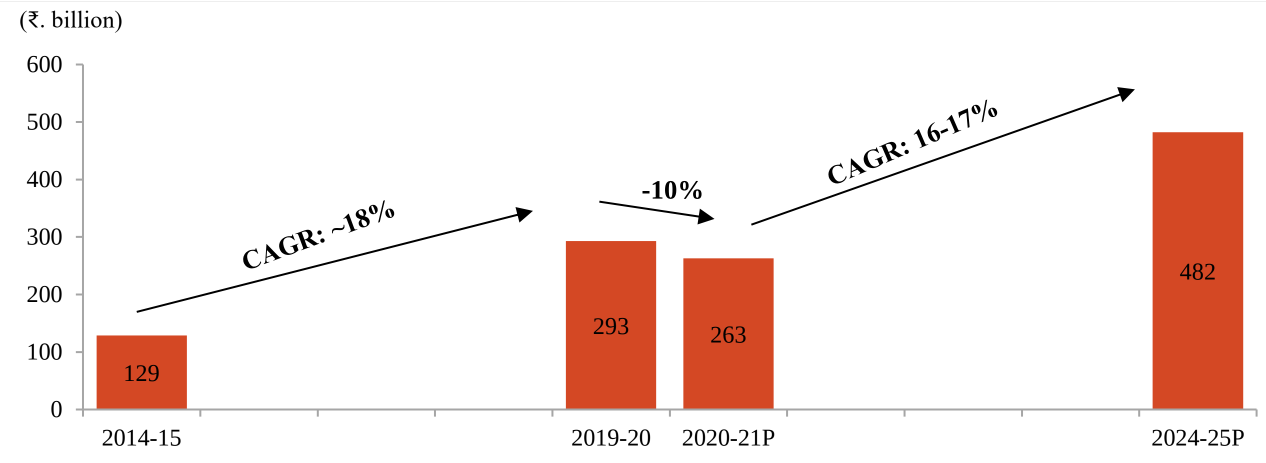


Note: Data is in terms of value
Source: Industry, CRISIL Research

Emerging value added products to be hit due to Covid-19 in fiscal 2021

Products like cheese, yoghurt, flavoured milk and ice-cream are not staple to the Indian household and are mostly consumed out-of-home. With closure of HORECA, such consumption was completely cut off in April and May 2020 and reopened gradually in H2FY21. Even after opening of hotels and restaurants, store footfalls remained subdued whereas an uptick in consumption was visible from order-in for the QSR. Although yoghurt is largely consumed in households, low penetration and high ticket size would have few takers for it as muted income growth would discourage higher spending in FY21. Ice-cream is expected to take the worst hit as a nationwide lockdown and closure of HORECA during the peak season (summer season) which accounts for over 40% of annual demand is expected to weigh down consumption. However, from FY22 onwards, with rebound in economic growth and containment of the virus to a large extent, CRISIL Research expects demand to pick up and long term growth drivers like steady increase in population, rising income levels and changing food habits are expected to drive growth over the next five years.

Emerging value added products to see a setback led by downfall of ice cream and whey in fiscal 2021



Note: P: Projected
Source: Industry, CRISIL Research

Covid-19 pandemic at the beginning of peak season to melt away ice cream demand in fiscal 2021

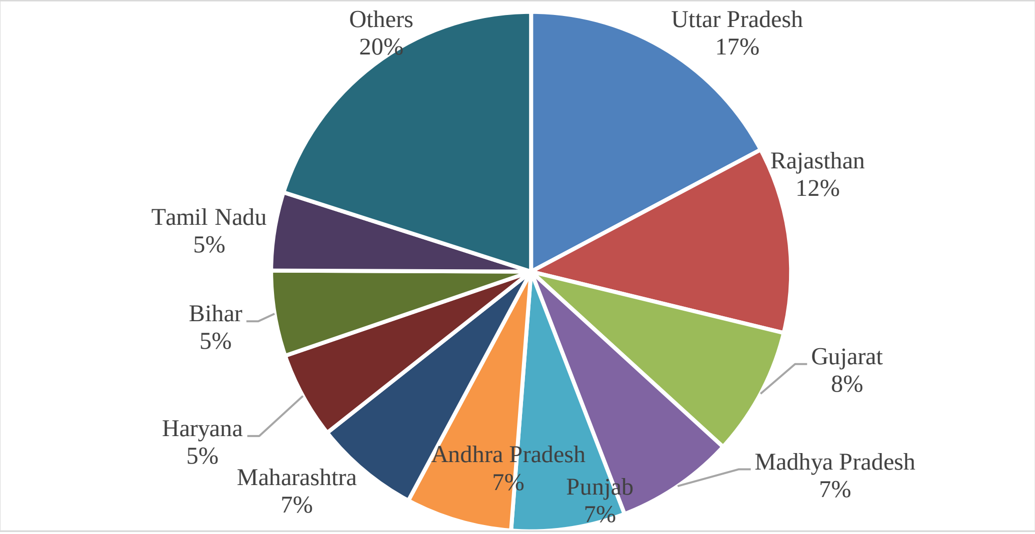
The ice-cream and frozen desserts segment, positioned at the high end of the value-added products (VAPs) matrix in dairy, is one of the industry's fastest-growing segments. It expanded at 21% compound annual growth rate (CAGR) between fiscals 2015 and 2020 in value terms, reaching ~Rs.113 billion in fiscal 2020. However, in fiscal 2021, with the breakout of a pandemic and a nation-wide lockdown imposed, Q1 FY21 saw a sharp fall of 40% in sales. In Q2 FY21 too, sales were negative and with winter approaching in H2 FY21, ice-cream sales are expected to be low throughout fiscal 2021.

Flavoured milk to grow in fiscal 2021 with new product launches

Since the outbreak of Covid-19 pandemic, doctors, family elders, borrowing from traditional wisdom have been advocating the need to step up immunity to avoid contracting the disease. Catering to this, in the months following the nationwide lockdown, dairy companies have brought out a new arsenal of products to toe the immunity booster narrative. Amul launched its turmeric, ginger and tulsi flavoured milk variants which is considered to be beneficial for increasing the fight against diseases. Other players like Mother Dairy, also introduced butterscotch flavoured haldi milk that company claims will help boost immunity. This is expected to cause a mild growth of ~5% in the flavoured milk segment in fiscal 2021; the segment is further expected to grow at CAGR of 10% until fiscal 2025.

Geographic concentration of Indian dairy industry

Top 10 states accounts for over 80% of the milk production (FY2020)



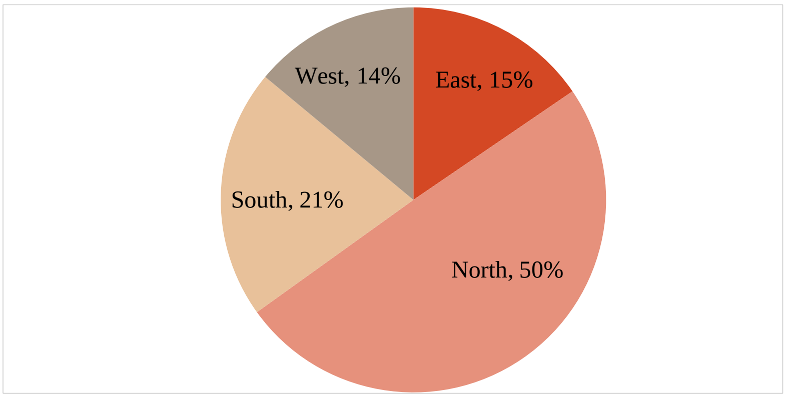
Note: State wise share is estimated based on CRISIL estimates of volume produced
Source: NDDB, Industry, CRISIL Research

Although dairy farming is the primary profession of many in rural areas, milk production is concentrated in 10 states that account for over 80% of total milk production in India with Uttar Pradesh having the maximum share of 17% followed by Rajasthan (12%) and Gujarat(8%). Despite having a strong foothold across the country, the co-operative sector is weak in the largest milk producing state, Uttar Pradesh.

Southern region continues to account for ~21% of India's milk production

The southern region of India maintained a share of 21% in fiscal 2020. Over FY15 to FY20, milk production in the southern region logged a healthy CAGR of 7.0%, close on the heels of the eastern region which clocked a CAGR of ~6.8%.

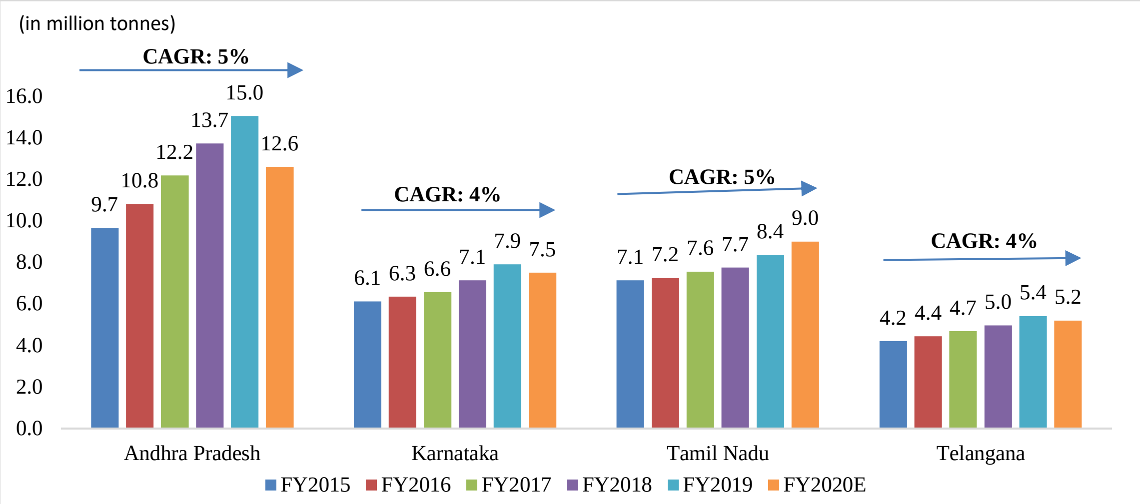
Southern region maintained ~21% share in milk production



Source: NDDB, CRISIL Research

Majority of the milk production in South India in concentrated in the state of Andhra Pradesh (38% of the total milk production in South India) followed by Tamil Nadu (21%), Karnataka (20%) and Telangana (13%). Amongst these states, production increased the fastest in Andhra Pradesh between FY15-20.

Andhra Pradesh is the fourth largest milk producer in India and the largest in south India

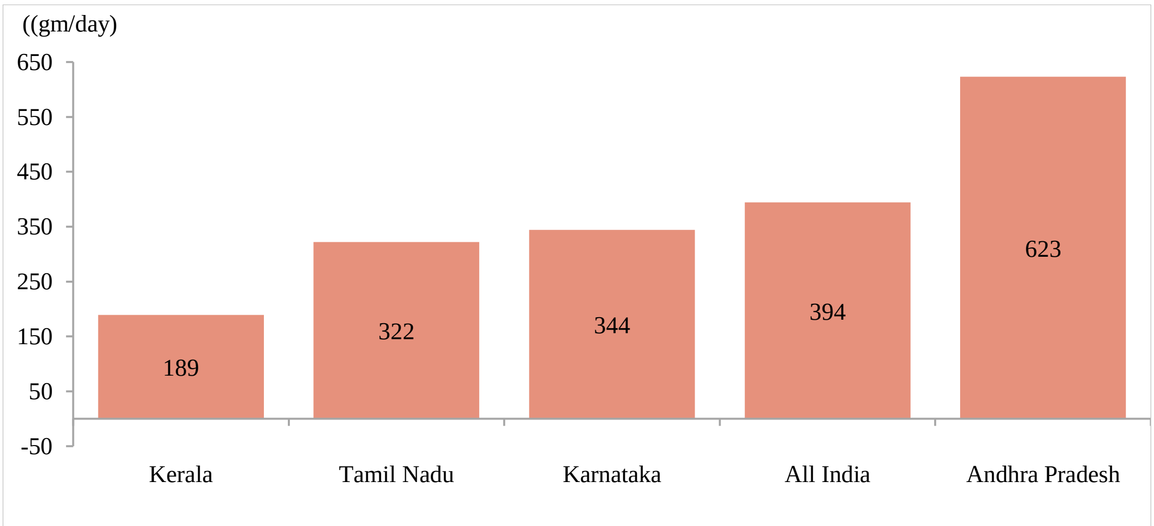


Note: E: Estimated
Source: NDDB, CRISIL Research

In southern region, per capita availability of milk is highest in Andhra Pradesh

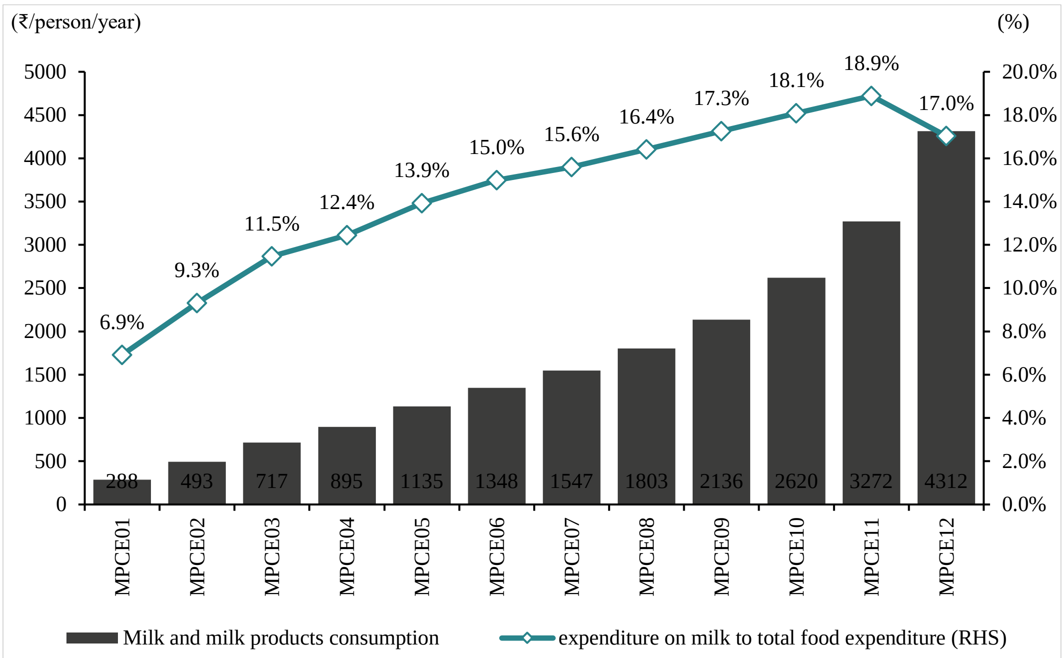
In 2018-19, Andhra Pradesh had the highest per capita availability of milk (623 gm/day) among all the southern states, well above the national average of 394 gm/day. Cow milk production is dominant in the state, hence availability of milk is almost throughout the year. Further, increasing use of cross breeds has boosted milk production in Andhra Pradesh compared with other states. Per capita availability of milk in other key southern states such as Tamil Nadu and Karnataka was slightly below the national average and in the range of 320-345 gm/day.

Per capita milk availability in southern states (2018-19)



Source: NDDB, CRISIL Research

Spend on dairy products directly correlated to income



MPCE: Monthly per capita expenditure
Note: Data for all-India pertains to 2012, MPCE01 denotes households in lowest income group while MPCE12 denotes households in the highest income group.
Source: NSSO reports, industry estimates, CRISIL Research

Industry Profitability

Milk procurement prices to fall marginally in FY21 after having risen sharply in FY20

Milk procurement prices rose sharply by 17-18% in fiscal 2020 after having declined marginally in fiscal 2019. Soaring temperatures in summer months followed by floods led to lower animal yield in FY20 pushing procurement prices up. Going forward, milk procurement prices are expected to decline by 3-4% as milk production is expected to pick up with a normal monsoon expected in fiscal 2021 and a healthy rabi crop produce which would bring down fodder costs. In fiscal 2022 as well, milk procurement prices are expected to remain soft.

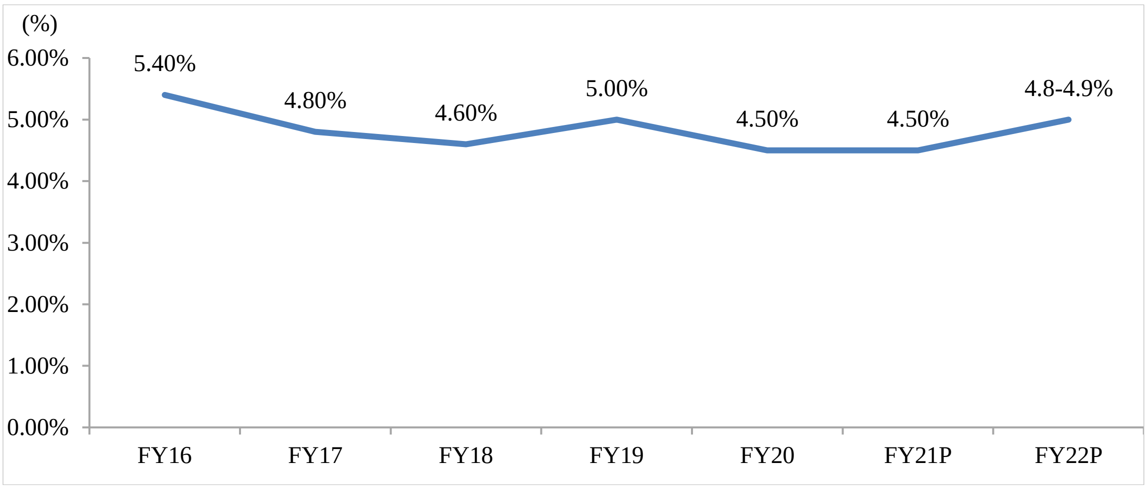
EBITDA margins to remain steady in fiscal 2021 with large players doing much better; profitability to improve in fiscal 2022

Revenues of the large dairy companies are expected to rise by 3-4%, slightly higher than industry average of ~1% in fiscal 2021 as volumes for large players are expected to be higher while retail prices remain stable. Fear of contamination and rapid spread of COVID-19 has led consumers towards packaged dairy products aiding volume growth for large players. CRISIL Research expects EBITDA margins at an industry level to remain stable in fiscal 2021 despite a decline in sales of value added products due to impact of Covid-19 pandemic, thanks largely to lower procurement prices. Smaller and mid-sized players (revenues less than Rs 5 billion) though may see their profitability come under pressure due to slower sales growth and limited operating leverage.

The players faced higher transport and marketing costs in Q1 FY21 due to a nation-wide lockdown leading to slower movement of goods due to lack of labour and adequate transport facilities. Although these issues were resolved in Q2 FY21, they are expected to affect profitability of FY21 marginally.

Further in fiscal 2022, with increased economic activity and rise in income levels, demand is expected to increase aiding revenue growth. Milk procurement prices are expected to fall further as animal yields are expected to improve with significant steps taken by the central government and huge inventory of SMP. Industry players is expected to benefit from this decrease in procurement price and with no change in selling price, the industry is expected to witness a margin improvement of 30-40 basis points in fiscal 2022.

EBITDA margins to expand moderately in FY22



Note: 1) P: Projected
Source: Industry, CRISIL Research

Milk offers higher ROCE whereas value added products offer higher margins

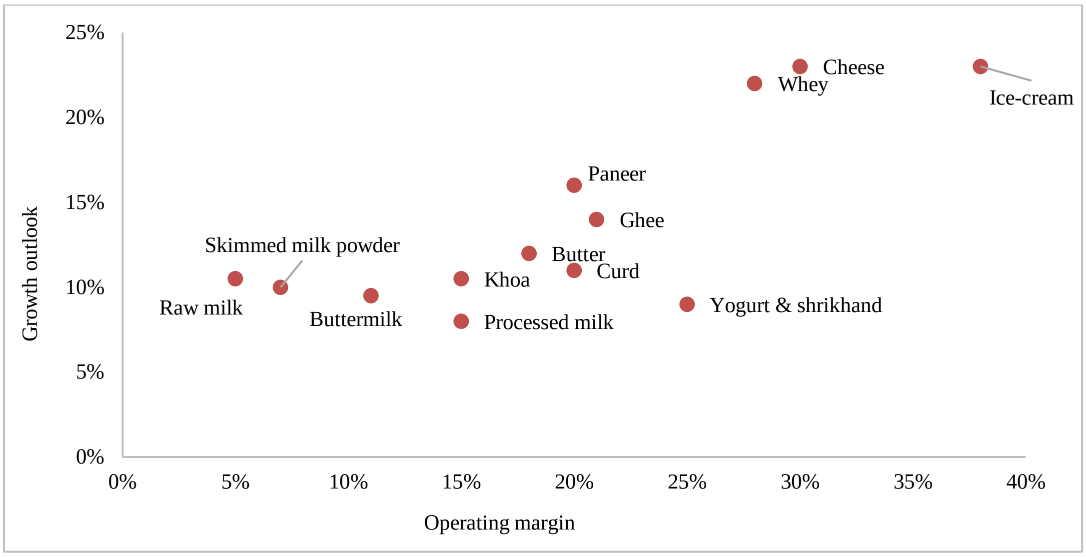
The profitability of dairy players depends primarily on milk prices in a particular region and the extent of value addition. While the value added products seem attractive with high margins and ease of passing on material costs, the capital expenditure incurred in their set up and production is high, leading them to fetch lower returns on capital employed. On the other hand, traditional products like milk and curd fetch lower EBITDA margins of about ~4-6% but a high return on capital employed. The product also enjoys negative working cycle due to lower shelf life.

Ghee and SMP or Butter and SMP can be produced at the same time by separating the contents of milk. The solid non-fat (SNF) part of the milk is converted to SMP & fat is retained for production of butter or ghee. Hence, at the time of excess milk production, dairy processors procure milk and convert it to SMP and butter/ghee which have a longer shelf life than milk. Although these products fetch high EBITDA margins, they require high capital investment and hence have lower ROCE in comparison with milk and curd. Cheese enjoys the highest realizations amongst all dairy products as its manufacturing process is complex and hence a lower ROCE in comparison with milk and curd. Hence, It is important to have the right mix of both these product categories to strike a balance between profit margins, returns on capital employed and growth in business.

For instance, In FY20, players like Dodla Dairy and Hatsun Agro Ltd currently earns a higher ROCE as nearly ~67-68% of its revenue comes from milk and about 32% comes from other value added products. These companies also tend to have higher asset turnover as they mostly produce all products in-house. On the other hand, ROCE for Parag Dairy is lower than Dodla Dairy and Hatsun, as Parag Dairy derives most of its revenue from value added products which requires high capital investment. Parag dairy however enjoys a relatively higher margin than Dodla but lower than Hatsun Agro.

The portfolios of larger players typically comprise a sizeable share of VADPs. Therefore, they are able to partially pass on any rise in raw material cost (raw milk) to end consumers. However, the extent of pass-through depends on the nature of competition in individual segments. The low value-added processed product space such as pasteurised milk, curd, and buttermilk is dominated by local players, thereby competition is intense in these products. However, organised players dominate the value-added segment – yogurt, paneer, cheese and ice cream – and, hence, have significant pricing power.

Cheese and ice cream are high-growth and high margin products



Source: Industry, CRISIL Research

The industry's working capital days are, on average, 25-30 days. While fluid milk, curd and buttermilk cannot be stored for more than 1-2 days, VADPs such as butter and cheese have a longer working capital cycle and higher short-term working capital requirement. Also, as milk availability is seasonal but demand is throughout the year, companies convert milk to SMP and freeze it. In fiscal 2021, a buildup of inventory on account of surplus milk being converted into SMP and unsold inventory of value added products will increase the working capital needs of the industry, especially the small and mid-sized players.

Critical success factors for dairy players

Procurement network to directly source milk from farmers

Dairy players procure milk either directly from farmers or through agents. In the case of milk procured through agents, players have limited control over the quality of milk supplied and also tend to have issues with the consistency in quality of milk. Therefore, the more progressive players are increasingly opting for direct procurement of milk from farmers.

Companies with a strong network of farmers supplying milk enjoy steady availability of milk and consistency in quality, as they procure fresh milk. Consistency in milk quality is critical to manufacture VADPs with consistent taste. Strong ties with farmers also ensures steady prices of milk through all seasons. Moreover, it helps eliminate agent costs. For instance, players like Heritage, Hatsun Agro and Parag Dairy procure most of their milk directly from the farmers and hence enjoy a high pricing power on high quality of their products.

Wide distribution network

Many small dairies have limited distribution network within their region as they lack the transportation and storage facilities for expansion. However, national players enjoy higher revenue and higher margin owing to large sales volume with a wide distribution network. Large companies are able to achieve this by setting up warehouses and storage facilities in key consuming regions, and they also have tie-ups with transportation companies for timely delivery of products.

Proper combination of liquid milk and VADPs in product mix

While processed milk accounts for the largest proportion of revenue for dairy players, EBITDA margin in this segment is comparatively low. On the other hand, VADPs and a diversified portfolio help mitigate seasonal risks and significantly improve blended margins. However, as production of VADPs involves higher capex, it can pull down RoCE, especially in the initial few years. Therefore, it is important for a dairy to maintain the right mix of milk and VADPs to balance growth and profitability.

Higher B2C sales with strong branding

Rising consumption of VADPs is seeing players expand B2C sales as they can easily pass on the rise in material cost in the B2C channel. To achieve B2C sales, it is important to build a strong distribution network to ensure quick delivery and proper storage of products as dairy products are highly perishable. Also, extensive investment is required in marketing and branding to achieve high sales volume. Many dairy players have established a national presence and built a strong brand to ensure sustainable growth or to command a premium over competition. Companies like Parag Milk Foods have established their Gowardhan ghee and Go cheese and are currently devising premiumisation strategy to leverage on its strong brand.

Processing infrastructure and ability to manage input costs

Owing to the perishable nature of the product, presence of adequate processing infrastructure such as bulk milk coolers, milk chilling centres, cold storages, etc. is paramount. The success of dairy players depends on effective utilisation of these facilities, given the huge fixed cost associated with the facilities, in terms of initial investment as well as during operations. In addition ability to efficiently manage rise in cost of inputs, such as power, labour and packaging materials, will remain critical as the company moves up the value chain.

High quality of products

Milk and dairy products are mainly consumed for health and nutrition. Hence, it is important for companies to provide fresh and good quality products to maintain reputation and sales. With rising health consciousness, consumers are increasingly becoming quality conscious and do not hesitate to pay a premium for superior quality of products.

Challenges for dairy players

Players in the milk and dairy products industry face several risks. One of the risks is price uncertainty at both ends of the value chain as well as the low shelf life of the core product. Another challenge for private processors is competition from state cooperatives. To mitigate these challenges, strong inter-linkages among the existing stakeholders, an evolving strategy, a lean business model to quickly adapt to situations, and use of technology have become essential.

Players operating in the dairy and milk products industry in India face the following risks:

Volatility in milk prices

Adverse environmental conditions such as weak monsoons usually push up prices of major crops that are used as fodder and feed for cattle. This affects productivity of milch animals, leading to a sharp rise in milk prices. Although cattle-related diseases have not been a major issue in India so far, the dairy and milk products industry remains exposed to this risk (more visible in global markets). Corporates can help mitigate this risk by providing knowledge and training to dairy farmers about proper healthcare and hygiene of milch animals.

Seasonal supply of milk in most parts of India

In 2019, almost half of the milk (~49%) in India was produced by buffaloes which made up ~39% of the milch animals. Buffaloes typically have higher milk yield during winters than during summers (wherein milk production drops to a third) owing to harsh weather conditions and low availability of fodder. This results in seasonal supply of milk. Players usually mitigate this risk by converting milk into SMP during winters and then using the SMP to convert it into milk during summers to maintain milk supply to their markets.

Sharp rise in MSP of major crops which constitute feed and fodder for cattle

A sharp rise in the MSP of major crops such as jowar, bajra, maize, wheat, paddy and sugarcane results in a proportionate rise in the prices of feed and fodder for cattle. Farmers pass on these hikes in the form of increase in price for milk. This poses a major risk for companies, as they might not be able to completely pass on the rise in milk prices to end-consumers. Companies can partly control raw material cost by backward integrating (tying up with farmers) and provisioning quality fodder.

Perishability of products

As milk is a highly perishable commodity, its storage even for 2-3 days requires adequate chilling infrastructure and cold storage facilities. The cost associated with this is very high and, thus, becomes a challenge for players in the event of an inventory pile up. Ability to produce products using superior technology, availability of cold storage facilities across geographies, and use of packaging materials that can increase shelf life can help companies mitigate such risks.

Dominance of stronger cooperatives limiting pricing power of private players

As cooperatives account for 50-55% share of the organised dairy industry in India and operate with an objective of maximising farmer remuneration, we understand that their dominance in the industry limits the pricing power of private companies. Few companies have mitigated this risk by backward integrating and procuring milk directly from farmers in regions where the cooperatives do not have a large presence. Also, with the rising prominence of private players and affluence of the consumer, the severity of this risk is gradually decreasing.

Aggression of the cooperatives in the high-margin VADP space might pose a challenge to private players, and result in stiff competition in some products and markets. Combined with an established brand, the rising presence of cooperatives in VADPs could shrink margins and lower returns on associated investments.

Government policies and their impact on the dairy industry

The Government of India (GoI) has been instrumental in the dairy sector's growth, by way of timely policy intervention that has aided stakeholders in the dairy value chain. The dairy industry enjoys priority sector status and also receives government support in the form of subsidies and duty exemptions.

In the budget for the year 2020-21, Government of India also made an announcement to double the milk processing capacity to 108 million tonnes by 2025; which shows the increasing focus of government towards this sector and welfare of farmers. National Dairy Plans 1 and 2 and Operation Flood benefitted small and marginal farmers as attractive prices offered by cooperatives encouraged dairy farmers to shift from indigenous cows to high-yielding cross-bred cows, thereby increasing milk supply and consequently their income. Setting up of support infrastructure such as cattle feed plants by cooperatives, training programmes, and government initiatives such as breeding centres and veterinary centres have led to further increase in milk production.

Summary of key government schemes for the dairy industry

Scheme/parameter	Brief details
Tax exemption	For dairy units started after FY09, 100% tax exemption for the initial five years of operation, post which 25% (30% in case of a company) for the next five years under Section 80 1B (11A) of Income Tax Act, 1961. This is not applicable to units formed by splitting up or by way of reconstruction of business.
Scheme for integrated cold chain and value addition infrastructure	The objective of the scheme is to provide integrated cold chain, preservation and value addition infrastructure facilities without any break, from the farm gate to the consumer in order to reduce losses of horticulture and non-horticulture agricultural produce. Maximum grant-in aid allowed is ₹100 million per project.
Priority lending status	The sector has this status since 1999, resulting in low interest rates on borrowings for dairy projects.
Technology upgradation	The government allows subsidy up to 40% of the total cost in general areas and up to 50% in challenging areas for technology upgradation (subject to a maximum of ₹10 million).
FDI	100% FDI permitted in dairy products.
Support for Exports	Merchandise Export Incentive Scheme (MEIS) is an export incentive scheme introduced under the Foreign Trade Policy 2015-20 in order to promote export of goods from India. It currently provides incentive of 3% to ice cream and dairy based sweet products and 5% to value added products like Ghee, cheese and butter. However, this scheme was valid till December 2020 and got further extended till 31st March 2021. With effect from April 1, 2021, Remission of Duties or Taxes on Export Products (RoDTEP) will be introduced and will be valid until 2025 which aims to reimburse all the taxes/duties being charged at the local/state/central level used for transportation of export products
Import of equipment	5% customs duty on import of capital goods/machinery, including second-hand equipment.
Dairy Entrepreneurship Development Scheme (DEDS)	The Department of Animal Husbandry, Dairying and Fisheries (DAHD&F), GoI launched a pilot scheme - Venture Capital Scheme for Dairy and Poultry - in FY06 with the main objective of extending assistance for setting up small dairy farms and other components to bring structural changes in the dairy sector. In September 2010, a revised scheme - Dairy Entrepreneurship Development Scheme - was launched with improvements, such as setting up of modern dairy farms for production of clean milk and generating self-employment opportunities.
MRTP, FEMA regulations	Monopolies and Restrictive Trade Practices Act and Foreign Exchange Management Act have been eased to encourage investment and expansion by large corporates.
Creation of backward &	The scheme was introduced to provide effective and seamless backward and forward integration in the food processing industry. Under the scheme, financial assistance is provided for setting up primary processing

Scheme/parameter	Brief details
forward linkages	centres/collection centres at farm gate and modern retail outlets at the front end along with backward connectivity through insulated or refrigerated transport. A maximum of ₹50 million or 35% per project (provided only for technical civil work and eligible plant and machinery) of the eligible project cost for general areas/states and @ 50% for north-east states, Himalayan states, ITDP areas and islands.
National Mission on Food Processing	State governments will set up large-scale food processing units/parks and the Centre will provide technological and logistical support. The central government also plans to set up nodal agencies that will test the quality of dairy products and ensure that the food processing units register with it in order to operate.
National Livestock Mission 2014-15 (NLM)	NLM is an initiative of the Ministry of Agriculture and Farmers Welfare. The mission, which commenced in FY15, has been designed with the objective of sustainable development of the livestock sector through livestock development, feed and fodder development and skill development amongst others.
Pashudhan Sanjivani	The Government of India in the budget for the year 2016-17 has provided Rs.8.50 billion to spend on the 'Pashudhan Sanjivani', an animal wellness program and provision of Animal Health Cards ('Nakul Swasthya Patra'); an advanced breeding technology; creation of 'E-Pashudhan Haat', an e-market portal for connecting breeders and farmers; and a National Genomic Centre for indigenous breeds.
Aatmanirbhar Bharat	Under the recent stimulus, government of India had proposed to create Dairy infrastructure fund worth Rs.150 billion which would focus on setting up dairy plants and supply chain centers in order to upgrade their dairy processing capacity. Government has proposed Rs.130 billion to act against the disease of FMD and Brucellosis found in milch animals thereby preventing farmer's loss to the tune of Rs.600 billion which got affected by these animal centric diseases

Source: CRISIL Research

Import tariffs on different dairy products

Sl. No	Goods	Rates
1	Milk & Cream (Not concentrated nor containing sugar)	30%
2	Milk & Cream (Concentrated or containing sugar) – Skimmed Milk, Milk food for babies	60%
3	Milk & Cream (Concentrated but not containing sugar) – Whole Milk, Milk food for babies, Condensed milk	30%
4	Butter milk, Yoghurt, Fresh Cheese and Processed Cheese	30%
5	Butter, Ghee, Dairy spreads, Whey	40%

Source: CBIC, CRISIL Research

Government allows import of SMP under TRQ

On June 24th, 2020, the GOI allowed the import of 10,000 tonnes of milk powder at a concessional rate of 15% under the Tariff Rate Quota Scheme (TRQO) from the earlier range of 30-60%.

Few key initiatives of various state governments

Scheme/parameter	Brief details
Telangana	
Ksheera Viplavam initiative	In September 2017, the Telangana government announced a cash incentive of ₹4 per litre of milk to dairy farmers supplying milk to the state dairy federation. Further, the state government announced a subsidy programme for farmers to encourage buying buffaloes. Under this scheme, the beneficiary will be able to claim 50-75% subsidy (50% for general category and 75% for SC/ST categories) on purchase of buffaloes.
Area Development Scheme (ADS)	With the main aim of giving a fillip to flow of investment credit and augment farmers' income, the National Bank for Agriculture and Rural Development has prepared an ADS for five years, starting FY19, for all 30 districts in Telangana.

Scheme/parameter	Brief details
Telangana state food processing and preservation policy 2017	This policy aims to establish a vibrant ecosystem for food processing in the state. Further it aims at creating jobs, improve the GSDP through the food processing sector, and increase the fixed capital base of food processing industry by at least ₹100 billion by 2022.
Andhra Pradesh	
AP Food Processing Policy 2015 -2020	The policy was implemented with an aim to become the most preferred destination for the food processing industry. The policy aims to capitalise on the rich and diverse food production base of Andhra Pradesh to provide fillip to the sector. For the dairy industry specifically, the state government will provide capital subsidy of 35% for setting up of cold chain, up to a maximum of ₹50 million.
Karnataka	
Special livestock development plan	Under this programme, the subsidy is being provided to small, marginal farmers and agricultural labourers for cross-breed cows and buffaloes, rearing of calves, rearing of birds, pigs, sheep and goats.
Dairy development scheme	Falling under the NLM scheme, it aims to strengthen infrastructure for quality and clean milk production, develop dairy programmes for women, and provide incentives to milk producers.
Tamil Nadu	
State Fodder Development Scheme (SFDS)	The government implemented State Fodder Development Scheme in FY12 to reduce the demand-supply gap between feed and fodder through enhancement of production and efficient utilisation of available resources.
Drought mitigation measures	To avoid distress sale of cattle by farmers owing to severe drought situation, ₹780 million was allotted to Animal Husbandry Department for undertaking drought mitigation measures.
Maharashtra	
In 2020, the Maharashtra state government set up a committee to tackle the problem of milk shortage in the state. The committee, which is headed by the dairy development commissioner, is expected to hold discussions every two months to review the state of dairy sector and provide a road map for development of milk processing in the state.	
Vidarbha & Marathwada Dairy Development project (VMDDP)	NDDP is working with the government of Maharashtra to implement VMDDP in drought prone region of Vidarbha and Marathwada. It is aimed at making dairying a source of sustainable livelihood and poverty alleviation for the milk producers.

Source: NDDB, MOFPI, NABARD, various state government websites, CRISIL Research

Peer Benchmarking

Owing to the perishable nature of milk and limited shelf life of most dairy products, the dairy industry is dominated by regional players - both cooperatives as well as private. The business model of cooperatives is different from that of private players since the former operate with the primary objective of improving farmers' income.

For undertaking peer benchmarking, we have considered only private dairy players with a significant presence in southern region. Accordingly, we have selected five players for comparison: Hatsun Agro Product Limited, Heritage Foods Limited, Tirumala Milk Products Private Limited, Dodla Dairy Limited and Creamline Dairy Products Limited.

Dodla Dairy is the third largest dairy in terms of milk procurement per day

Amongst the players for whom data was available, Hatsun Agro Product Limited was the largest in terms of milk procurement (2651 tonnes per day as of FY20), followed by Heritage Foods Limited and Dodla Dairy Limited, both of whom procured around 1375 and 1178 tonnes per day. Although all players market their products, especially products with a long shelf life, in multiple states, their procurement base is normally limited to regions where they have a strong connect with farmers nurtured over the years. For example, Dodla Dairy Limited's strong areas for milk procurement are Andhra Pradesh, Karnataka, and parts of Tamil Nadu and Telangana.

Dodla Dairy ranks third in terms of number of plants amongst the peers

In terms of the number of plants, Hatsun Agro Product Ltd has the maximum number of plants (18), followed by Heritage Foods Ltd (16) and our Company (14) (including the cattle feed plant acquired from OPL). Players generally set up plants close to procurement centres and in areas where they have a strong market presence on the demand side.

Comparison on operational parameters (FY2020)

Particulars	Hatsun Agro Product Limited	Heritage Foods Limited	Tirumala Milk Products Private Limited*	Dodla Dairy Limited	Creamline Dairy Products Limited*
Milk procurement (Tonnes per day)	2651	1375	NA	1178	NA
Milk processing capacity (Tonnes per day)	NA	2651	NA	2023	1178
Procurement reach/network	400,000+ farmers across 12,500 villages	300,000+ farmers across 8 states	NA	180,000+ farmers	NA
Chilling centres	10000 Bulk chillers	111 bulk coolers & 77 chilling plants	NA	72+ chilling centres	~102 chilling centres
No of plants	18	16	9	14 (including cattle feed plant acquired from OPL)	9
Plant location (State)	• Andhra Pradesh • Karnataka • Tamil Nadu • Telangana • Maharashtra	• Andhra Pradesh • Haryana • Karnataka • Maharashtra • Tamil Nadu • Telangana	• NA	• Andhra Pradesh • Karnataka • Tamil Nadu • Telangana	• Karnataka • Maharashtra • Tamil Nadu • Telangana
Brands	• Arun Icecreams • Arokya Milk • Hatsun • Ibaco • Santosa • Oyalo • Aniva	• Heritage • Dairy Life • Dairy Pure	• Tirumala • Lactel Sshup	• Dodla • Dairy Top	• Jersey
Market presence (India)	• Andhra Pradesh • Karnataka • Maharashtra • Tamil Nadu • Telangana	• Andhra Pradesh • Delhi NCR • Gujarat • Haryana • Karnataka • Kerala • Madhya Pradesh • Maharashtra • Odisha • Punjab • Rajasthan • Tamil Nadu • Telangana • Uttarakhand • Uttar Pradesh	• Andhra Pradesh • Karnataka • Kerala • Madhya Pradesh • Tamil Nadu • Telangana • Uttar Pradesh • West Bengal	• Andhra Pradesh • Gujarat • Himachal Pradesh • Karnataka • Maharashtra • Rajasthan • Tamil Nadu • Telangana • West Bengal • Madhya Pradesh	• Andhra Pradesh • Karnataka • Maharashtra • Tamil Nadu • Telangana

*(1) Note: LPD – Litres per day, NA - Not available, * As of FY2019*
Source: Company Report, Company Website, CRISIL Research
Comparison of product portfolio (FY2020)

Player name	Hatsun Agro Product Limited	Heritage Foods Limited	Tirumala Milk Products Private Limited	Dodla Dairy Limited	Creamline Dairy Products Limited
Milk	✔	✔	✔	✔	✔
Curd	✔	✔	✔	✔	✔
Buttermilk	✔	✔	✔	✔	✔
Lassi	✔	✔	✔	✔	✔
Flavoured milk	✔	✔	✔	✔	✔
Ghee	✔	✔	✔	✔	✔
Butter	✔	✔	✔	✔	✔
Paneer	✔	✔	✔	✔	✔
Ice cream	✔	✔	✔	✔	✔
Dairy whitener	✔	✔	X	X	x
Milk powder	✔	X	X	X	x
Cream	✔	X	X	X	x
SMP	✔	X	X	✔	✔
Other products	Santosa cattle feed	NA	Condensed milk snacks	Milk cake, basundi, doodh peda	Milk cake, mishti dahi, doodh peda

Source: Company Report, Company Website, CRISIL Research

Dodla Dairy is the fastest growing company amongst the peers between FY17-20

Hatsun Agro Product Limited is the largest in terms of FY20 revenue followed by Heritage Foods and Dodla Dairy. Over FY17-20, revenue for Dodla Dairy Limited grew the fastest, at a CAGR of 14.2%, followed by Heritage Foods Limited (12.8%) and Hatsun Agro Product Limited (8.3%). Hatsun Agro Product Limited and Dodla Dairy Limited also have a higher proportion of dairy business revenue emanating from value-added products, at 35% and 33% respectively as compared to other peer set.

Dodla Dairy has the highest return on capital employed (RoCE) amongst the peers in fiscal 2020

In fiscal 2020, Dodla Dairy Limited has the highest ROCE of 17% followed by Hatsun Agro Limited (14.9%) and Creamline dairy (9.3%). RoCE must be viewed in the context of investments made by players in expanding capacity, especially in VADPs. Setting up facilities for manufacturing VADPs is more capital intensive and tends to pull down RoCE during the initial years. However, despite the having a higher share of VADPs, Dodla Dairy Limited and Hatsun Agro Limited have still maintained a high RoCE.

Dodla Dairy has the best gross turnover ratio amongst the peer set

On fixed assets utilisation, Dodla Dairy Limited fared the best with gross asset turnover ratio averaging 4.4 times in FY20, followed by Creamline Dairy Products Limited. (2.8 times).

Dodla Dairy ranks third in terms of EBITDA margin and second in terms of PAT margin

In fiscal 2020, Tirumala Milk Products has the highest EBITDA margin of 11.5% followed by Hatsun Agro (10.5%) and Dodla Dairy (6.9%). Tirumala Milk Products also has the highest PAT margin of 5.6% followed by Dodla Dairy, with a PAT margin of 2.3%.

Financial comparison (FY2020)

Particulars	Hatsun Agro Product Limited	Heritage Foods Limited	Tirumala Milk Products Pvt Limited*	Dodla Dairy Limited	Creamline Dairy Products Limited*
Revenue (₹ mn)	53,083	26,811	18,033	21,393	11,611
Revenue CAGR FY17-FY20 (%)	8.3%	12.8%	-2.4%	14.2%	7%
Contribution from VADPs (%)	32%	23%	NA	33%	25%
EBITDA margin (%)	10.5%	-2.8%	11.5%	6.9%	3.7%
PAT (₹ mn)	1,122	(159)	1,092	499	132
PAT CAGR FY17-FY20 (%)	(6%)	(-182%)	157.7%	3.5%	-29%
PAT margin (%)	2.1%	-5.9%	5.6%	2.3%	1.1%
Return on Net worth (%)	12.4%	-34.6%	20.4%	11.5%	6.4%
Return on Capital Employed (%)	14.9%	-18.8%	6.6%	17.0%	9.3%

Particulars	Hatsun Agro Product Limited	Heritage Foods Limited	Tirumala Milk Products Pvt Limited*	Dodla Dairy Limited	Creamline Dairy Products Limited*
Gross asset turnover (x)	2.1x	2.0x	1.2x	4.4x	2.8x
Working capital cycle (days)	27	13	24	15	1

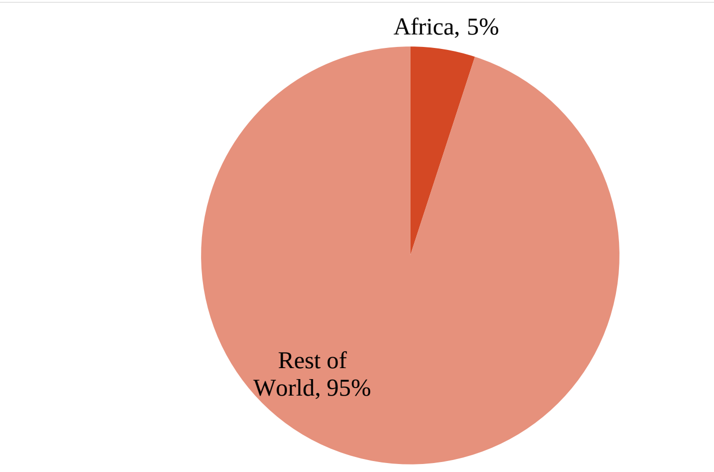
*(2) Note: * As of FY2019*

Source: Company Reports, CRISIL Research

Overview of the African dairy industry

In Africa, the dairy industry is less developed. Africa contributes nearly ~5% of world milk production. It has registered mild growth in the past owing to low level of awareness and training coupled with lack of necessary infrastructure for milk production and processing. However, the landscape of dairy industry is changing fast in the region as it has been gaining traction from producers from within as well as around the world owing to attractive opportunities. The milk output in Africa is pegged at 47 million tonnes in 2020, up slightly (0.3%) from 2019. Several leading milk producers in Africa encountered many constraints stemming from economic downturns, conflicts, displacements, droughts in some regions, floods and Covid-19 market disruptions.

Share of Africa in global milk production (2020)



Source: FAO, CRISIL Research

The African dairy industry has a tremendous potential for growth

Milk production in Africa had been stable over 2016-18 at ~48 million tonnes and saw a marginal decline in 2019. At the end of 2020, milk production in Africa reached ~47 million tonnes. Despite having nearly 21% of world's cow and buffalo population (or 26% of cow population), Africa contributes only ~5% of global milk production. Africa is estimated to have imported 10-11 million tonnes of milk from across the world to meet the local demand. High import of milk and dairy products indicates huge existing demand in the African continent along with a short supply in the local market.

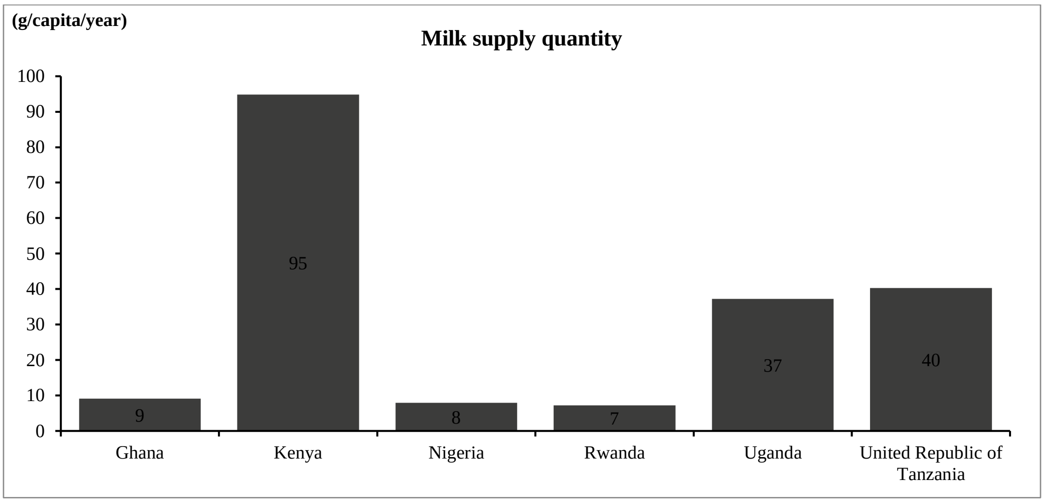
High population of milk animals coupled with low production of milk and high dependency on imports are indicators that the dairy industry in Africa has tremendous potential for growth which can be realised with improvement in milk yields, investments in processing, and supply chain and logistics infrastructure within African nations.

Nearly two-third of the total milk production of Africa comes from the eastern region – Kenya, Uganda and Tanzania – with the highest cattle population. In Kenya, output expansion was fuelled by introduction of school milk programme and government support and good weather. In South Africa, milk production expansion was on account of rising demand, improvement to herd management and milk collections. However, in other countries, bad weather and conflicts continued to undermine milk production. CRISIL Research expects, with improving yields as a result of improving breeding and better infrastructure for milk collection, this region is expected to witness a rise in milk production as well as consumption.

Per capita milk consumption is low in African nations

Kenya has the highest per capita consumption of milk amongst the east African countries, 80-100 kg/capita per year. In other major producers such as Tanzania and Uganda, per capita consumption falls to 40-45 kg/capita per year. This is way below many of the developed countries in Europe, Russia and America. Low PCC indicates huge potential for growth in these countries with demographics changes.

Per capita milk supply in east African nations



Source: FAOSTAT 2016

Growth drivers of the east African dairy industry

Growth in the east African dairy industry is expected to be driven by the following factors:

1. ***Abundance of cattle and grazing land –*** Availability of large grazing lands make feed easily available for the large animal population in Africa and, thus, makes milk farming easier. Easy access to quality feed, which otherwise is a large component of input costs for a farmer, at low cost is one of the key factors aiding the growth of the sector.

2. ***Growing interest of global milk processors –*** The dairy industry in east Africa is attracting global processors owing to exhaustion of opportunities in European countries, Russia (owing to restricted entry) and Asian countries (owing to self-sufficiency). The huge market potential and unavailability of other investment destinations make Africa a good opportunity for processors across globe.

3. ***Superior profitability –*** Owing to limited competition, low cost of production and constrained supply of processed milk, dairy players' margins are higher in Africa than in other major markets which is also attracting investments in Africa by global milk processors.

4. ***Imports by other African countries –*** While the dairy sector in eastern and southern Africa is well established, western and central Africa remain highly dependent on imports for finished dairy products as well as fluid milk. Demand from western and central African nations makes east Africa a potential market for growth.

Challenges to the African dairy industry

Uneven production patterns have been a growth dampener for the dairy sector in Africa. Plagued by issues such as uneven rainfall, social security, political instability and various such macro as well micro factors, the continent has been witnessing stagnant production volumes in the past few years. Some specific challenges faced by the African dairy industry are as follows:

1. ***Poor infrastructure –*** Dairy products have a low shelf life and their management requires cold storage and transport facilities, state-of-the-art collection centres, organised distributor networks, and various quality checks at all stages to minimise loss. Africa lacks public infrastructure facilities such as modern roadways, and connectivity near farmlands and from processing capacities to end consumers.

2. ***Low yields and lack of advanced techniques –*** Owing to lack of technological advancement and awareness, milk yields are comparatively low. This is also because of lack of better breeds and cross-breeding techniques in the countries.

3. ***Disruptions from extreme events and outbreak of diseases owing to poor hygiene –*** High dependence on rainfall and the uncertainty that comes along with it, and lack of technology adoption for adequate water distribution are the major reasons behind stagnant production across eastern Africa. As per FAO, regions in Africa have struggled to increase their production and have stagnated due to either flood or draught like situation.

Incidence of diseases such as foot and mouth in cattle in some parts of Africa has also dragged down production of milk and, in turn, other dairy products. Mortality and production losses owing to East Coast fever, lumpy skin, anthrax and similar other issues have been prevalent in Kenya, Uganda and Burundi, as per some of the latest studies. Creating a more hygienic environment and better inventory planning will be major challenges for growth of the industry.

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" beginning on page 17 for a discussion of the risks and uncertainties related to those statements and also the section "Risk Factors" beginning on page 18 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our Financial Year ends on March 31 of each year, and references to a particular Financial Year are to the twelve-month period ended March 31 of that year.

You should carefully consider all the information in this Draft Red Herring Prospectus, including this section, "Risk Factors", "Industry Overview", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 18, 83, 177 and 231, respectively, before making an investment in the Equity Shares. In this section, any reference to the "Company" "we", "us" or "our" refers to our Company, our Subsidiaries and Associate Company on a consolidated basis, unless otherwise specified. Unless otherwise stated, the financial information of our Company used in this section has been derived from our Restated Financial Information. Unless noted otherwise, some of the information in this section is obtained or extracted from CRISIL Report (which was commissioned by our Company). Neither our Company, nor any other person connected with the Offer, including the BRLMs, have independently verified the information in the CRISIL Report cited in this Draft Red Herring Prospectus

Overview

We are an integrated dairy company based in south India primarily deriving all of our revenue for Fiscal 2020 and for the six months period ended September 30, 2020 from the sale of milk and dairy based VAPs in the branded consumer market. Amongst private dairy players with a significant presence in the southern region of India, we are the third highest in terms of milk procurement per day *(Source: CRISIL Report)* with an average procurement of 1.02 million litres of raw milk per day ("**MLPD**") as of December 31, 2020 and second highest in terms of market presence across all of India amongst private dairy players with a significant presence in the southern region of India *(Source: CRISIL Report)*. Our operations in India are primarily across the five Indian states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Maharashtra. Our overseas operations are based in Uganda and Kenya. Our Indian operations are undertaken under our brands "Dodla Dairy", "Dodla" and "KC+". Our overseas operations are undertaken under our brands "Dodla Dairy", "Dairy Top" and "Dodla+". We process and sell retail milk (full cream, standardised, toned and double toned) and produce dairy based value added products ("**VAPs**") such as curd, Ultra-High Temperature processed ("**UHT**") milk, ghee, butter, flavoured milk and ice cream amongst others. We also manufacture and sell cattle feed to farmers through our procurement network. Our revenue from sale of milk and dairy based VAPs constituted 72.81% and 27.18% respectively, of our revenue in Fiscal 2020 and 74.45% and 25.55% respectively, for the six months period ended September 30, 2020.

Our integrated business model in India consists of procurement, processing, distribution and marketing operations. Our procurement operations are spread across the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra. These consist of an average procurement of 1.02 MLPD as of December 31, 2020 from approximately 114,920 farmers through 6,624 Village Level Collection Centres ("**VLCCs**"), 254 dairy farms (farmers rearing multiple cattle for supplying raw milk in bulk quantities) and third party suppliers as of December 31, 2020. The raw milk collected is then transported to our chilling centres and thereafter to our processing plants. Our chilling centres are strategically placed in close proximity to our raw milk procurement locations in order to maintain the freshness of the raw milk. Our total average raw milk procurement increased from 1.02 MLPD in Fiscal 2018 to 1.13 MLPD in Fiscal 2020. Our total average raw milk procurement for the nine months period ended December 31, 2020 was 1.02 MLPD. Further, our dependence on third party suppliers has reduced from 13.58% in Fiscal 2018 to 2.83% of our total average raw milk procurement as of December 31, 2020. As of December 31, 2020 our procurement operations consisted of 6,624 VLCCs, 254 village dairy farms and third party suppliers and 90 chilling centres. The number of our VLCCs has consistently increased from 3,544 to 6,285 from March 31, 2018 to March 31, 2020 respectively.

Our processing operations consist of processing of the collected raw milk into packaged milk and manufacturing of other dairy based VAPs by 13 processing plants with an aggregate installed capacity of 1.70 MLPD. These include the Vedasandur and Batlagundu processing plants which were acquired by our Company pursuant to a business transfer agreement dated February 8, 2019 with KC Dairy Products Private Limited and its shareholders ("**BTA**"), for further details of the BTA, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years*" on page 149. Our aggregate installed capacity increased from 1.29 MLPD in Fiscal 2018 to 1.70 MLPD in Fiscal 2020. Additionally, we have commissioned a UHT milk processing plant in Rajahmundry in April, 2019 to support our operations. Our distribution and marketing operations consist of distribution of our milk and dairy based VAPs through 40 sales offices, 3,336 distribution agents, 863 milk distributors and 449 milk product distributors across 11 states in India. Additionally, as of December 31, 2020, our milk and dairy based VAPs are also available through 371 "Dodla Retail Parlours" which commenced operations in 2016 and are spread across the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. Our processing plants are in close proximity to our milk procurement operations and our target market which enables us to optimise transportation and raw milk handling costs. For further details on our processing plants, see "*Our Business – Our Facilities*" on page 128. In Fiscal 2019 we acquired a cattle feed and mixing plant with a capacity of 80 MTPD in Andhra Pradesh for the purpose of manufacturing and selling cattle feed to farmers through our procurement network. We have successfully integrated our cattle feed operations with our existing procurement network through our subsidiary OPL.

We commenced our overseas operations in Fiscal 2015 through the acquisition of the operations of Hillside Dairy and Agriculture Limited through our Subsidiary Lakeside Dairy Limited in Africa. For our overseas operations, we procure raw milk from cooperative societies and follow a similar integrated business model as our India operations. Packaged milk and dairy based VAPs for retail are produced from our processing plant in Uganda and are distributed in Uganda and Kenya. Our distribution operations in Uganda are conducted through our African Subsidiary Lakeside Dairy Limited. and include distribution of our milk and dairy based VAPs as of December 31, 2020 through 22 distributors and 18 "Dodla Retail Parlours". Our distribution operations in Kenya are conducted through our African Subsidiary Dodla Dairy Kenya Limited and include distribution of our milk and dairy based VAPs as of December 31, 2020 through 57 distribution agents and 53 distributors.

We place significant emphasis on quality control across our integrated business model and have obtained several quality control certifications and registrations for our operations. The raw milk procured by us is tested by electronic milk analysers which tests for the fat and solid not fat (SNF) content of the raw milk and undergo further tests during the procurement stage. Our milk and dairy based VAPs have received certifications from the FSSAI. Quality food safety forms a part of our policy and we believe is one of the main drivers of our business. We have well defined documented quality system which is monitored at various stages of procurement and processing. Our processing plants at Nellore, Palamaner, Penemuru, Badvel and Dharmapuri are ISO 22000:2018 certified for food management system. Our Nellore and Palamner processing plants are ISO 50001:2011 certified for energy management system. Our Nellore processing plant is export inspection certified and BIS certified for SMP. Our products have received certifications from FSSAI. Our processing plant at Hyderabad has received a FSSC V 4 certification and has received food safety system certification 22000. Additionally, our processing plants situated at Nellore and Hyderabad, for producing ghee, are AGMARK registered. Further, our Uganda Unit has obtained various quality certification including, *inter alia*, UNBS permits for producing plain yogurt, vanilla yogurt, chocolate yogurt and UHT milk. Additionally, our processing plant situated at Hyderabad is equipped with FT-1 Milko-scanner which allows us to conduct 26 adulterant related tests in milk automatically.

Our Company is promoted by Dodla Sesha Reddy and Dodla Sunil Reddy, who each have over 22 years of experience in dairy industry which have been instrumental in the growth of our Company. Further our CEO, Venkat Krishna Reddy Busireddy, has over 35 years of experience in the dairy industry. We have also been awarded a number of industry awards including the HMTV Business Excellence Award, 2018, Best Practices In Cold Storage (Large Segment). For further details see "*History and Certain Corporate Matters*" on page 146. The RISE Fund, which is a social impact fund of TPG Growth, through TPG Dodla Dairy Holdings Pte. Ltd. is invested in our Company. APIDC-Venture Capital and BR CPF (Mauritius) Limited were our shareholders in the past. The International Finance Corporation is currently our lender and a shareholder.

Our revenue from operations increased at a CAGR of 15.98% over Fiscal 2018 to Fiscal 2020 and amounted to ₹21,393.73 million in Fiscal 2020, while our EBITDA increased during the same period at a CAGR of 11.81% and amounted to ₹1,409.26 million, our profit after tax amounted to ₹498.71 million in Fiscal 2020. Our revenue from operations, EBITDA and profit after tax for the six months period ended September 30, 2020 were ₹9,163.13 million, ₹1,362.11 million and ₹747.78 million respectively. Additionally, our sales (sale of goods) increased from ₹15,891.60 million in Fiscal 2018 to ₹21,361.64 million in Fiscal 2020. Despite cumulative capital expenditure of ₹2,644.86 million over the past three years, towards *inter alia*, commissioning a new processing plant at Rajahmundry, acquisition of the processing plants at Batlagundu and Vedasandur from KC Dairy Products Private Limited, acquisition of the cattle feed and mixing plant by Orgafeed Private Limited at Kadapa and establishment of new VLCCs, our return on equity and return on capital employed for Fiscal 2020 were at 11.50% and 17.34% respectively.

Competitive Strengths

Consumer focused dairy company with a diverse range of products under the "Dodla Dairy" and "Dodla" brands

We believe we have developed one of the leading brands in the dairy products industry in south India with strong consumer recognition, particularly in the States of Andhra Pradesh, Karnataka, Tamil Nadu and Telangana. Our Indian operations are undertaken under our brands "Dodla Dairy" (for milk and perishable products such as curd, flavoured milk) and "Dodla" (for VAPs such as ghee, butter, paneer, butter milk and ice creams). We primarily derived all of our revenue in Fiscal 2020 and six months period ended September 30, 2020, from sale of milk and dairy based VAPs in the branded consumer market. We are the third largest private milk company in south India in terms of procurement (*Source: CRISIL Report*) and second highest in terms of market presence across all of India amongst private dairy players with a significant presence in the southern region of India (*Source: CRISIL Report*). We offer a diverse portfolio of dairy based VAPs targeted at various consumer segments and this, we believe, enables us to cater to the changing preferences of our retail customers. We sell fresh milk, ghee, butter, curd, paneer, gulab jamun, doodh peda, basundhi and junnu, which is targeted at consumption at home. We sell UHT milk, flavoured milk, ice-cream and beverages such as buttermilk under our brand, primarily for direct consumption. We also believe that the strength of our brands helps us in many aspects of our business, including expanding to new markets, entering into agreements with distributors and retailers and building relationships with our customers, investors and lenders.

Integrated business model with well-defined procurement, processing and distribution capabilities

Our integrated business model enables us to provide end to end capabilities from procurement till distribution and marketing in a cost efficient manner. The key components of our integrated business model are as follows:

- *Procurement* - Raw milk is one of the key raw materials for our business. Our procurement operations are spread across the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra and consist of an average procurement of approximately 1.02 MLPD of raw milk from approximately 114,920 farmers across 6,878 villages through 6,624 VLCCs, more than 272 milk procurement routes, 254 dairy farms and 90 chilling centres as of December 31, 2020. We procure raw milk directly from the farmers and through third party suppliers. We have consistently improved our direct procurement from farmers from 2018 from 0.50 MLPD to 0.98 MLPD as of December 31, 2020 with such direct procurement comprising 95.48% of our total raw milk procurement as of December 31, 2020. We believe that a robust raw milk procurement process is essential for our business to consistently procure quality raw milk for our operations. We also pay the farmers once every 10 to 15 days, with the money being sent directly to the bank accounts of 76.00% of our farmers as of December 31, 2020, which we believe motivates them to engage with us more frequently. Our procurement of raw milk from VLCCs increased from 49.29% in Fiscal 2018 to 82.29% in Fiscal 2020. As of December 31,2020, our procurement of raw milk from VLCCs and dairy farms is 95.48%. As on December 31, 2020, we operate more than 272 milk procurement routes. These routes have a regular procurement plan with timely pick up of raw milk from VLCCs and dairy farms and transport to the nearest chilling centres. This enables us to preserve the freshness of the raw milk. The raw milk is thereafter transported to the nearest processing plant through tankers for onward processing into retail milk packages or manufacture of dairy based VAPs. The strategic location of our processing plants, chilling centres and VLCCs enables us to minimise the transportation and handling costs, without any loss in quality or nutritional value.

(1) Processing – Our processing operations are spread across 13 processing plants (12 of which are owned and one is leased) located in the states of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu in India with an aggregate installed capacity of 1.70 MLPD, excluding two SMP plants in Nellore and Vedasandur which have an aggregate installed capacity of 15,000 and 10,000 kgs per day respectively. We regularly incur capital expenditure to upgrade technology across our processing plants and expand into new geographies by way of introduction of modern automated plants. We have introduced fully automated processing lines, along with semi-automated processing lines, which we believe has led to efficiencies in our processing operations. Our processing infrastructure, with fully automated processing lines, is designed in a manner to ensure efficient operations and high product quality standards. Further, we believe that our past experience in establishing multiple processing plants better equips us to effectively integrate other processing plants we have acquired to ensure an efficient processing and distribution process at all times.

- *Distribution and marketing* – We sell our products under the “Dodla” and “Dodla Dairy” brand in India. As of December 31, 2020 we distributed our milk and dairy based VAPs through 40 sales offices, 3,336 distribution agents, 863 milk distributors and 449 milk product distributors. As of December 31, 2020, our products are also available through 371 “Dodla Retail Parlours” which are operated on a franchise model and spread across the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. Our advertisement and carriage outwards expenses for Fiscals 2018, 2019 and 2020 and for the six months period ended September 30, 2020 were ₹644.21 million, ₹858.44 million and ₹1,116.20 million and ₹419.89 million respectively. We engage in various marketing and promotional campaigns in order to market our products such as undertaking, door to door campaigning for our products, hoardings, signages, direction boards and kiosk promotions. Further, we have associated with multiple suppliers for the purchase of consumables and packaging materials for a number of years.

Focused engagement and long term relationship with dairy farmers

We believe our farmer friendly policies and continuous engagement with them with welfare programs have strengthened our relationships with farmers which in turn has strengthened our raw milk procurement process. We offer a variety of initiatives for the farmers from whom we procure raw milk. As part of our diversified procurement network, we rely on third party suppliers and farmers. In order to ensure transparency, we test the quality and quantity of the raw milk collected from the farmers with electronic milk analysers. Our VLCCs are equipped with GPRS enabled milk analyzers and weigh scales which provide a transparent acknowledgement for quantity and quality components for the milk supplied by the farmers. We pay the farmers once every 10 to 15 days with the money being sent directly to the bank accounts of 76.00% of our farmers as of December 31, 2020, which motivates them to engage with us more frequently. We have consistently improved our direct procurement from farmers from 2018 from 0.50 MLPD to 1.02 MLPD as of December 31, 2020. We also work with regional banks and facilitate sanctioning of loans to farmers which they utilise to invest in their cattle. We have also diversified into an ingredient input providing company by supplying upfront cattle feed under the “Orga” brand, manufactured by our Subsidiary Orgafeed Private Limited, directly to our farmers through our procurement network which is adjusted against the value of the raw milk supplied to us by such farmers. We have tied up with various veterinarians to provide services to farmers for their milch animals. We also organise various training camps with veterinarians for farmers to educate them about the best ways to prevent common ailments for their milch animals. We believe our continuous engagement with farmers and our knowledge in the dairy industry combined with our welfare programs for the farmers have enabled us to have a strong procurement network in the regions in which we operate and thus helped us to contain the cost of raw milk and ensure supply of quality raw milk.

Stringent quality control procedures

We are committed towards quality and food safety of our products. Our determination towards quality and food safety is demonstrated by well-defined quality and food safety procedures at various stages from procurement to distribution of our products. We maintain a cold storage chain from the procurement stage till the time the milk and dairy based VAPs reach the consumer. All quality checks are documented in a quality manual to ensure that we only procure raw milk which meets our standards for further processing. Our VLCCs are equipped with GPRS enabled electronic milk analysers which test for the fat and solid not fat (SNF) content of the raw milk. We also conduct tests including for colour and smell which enables us to segregate poor quality of raw milk at our VLCCs. At our chilling centres we conduct adulteration tests and neutralizer tests. At our processing plants, the raw milk undergoes, adulteration tests and neutralizer tests to detect contaminants in the raw milk. Quality and food safety forms a part of our policy which we believe is one of the main drivers of our business. We have well defined documented quality system which is monitored at various stages of procurement and processing. Our processing plants at Nellore, Palamaner, Penemuru, Badvel and Dharmapuri are ISO 22000:2018 certified for food management system. Our Nellore and Palamner processing plants are ISO 50001:2011 certified for energy management system. Our Nellore processing plant is export inspection certified and BIS certified for SMP. Our products have received certifications from FSSAI. Our processing plant at Hyderabad has received a FSSC V 4 certification and has received food safety system certification 22000. Additionally, our processing plants situated at Nellore and Hyderabad, for producing ghee, are AGMARK registered. Further, our Uganda Unit has obtained various quality certification including, *inter alia*, UNBS permits for producing plain yogurt, vanilla yogurt, chocolate yogurt and UHT milk. Additionally, our processing plant situated at Hyderabad is equipped with FT-1 Milko-scanner which allows us to conduct 26 adulterant related tests in milk automatically.

Financial Growth and operational efficiencies

We have delivered consistent growth over the last three financial years both in terms of financial and operational metrics Our revenue from operations increased at a CAGR of 15.98% over Fiscal 2018 to Fiscal 2020 and amounted to ₹21,393.73 million in Fiscal 2020, while our EBITDA increased during the same period at a CAGR of 11.81% and amounted to ₹1,409.26 million, our profit after tax amounted to ₹498.71 million in Fiscal 2020. Our revenue from operations, EBITDA and profit after tax for the six months period ended September 30, 2020 were ₹9,163.13 million, ₹1,362.11 million and ₹747.78 million respectively. Additionally, our sales (sale of goods) increased from ₹15,891.60 million in Fiscal 2018 to ₹21,361.64 million in Fiscal 2020. Despite cumulative capital expenditure of ₹2,644.86 million over the past three years, towards *inter alia*, commissioning a new processing plant at Rajahmundry, acquisition of the processing plants at Batlagundu and Vedasandur from KC Dairy Products Private Limited, acquisition of the cattle feed and mixing plant by Orgafeed Private Limited at Kadapa and establishment of new VLCCs, our return on equity and return on capital employed for Fiscal 2020 were at 11.50% and 17.34%, respectively which we believe is due to the successful integration of the acquisitions with our operations. Our debt to equity ratio (calculated as total borrowings/total equity of our Company) was 0.20, 0.35, 0.39 and 0.37 as on September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018 respectively. Further, our receivable days were 1.23 days and 1.27 days as on March 31, 2020 and September 30, 2020 respectively with our trade receivables amounting to ₹72.03 million and ₹63.74 million as on March 31, 2020 and September 30, 2020 respectively.

Experienced Board and senior management team

We are led by an experienced Board of Directors, who have extensive knowledge and understanding of the dairy business and have the expertise and vision to organically and inorganically scale up our business. Our Board, led by our Chairman Dodla Sesha Reddy, has led our Company through sustained period of growth and has also taken initiatives to improve our processes and efficiencies, implementation of enterprise resource planning system in the year 2000 and replication of our India business model in Uganda and Kenya which led to our overseas operations turning profitable. Further, since 2012, our Company has benefited from *marquee* investors being shareholders of our Company and represented on the Board of our Company by undertaking a number of initiatives such as, *inter alia*, formulating a future growth strategy, further strengthening our corporate governance standards, entry into new line of VAPs, internal processes and controls including migration to SAP and introducing KPI based formal appraisal systems for the management.

Our Board is supplemented by our senior and middle-level management team members. We believe that the knowledge and experience of our senior and middle-level management team in the dairy business provides us with a significant competitive advantage as we seek to grow our business. Our core managerial team has an average dairy industry experience of more than 20 years and most of them have been associated with our Company since our formative years. For further details of our key managerial personnel, see "*Our Management- Key Managerial Personnel*" and "*Our Management- Senior Management Personnel*" on page 167.

Our chairman, Dodla Sesha Reddy has been associated with the dairy industry for the past 22 years. Dodla Sunil Reddy, who is a Promoter of our Company and the Managing Director, has over 25 years of experience in the dairy industry. Our CEO, Venkat Krishna Reddy Busireddy, has over 35 years of experience in the dairy industry and leads the management team in all aspects of our operations and is also a lifetime member of the Indian Diary Association.

Our Strategies

Enhance our brand visibility and expand the reach of our products

We believe that our brands are recognised by our consumers given our presence across the south Indian markets for over 23 years and robust quality of our processed milk. Amongst private dairy players with a significant presence in the southern region of India, we have a strong presence in the southern states of Andhra Pradesh, Karnataka, and parts of Tamil Nadu and Telangana (*Source: CRISIL Report*) and we have the third largest procurement network amongst such private dairy players in south India (*Source: CRISIL Report*) and second highest in terms of market presence amongst private dairies (*Source: CRISIL Report*). Further, presence across multiple VAPs such as curd, flavoured milk, ice cream, butter milk, ghee and butter has also enabled us to strengthen our brand visibility and we plan to leverage upon it to launch new value-added products. Going forward, we intend to increase our brand visibility of our VAPs by undertaking more advertisement campaigns. Additionally, through the last fiscal, we have revamped our milk packaging to ensure better brand visibility. As part of our product outreach program, we intend to actively increase our distribution network and actively engage with hyper markets, super markets and retailers so that all our products become more accessible to our consumers. We also intenda to convert our multi-brand dealer network into exclusive suppliers who house only our products in a phased manner to have better control over our brand. We also intend to increase the number of Dodla Retail Parlours in the states of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu based on the existing franchise model. In Africa, we recently introduced some of our products such as full cream milk under the brand "Dodla+". We also intend to increase the brand visibility of "Dodla" in the African markets where we operate.

Further strengthen our procurement and processing operations

Our current raw milk procurement operations are primarily dependent on dairy farmers as well as third party suppliers supplying us raw milk. Third party suppliers purchasing raw milk from farmers charge us with a commission which results in increasing the cost of primary raw material, raw milk and also leads to farmers being paid lesser compared to direct procurement. We have eliminated third party suppliers from our procurement network in Tamil Nadu and Andhra Pradesh and plan to implement this throughout our procurement network. Additionally, as of December 31, 2020, payments have been sent directly to the bank accounts of 76.00% of our farmers instead of going through third party suppliers. Procurement of raw milk directly from farmers constituted 82.00% of our total procurement for Fiscal 2020. Our total average raw milk procurement through VLCCs increased at a CAGR of 35.64% from an average of 0.50 MLPD in Fiscal 2018 to 0.92 MLPD in Fiscal 2020. Accordingly, procurement of raw milk from VLCCs has increased from 49.00% in Fiscal 2018 to 82.00% in Fiscal 2020. Our total average raw milk procurement for the nine months period ended December 31, 2020 was 1.02 MLPD. This will enable us to reduce our costs of raw milk and keep our products competitively priced.

For our processing operations, we are identifying various strategic initiatives to improve our operational efficiencies and reduce operating costs. For example, we intend to continue to (i) adopt more efficient production process to decrease milk reprocessing and reduce our water use; (ii) decrease our electricity consumption due to refrigeration by refining the current plant and machinery; and (iii) switch from conventional to non-conventional sources of energy. Further, we continue to invest in modern technology and equipment to address changing customer preferences as well as to improve operational efficiencies. We continue to adopt best practices and standards followed in the Indian dairy industry across our production facilities and draw upon our management's expertise and experience in dairy plant management. Our processing plants at Rajahmundry and Hyderabad are fully automated and our other major plants in Nellore, Palamaner, Dharmapuri, Batlagundu and Indragi are in the process of being fully automated in a phased manner.

Expand our operations domestically and internationally by way of organic and inorganic growth

We intend to continue to grow domestically and internationally by way of organic and inorganic growth in order to increase our presence and our revenue. For our India operations, we have in the past grown both organically by setting up our own processing plants and inorganically by either acquiring processing plants or business units from third parties. We have acquired plants, including, in Fiscal 2016, a processing plant in Dharmapuri, Tamil Nadu which provided us access to the markets in central and southern Tamil Nadu. In Fiscal 2013, we acquired a processing plant in Kurnool. We commenced operations at our new processing plant in Rajahmundry, Andhra Pradesh, in April, 2019, which provided us access to the markets of coastal Andhra Pradesh. Our

Company entered into a business transfer agreement with KC Dairy Products Private Limited and Chellamuthu Sureshkumar on February 8, 2019 ("**BTA**"). Pursuant to the BTA, our Company has acquired two new processing plants at Vedasandur and Batlagundu in Tamil Nadu and one SMP plant at Vedasandur. In Fiscal 2019 we, through our Subsidiary Orgafeed Private Limited, acquired a cattle feed and mixing plant in Andhra Pradesh for the purpose of manufacturing and selling cattle feed to farmers through our procurement network. For our overseas operations, we entered into the markets of Uganda in Fiscal 2015 with the acquisition of operations of Hillside Dairy and Agriculture Limited by our Subsidiary Lakeside Dairy Limited. Our entry in the Ugandan market allowed us to expand our reach to the East African markets. Our Company has been able to take over the supply and distribution chains of the aforesaid plants that we have acquired and have been able to integrate these acquisitions into our Company's supply and distribution channels through which we believe we started obtaining synergies as our Company got first mover advantages into new markets for us. We believe our ability to successfully integrate our organic and inorganic assets with our existing operations has led to our substantial growth. To complement our growth strategies of setting up processing plants and acquiring processing plants and businesses in markets where we see opportunities, we continuously evaluate further expansion through acquisitions in new underpenetrated markets in India and internationally.

Increase our revenues from dairy based VAPs

Our revenue from sale of processed milk grew at a CAGR of 16.44% from ₹11,443.27 million in Fiscal 2018 to ₹15,514.40 million in Fiscal 2020, our revenues from VAPs grew at a CAGR of 73.45% from ₹4,501.99 million in Fiscal 2018 to ₹5,792.53 million in Fiscal 2020. Historically, sales of processed milk have been our primary revenue driver. In order to grow further and also increase margins, over the last few years we have focused on dairy based VAPs. We intend to supplement our revenue by increasing the sales of our VAPs and strike a balance between processed milk and VAPs to optimise our product portfolio. While our current product portfolio includes curd, we propose to introduce new variants of cheese and other products at price points as low as ₹10, to expand our product portfolio and reach a wider variety of consumers. We believe that our existing product portfolio is in line with and is capable of being altered with the changing dairy consumption habits and preferences. We have in the past three fiscals introduced products such as ice creams, UHT milk and flavoured milk in pet bottles. Further, we currently sell buttermilk, lassi, doodhpeda, milk and curd at price points of ₹ 7, ₹ 10, and ₹ 15, which we believe cater to a large number of consumers. Key drivers of our dairy based VAPs are curd, UHT milk, ghee, butter, flavoured milk, paneer, and ice creams for our Indian operations and liquid milk yogurt, ghee, paneer, cheese and UHT milk for our overseas operations.

Research and Development in dairy farming and allied activities

We are committed towards implementation of scientific techniques in dairy farming and allied activities. Our research and development activities are focused towards increased productivity of cattle leading to production of quality and safe milk and milk products, through our Associate Company GVC. GVC focuses on breeding, nutrition and farm management, with the aim of leading farmers supplying raw milk towards increased productivity of raw milk.

Our research activities are divided into the following focus areas:

(i) **Genetic Research**- Investigation into genetic diversity and relationship between HF breed cows and varied India cattle breed to lead to improvement of dairy herd genetics that affect health, longevity and reproductive traits in cattle used for raw milk production.

(ii) **Breeding Research**- We undertake research to reduce the breeding cycle of cows and on related activities including semen selection for more productive cows.

Our Products

Consumer Products (India)

We offer a wide range of products in both liquid milk and allied VAP categories. Our India product portfolio under the "Dodla Dairy" brand includes the following

(a) Pasteurized pouch milk

Pasteurization is generally adopted to reduce the risks of disease from microbial growth while preserving the nutrients of raw milk. The following table provides the features of our pasteurized milk:

Pouched milk	Product Specifications
Full cream milk	Fat content: (min) 6%; SNF content: (min) 9%; and other features: homogenized, and pasteurized

Pouched milk	Product Specifications
Standardized milk	Fat content: 4.5%; SNF content: 8.5%; and other features: homogenized and pasteurized
Toned milk	Fat content: 3%; SNF content: 8.5%; and other features: homogenized and pasteurized
Double toned milk	Fat content: 1.5%; SNF content: 9.0%; and other features: homogenized and pasteurized

Our pasteurized pouch milk is sold in the states of Karnataka, Tamil Nadu, Andhra Pradesh and Telangana.

(b) UHT milk

Compared with our fresh milk products, our UHT milk products have a longer shelf life, are sold in special seven layer film packaging and do not require cold chain storage. Our UHT milk is sold in the states of Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Madhya Pradesh and Himachal Pradesh.

(c) Sterilized flavored milk

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

(d) Curd (Dahi)

Our curd is made from pasteurized milk with selected strains of lactic acid bacteria and does not contain any preservatives. Our curd contains proteins, carbohydrates, fats, calcium, phosphorous, magnesium, zinc, iodine and vitamins. Our curd is packed in (i) cups of 50 gm, 100 gm, 200 gm, 250 gm and 400 gm; (ii) sachets of 100 gms, 140 gm, 160 gm, 175gm, 180 gm, 200 gm, 250 gm and 500 gm; and (iii) buckets of 1 kg, 5 kg, 10 kg and 20 kg. Our curd is sold in the states of Karnataka, Tamil Nadu, Andhra Pradesh and Telangana. We also sell double toned curd in the states of Tamil Nadu, Andhra Pradesh and Telangana which is packed in pouches of 1 kg and buckets of 1 kg, 5 kg, 10 kg and 20 kg.

(e) Butter

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

(f) Clarified butter (ghee)

Clarified butter (ghee) is produced in three variants - cow ghee, white ghee (buffalo ghee) and premium ghee (full boiled white ghee). We collect and treat cow and buffalo milk separately and do not mix them during processing. Both cow and buffalo ghee are sold in jars, pouches, sachet and tin. Our ghee is sold in the states of Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Orrisa, Maharashtra, Madhya Pradesh, Gujarat, West Bengal, Rajasthan and Himachal Pradesh. We also sell yellow ghee in Andhra Pradesh, Telangana, Karnataka and Tamil Nadu in 14 ml poly packs and premium pure ghee in Telanagna in tins of 15 kg.

(g) Butter milk

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

(h) Lassi

Lassi is sold in cups. Our lassi is sold in cups and pouches in the states of Tamil Nadu, Andhra Pradesh and Telangana.

(i) Ice creams

Our ice creams are available in 113 stock keeping unit ("**SKUs**") and are available in box, bars, cones and cups. Our ice creams are manufactured using only milk fat. Our ice creams are sold in the states of Karnataka, Tamil Nadu, Andhra

Pradesh and Telangana.

(j) *Paneer*

Our paneer is an unaged, acid-set, non-melting cottage cheese made by coagulating the pasteurized milk using citric acid / glucono delta lactone. Our paneer is currently sold in the states of Andhra Pradesh, Tamil Nadu, Telangana and Karnataka.

(k) *Kulfi*

Our kulfi contains milk solids and dry nuts. Our kulfi is packed in clay pots and conical cups and currently sold in the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka.

(l) *Milk based sweets*:

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

Consumer Products (Africa)

We offer a wide range of products in both liquid milk and VAP categories. Our Africa product portfolio is marketed under the "Dodla Dairy", "Dairy Top" and "Dodla +" brands and includes UHT milk, yogurt with different flavours, ghee, paneer, cheese and UHT milk.

Our Facilities

India

We have 13 milk processing plants across the states of Andhra Pradesh, Telangana, Karnataka and Tamil Nadu with a combined installed milk processing capacity of 1.70 MLPD.

Our processing plants are strategically located and are in proximity to our target markets. We also have SMP plants in Nellore and Vedasandur which have a capacity of 15,000 kgs and 10,000 kgs, respectively, and a UHT milk manufacturing facility at Indragi, Karnataka.

We have adopted advanced technologies and processes to ensure operational efficiencies. Our processing plant at Hyderabad and Rajahmundry are fully automated and centrally configured with progammable logical controller computer system. Our processing plants at Palamaner, Andhra Pradesh, Indragi, Karnataka, and Dharmapuri, Tamil Nadu are semi-automated. Further, we are in the process of automating our Nellore plant.

Some of the bigger motors used in our processing plants have variable frequency drives (VFD) to ensure energy efficiency. We also recover condensate from process steam and pump the same into the boilers, which increases the overall thermal efficiency of our processes. We have also installed homogenizers and separators and centralized cleaning in place (CIP) units within our processing plants. We have also implemented supervisory control and data acquisition (SCADA) automation systems at our processing plants to enable real-time monitoring of our operations, system modifications, troubleshooting, increasing equipment life and automatic report generation. We believe that these systems have contributed to significant savings on time and expenses by eliminating the need for personnel to visit each site for inspection, data collection, data entry or making adjustments.

Brief details of our processing plants are as follows:

<u>Badvel, Andhra Pradesh</u>

This processing plant commenced its operations in 2007. The processing plant processes milk and manufactures dairy based VAPs such as curd and butter milk.

This plant caters to the Cuddapah and Ananthapur districts.

<u>Kurnool, Andhra Pradesh</u>

This processing plant was acquired by us in 2013 pursuant to a sale deed dated October 31, 2013. The processing plant processes milk and manufactures VAPs such as curd and butter milk.

This plant caters to the Kurnool and Old Mahbubnagar districts.

Nellore, Andhra Pradesh

This is our first and parent processing plant which commenced operations in 1997. The processing plant dairy is also equipped with infrastructure for the manufacture of dairy based VAPs such as curd, butter, ghee, SMP, paneer, sterilized flavoured milk, lassi, buttermilk, doodh peda, gulab jamun and milk cake. The SMP production facility acts as feeder balancing during lean season to convert the excess milk produced into SMP for consumption.

The processing plant caters to the liquid milk demand in Chennai, Nellore, Ongole, and Tirupati. The VAPs produced from this processing plant cater to states such as Andhra Pradesh, Tamil Nadu, Karnataka, Telangana, Maharashtra, Rajasthan, Madhya Pradesh, Himachal Pradesh and West Bengal.

Palamaner, Andhra Pradesh

This processing plant commenced its operations in the year 2004 with an initial installed capacity was 0.1 MLPD. The installed capacity was subsequently increased to 0.38 MLPD in 2018. The processing plant processes milk and manufactures VAPs such as paneer, butter, curd, buttermilk and doodh peda.

The processing plant caters to the liquid milk demand and supplies dairy based VAPs to Bengaluru and Mysore and other towns in Tamil Nadu and Andhra Pradesh.

Penumur, Andhra Pradesh

This processing plant commenced its operations in 2001. The processing plant processes milk and manufactures dairy based VAPs such as curd, butter and butter milk.

This plant caters to the cities of Bengaluru and Chittoor and towns of Tamil Nadu and Andhra Pradesh.

Rajahmundry (Chendurthi), Andhra Pradesh

This processing plant commenced its operations in 2019. The processing plant processes milk and manufactures dairy based VAPs such as sterilised flavoured milk, paneer and UHT milk.

The Rajahmundry processing plant caters to four districts namely, East Godavari, West Godavari, Vijayanagaram and Visakhapatnam.

Sattenapalle, Andhra Pradesh

This processing plant commenced its operations in 2007. The processing plant processes milk

This plant caters to the cities of Vijayawada and Guntur and rural areas of Krishna, Khammam and Guntur districts.

Indragi, Karnataka

This is an automated processing plant which commenced operations in the year 2014. The processing plant processes milk and manufactures dairy based VAPs such as UHT milk, butter, flavoured milk, curd and buttermilk.

The plant caters to the cities in central and northern parts of Karnataka.

Tumkur, Karnataka

This processing plant commenced its operations in 2011 and is engaged in the processing of milk.

This plant caters to the towns of Bengaluru, Tumkur, Sira and Iruyur.

Batlagundu, Tamil Nadu

This processing plant was acquired by us in 2019 pursuant to the BTA. The processing plant processes milk and manufactures dairy based VAPs such as curd and buttermilk. The plant caters to all south Tamil Nadu districts.

Dharmapuri, Tamil Nadu

This processing plant located in Palacode, Dharmapuri District was acquired by us in 2016 pursuant to sale deeds dated December 16, 2015 and May 12, 2016. The processing plant processes milk and manufactures dairy based VAPs such as curd.

The plant caters to the cities of Bengaluru, Salem, Dharmapuri, Karur and Coimbatore.

Vedasandur, Tamil Nadu

This processing plant was acquired by us in 2019 pursuant to the BTA. The processing manufactures dairy based VAPs such as ice cream. The plant caters to all south Tamil Nadu districts.

Hyderabad, Telangana

This is fully automated plant located at Gundrampally, near Hyderabad which commenced operations in 2017. The processing plant processes milk and manufactures dairy based VAPs such as curd, butter, ghee, paneer, ice cream, flavoured milk and various milk based sweets. The plant caters to the cities of Hyderabad, Nalgonda, Karimnagar, Warangal, Bijapur, and Gulbarga.

Africa

Uganda

Lakeside Dairy Limited ("**LDL**") was incorporated in 2014, to acquire the operations of Hillside Dairy and Agriculture Limited ("**HDL**") and carry on the business of dairy and agriculture. DHPL holds 99.99% shareholding in LDL. Subsequently, LDL obtained investments licence from the Uganda Investment Authority for processing milk and dairy products. We are in process of diversifying our business portfolio to cater to the growing African market. LDL currently processes 0.10 MLPD of milk as of Fiscal 2020.

Production Capacity

The following table sets forth information relating to the aggregate installed production capacities (per day) of our processing plants for the products specified below, as of December 31, 2020:

	Installed Capacity for Milk Handling and SMP					
	Fiscal 2018		Fiscal 2019		Fiscal 2020	
Processing Plant	**(in MLPD)**	**(in Kgs)**	**(in MLPD)**	**(in Kgs)**	**(in MLPD)**	**(in Kgs)**
Badvel, Andhra Pradesh	0.05	-	0.05	-	0.05	-
Kurnool, Andhra Pradesh	0.01	-	0.01	-	0.05	-
Palamaner, Andhra Pradesh	0.38	-	0.38	-	0.38	-
Penumur, Andhra Pradesh	0.05	-	0.05	-	0.05	-
Nellore, Andhra Pradesh	0.20	-	0.20	-	0.20	-
Nellore (SMP), Andhra Pradesh	-	15,000		15,000	-	15,000
Rajahmundry, Andhra Pradesh	-	-	0.15	-	0.15	-
Sattenapalle, Andhra Pradesh	0.04	-	0.04	-	0.04	-
Indragi, Karnataka	0.20	-	0.20	-	0.20	-
Tumkur, Karnataka	0.03	-	0.03	-	0.03	-
Batlagundu, Tamil Nadu	-	-	0.09	-	0.09	-
Dharmapuri, Tamil Nadu	0.10	-	0.10	-	0.10	-
Vedasandur, Tamil Nadu	-	-	0.05	-	0.05	-
Vedasandur (SMP), Tamil Nadu	-	-	-	10,000	-	10,000
Hyderabad, Telangana	0.21	-	0.29	-	0.29	-
Uganda	0.10	-	0.10	-	0.10	-

In addition to the above, pursuant to the Orgafeed BTA, our Company has acquired a cattle feed plant at Kadapa in Andhra Pradesh with installed capacity of 80 MTPD.

Capacity utilisation

We regularly monitor the performance of our processing plants through a number of performance indicators commonly used in the dairy industry. The following table provides information relating to the aggregate estimated capacity utilization rates of our processing plants for the plants below in Fiscal 2018, 2019 and 2020. The capacity utilization for our processing plants has been calculated on the basis of the actual aggregate production of the relevant product during the relevant period, divided by the average aggregate installed production capacity for such product for such period, as adjusted for scheduled and unscheduled downtime.

Processing Plant	Capacity Utilisation					
	Fiscal 2018		Fiscal 2019		Fiscal 2020	
	(in MLPD)	(%)	(in MLPD)	(%)	(in MLPD)	(%)
Badvel, Andhra Pradesh	0.04	90%	0.05	100%	0.05	100%
Kurnool, Andhra Pradesh	0.03	80%	0.04	82%	0.04	94%
Palamaner, Andhra Pradesh	0.21	55%	0.26	70%	0.27	73%
Penumur, Andhra Pradesh	0.04	95%	0.06	131%	0.06	138%
Nellore, Andhra Pradesh	0.22	100%	0.23	114%	0.25	122%
Rajahmundry, Andhra Pradesh	_	_	0.02	15%	0.03	22%
Sattenapalle, Andhra Pradesh	0.01	50%	0.02	54%	0.02	63%
Indragi, Karnataka	0.15	75%	0.13	69%	0.15	75%
Tumkur, Karnataka	0.04	100%	0.04	123%	0.03	112%
Batlagundu, Tamil Nadu	–	–	0.04	49%	0.05	54%
Dharmapuri, Tamil Nadu	0.10	100%	0.12	127%	0.12	122%
Vedasandur, Tamil Nadu			0.05	101%	0.05	103%
Hyderabad, Telangana	0.11	53%	0.15	54%	0.15	55%
Uganda	0.06	60%	0.05	50%	0.08	80%
Total	1.01		1.26		1.35	

The capacity utilisation for the Nellore (SMP) plant was 9,107 kgs at (61%), 60,066 kgs at 400% and 11,192 kgs at 75% respectively for the Fiscals 2018, 2019 and 2020. The capacity utilisation for the Vedasandur (SMP) plant was 184 kgs at 2% and 3,155 kgs at 32% respectively for the Fiscals 2019 and 2020. The capacity utilisation of our cattle feed plant was 11.42 MTPD at 14% and 30.70 MTPD at 38% respectively for the Fiscals 2019 and 2020 respectively.

Milk Procurement and Infrastructure

Raw Milk Procurement

We have over the years developed a robust milk procurement system that enables us to source raw milk directly from the milk farmers and thid party suppliers in the states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Maharashtra. Our milk procurement model consists of procurement of approximately 1.02 MLPD of raw milk from approximately 114,920 farmers across 6,878 villages through 6,624 VLCCs, 254 dairy farms as of December 31, 2020. Our procurement model enables us to control our raw milk costs and exercise greater control over the quality of raw milk supplied. Raw milk collected at our VLCCs is measured and tested for quality through GPRS enabled milk analyzers, where the raw milk is tested for fat and SNF content percentage, which provides the basis of payment to the farmers. In addition to testing for fat/SNF content percentage, we also subject the raw milk to various quality tests. Once the raw milk is measured and tested, the data is transferred automatically to a computer system for further processing and payment. The farmer is provided with a receipt containing details of the quantity, quality, and amount payable. The payment is made directly to the farmer's / third party supplier's bank account based on the real time data uploaded into our centralized server, once in every 10 to 15 days.

We operate more than 272 milk procurement routes. These routes have a regular procurement plan with timely pick up of raw milk from the VLCC and dairy farms and transport to the nearest chilling centres for further processes which enables us to preserve the freshness of the raw milk. The raw milk is thereafter transported to the nearest processing plant through tankers for onward processing into retail milk or manufacture of VAPs. The strategic location of our processing plants, chilling centres and VLCCs and enables us to minimise the transportation and handling costs, without any loss in quality or nutritional value.

Farmer welfare

In order to strengthen our relationship with farmers and help farmers increase their milk productivity, we have undertaken various initiatives / programs. We educate/train the farmers in cattle breeding, animal nutrition, healthcare, clean milk production, assistance with cattle purchase financing and supply of quality cattle feed.

We also partner with a number of veterinary doctors and para-veterinary workers to assist milk farmers with cattle health care, de-worming, vaccination and other initiatives. We believe that this procurement model together with our strong long-term relationship with the milk farmers through continued engagement, knowledge and infrastructure support and transparent dealings, has enabled us to ensure continued association with milk farmers, reduced raw milk costs and ensures consistent supply of quality raw milk.

We work with regional banks and facilitate sanctioning of loans to farmers which they utilise to purchase milch animals, construction of cattle sheds etc. We also supply upfront cattle feed, manufactured by our Subsidiary OPL, to our farmers directly through our procurement network which is adjusted against the value of the raw milk supplied to us by such farmers.

Other Raw Materials

Our primary raw material is milk which we procure mainly from milk farmers. We also require sugar, flavours, skimmed milk powder, butter and other additives. We typically do not have long term supply arrangements with our suppliers. The price and supply of raw materials depend on various factors beyond our control, including economic conditions, competition, availability of quality suppliers, production levels, transportation costs, import duties, fuel prices, and trade restrictions. In order to maintain and manage our raw material requirements, we have a comprehensive inventory management system for raw materials and other consumables which is linked to SAP. Further, we also require packaging materials such as poly film for milk packing, plastic jars, glass bottles, and other materials for our products which do not have long term supply arrangements

Power and Water

Our operations involve a significant amount of electricity as our raw materials including milk and dairy based VAPs are required to be stored at specified temperatures and require significant refrigeration facilities. The production processes of certain of our dairy products also require significant power. We have installed captive solar power plants with a combined capacity of 1.8 megawatt at Hyderabad, Sattanapally, Penumur, Rajahmundry and Indragi processing plants and our Registered and Corporate Office. We also depend on the relevant state electricity supply for our power requirements. The electricity supply at our processing plants is equipped with feeder connections to ensure uninterrupted supply of power. We also use diesel generators to meet exigencies and to operate our processing plants during power failures. Further, all the boilers at our processing plants are powered by firewood.

In addition, availability of water is important in relation to our production processes. To ensure adequate supply of water, borewells have been installed within our processing plants for supply of water. We have also established RO systems to treat impurities in the water by removing dissolved solids and harmful bacteria, minerals and other impurities.

Production Process

All our production processes begin with the procurement of milk which is tested for quality parameters before it is sent for further processing. The brief production processes of some of our products are as follows:

Pasteurized Milk

Raw milk is procured and accepted by us based on quality parameters. The milk is chilled and transferred to stainless steel silos which is further taken for pasteurization. Simultaneously homogenization of the raw milk is done and standardized for milk variants to meet the legal and organizational standards. The raw milk is then transferred to the packaging section, where it is packed in different sizes of pouches and stored in cold storage.

Curd

Milk meant for curd manufacture is standardised, pasteurized cooled to a particular temperature and transferred to culture inoculation tank. Curd culture is added to the milk at required proportion and circulated for proper mixing. After the circulation, the culture added milk is pumped to the packing machines and packed in different formation (pouches/cups/buckets). The packs are incubated at a particular temperature. After attaining required acidity/pH the product is shifted to cold store and kept cooled to a particular temperature. The product is dispatched in insulated vehicles for market.

UHT Milk

Pasteurized and standardised milk is fed to a sterilizer where the milk is ultra-pasteurized to a certain temperature for a specified duration of time so as to destroy all microorganisms. The raw milk is then cooled and aseptically packed in a layer packaging film into pouches of different sizes. These pouches are then kept under observation for certain days under incubation and then after quality assurance testing is released for dispatch. UHT milk has longer shelf life under certain conditions without any preservatives being added and does not require any refrigeration.

Flavoured Milk

Pasteurized double toned milk is mixed with filtered sugar syrup together with colour and flavour and stored in a tank. The flavoured milk is then fed into bottle fillers and filled in glass and poly-propelene bottles which are thereafter transferred to the bottle sterilizer and heated to a minimum temperature for a specified period of time so as to kill all microorganisms. After sterilization, the bottles are removed and stored in quarantine area for certain days for quality assurance analysis. Once the quality assurance analysis is cleared, the bottles are labelled and packed in boxes.

Skimmed Milk Powder

Pasteurized skimmed milk is subjected to evaporation as a result of which we get concentrated milk. This concentrated milk is fed to spray drying chamber at a certain temperature with the help of high pressure pump, and after multi-stage drying, the powder formation takes place. This powder is then cooled in 'vibro fluidized' bed dryer (VFBD) and is then passed through mesh sieve and packed in paper bags with polythene liner in a particular manner so as to prevent addition of microbial load in the product. The bags are weighed, sealed, stitched and passed through a metal detector to verify any metal contamination in the product, and after quality assurance analysis the bags are ready for dispatch.

Butter

During pasteurization, a part of the milk is passed through centrifugal separator and the cream is separated. The cream is pasteurized, cooled and stored in cream tanks for ageing. The cream is then fed in the butter churn / continuous butter making machine (CBM) to form butter. The butter is thereafter stored in deep freeze rooms at minus 18 degrees Celsius or below for ageing of butter and flavor stabilization. After clearing necessary quality checks, the butter is ready for dispatch.

Clarified Butter (Ghee)

The butter is then taken out and melted, fed into ghee boilers to produce ghee. After filtration and clarification, the ghee is packed into various packaging formations. The packed ghee is kept in the ghee granulation room which is maintained below a particular temperature for a specified period of time for the granulation process. After clearing necessary quality checks, the ghee is ready for dispatch.

Quality Assurance

Quality food safety forms a part of our policy and one of the main drivers of our business. We have well defined documented quality system which is monitored at various stages of procurement and processing. Our processing plants at Nellore, Palamaner, Penemuru, Badvel and Dharmapuri are ISO 22000:2018 certified for food management system. Our Nellore and Palamner processing plants are ISO 50001:2011 certified for energy management system. Our Nellore processing plant is export inspection certified and BIS certified for SMP. Our products have received certifications from FSSAI. Our processing plant at Hyderabad has received a FSSC V 4 certification and has received food safety system certification 22000. Additionally, our processing plants situated at Nellore and Hyderabad, for producing ghee, are AGMARK registered. Further, our Uganda Unit has obtained various quality certification including, *inter alia*, UNBS permits for producing plain yogurt, vanilla yogurt, chocolate yogurt and UHT milk.

Stringent Quality Checks

We have established stringent quality control measures right from the procurement of raw milk collection till the dispatch of our products to the consumers. The various tests for raw and processed milk are as follows:

- *Tests for screening:* referred to as platform tests used to decide on the acceptability of milk (physical and chemical characteristics, organoleptic test/ sensory evaluation, hygienic characteristics, tests for adulteration (sugar, salt, urea, vegetable oil, detergents maltodextrin) test for drug residues);

- *Tests for grading:* Tests such as methylene blue reduction test and heat stability tests in order to grade the raw milk;

- *Tests for payment system:* Tests undertaken to ascertain the quantity and compositional quality of the raw milk in order to accurately pay the farmers / third party suppliers;

- *Product testing:* Tests include online inspections, tests for work-in-progress, finished product testing and test during dispatch for various parameters such as colour, moisture, texture, added sugar and protein content of the raw milk;

- *Micro biological testing***:** We perform the following microbiology tests in house for milk and dairy based VAPs-

1. Standard plate count test;
2. Coliform count test; and
3. Yeast and mould count test.

Additionally, we also test our milk powder for Escherichia Coli & Staphilococcus Aurus.

Further, we get the following bacteriological tests done from external labs for our milk and milk products:

1. Listeria monocytogens test;
2. Salmonella test;
3. Shigella test;
4. Staphylococcus Aureus;
5. Aerobic spore count; and
6. Anearobic spore count.

Sterility of equipment is assessed by using electronic luminino meter, ambient air quality is assessed by plating ambient air at different areas of plant and personal hygiene also examined by visible examination and by doing hand swab. Further, compositional, chemical, and microbiological test are conducted by an external lab once a year for milk, milk products and water; and

- *Raw and Packaging Materials Testing*: Various raw and packaging materials are tested to ensure conformity with our specifications and legal requirement as per the defined test procedures.

Quality Control during procurement and storage of raw milk

We procure raw milk from the milk farmers, dairy farms and at our VLCCs. The raw milk undergoes stringent tests to ensure maintenance of our quality standards. These tests include organoleptic evaluation heat stability tests, alcohol test, acidity test, clot on boiling tests, microbiological analysis, adulterants test and antibiotics residue test, which ensure that the quality and safety of the raw milk is in compliance with the statutory standards as well as our internal quality standards. We also issue a report detailing the test results and quality indicators before the raw milk is accepted and stored by us. In addition, we implement stringent cleaning standards to our processing plants and perform inspections on our milk tanks to ensure the hygiene level of the milk tanks.

Quality Control during delivery of raw milk

We engage third-party logistics companies to deliver and transport our raw milk from our VLCCs to our processing plants. Our logistics department focuses on overseeing and implementing our stringent safety and quality policy throughout the transportation process. We require that the milk trucks transporting our raw milk are thoroughly cleaned and inspected by our trained personnel after each round of delivery, following our quality standards. Each milk truck is sealed at our chilling centres, and is only opened by authorized personnel on arrival at our processing plants. Thereafter, the raw milk is inspected again to ensure the quality and also to ensure that the appropriate temperature has been maintained for preservation.

In addition, we perform regular reviews on our third party logistics partners to ensure compliance with our policies and standards on timeliness of vehicle dispatching and delivery, condition of vehicles, status of delivered raw milk and documentation.

Quality Control over raw materials and suppliers

We have implemented stringent quality control standards with respect to the raw materials we source from external suppliers and stringent evaluation and engagement policies for new suppliers. Before engaging a new supplier, our quality department will first review the qualifications of the supplier, and then conduct thorough on-site inspection. A supplier will only be qualified if it passes the qualifications review and on-site inspections. Once qualified, the suppliers remain subject to routine review and evaluation of various aspects. We also conduct inspection on raw materials upon delivery.

Quality Control over production process

We implement stringent safety and quality standards at each stage of our production process. The infrastructure and facilities in our processing plants are designed, constructed, maintained and inspected in accordance with applicable food safety standards, laws and regulations. We also enforce strict hygiene standards for our personnel involved in production activities. Further, we take care to ensure that the raw materials and ingredients used in our production processes are strictly in compliance with applicable laws and regulations and, semi-finished products are tested to ensure compliance with our stringent quality standards before proceeding to the next stage of production. Major tests include sampling tests to ensure that appearance, colour, odour, taste and nutrients comply with our safety and quality standard. Material factors in relation to the quality of our production at each step are listed out and monitored closely according to our internal plan in order to prevent and rectify any potential occurrence of manufacturing errors. We have also installed homogenisers for homogenization of pasteurised milk and separators for separation of cream, and centralized cleaning in place (CIP) units at most units at our processing plants.

Quality Control over packaging, storage and delivery of finished products

We perform batch-wise quality inspection on our products to ensure compliance with national food safety standards and applicable regulations. We implement quality standards for packaging, loading, delivering and unloading of the product and ensure that the delivery process is in compliance with the guidelines for product transportation to ensure maintenance of the quality and safety of our products. We place emphasis on packaging of products, such as milk powder and curd, which are sensitive to external factors like temperature and moisture. We also use vacuum technology for some of our products, which ensures that the air is removed before sealing of the package of the products to increase its shelf life as well as preserve the products. Additionally, we also use modified atmospheric packaging (MAP) for our doodhpeda to provide it with an extended shelf life. Further, we ensure that the products are packaged under supervision, and in accordance with our internal policies as well as policies and regulations provided by the FSSAI and UNBS. We also impose stringent and specific requirements on the trucks used to deliver our dairy products. We store a sample from each batch of dairy products delivered to facilitate addressing any issues or feedbacks from customers.

Product Development

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

Distribution and marketing

Our India distribution and marketing operations consist of distribution of our milk and VAPs through 40 sales offices, 3,336 distribution agents, 863 milk distributors and 449 milk product distributors as of December 31, 2020. Additionally, as of December 31, 2020, our milk and VAPs are also available through 371 “Dodla Retail Parlours”. Our distribution operations in Uganda are conducted through our African Subsidiary Lakeside Dairy Limited. and includes distribution of our products as of December 31, 2020 through 22 distributors and 18 “Dodla Retail Parlours. Our distribution operations in Kenya are conducted through our African Subsidiary Dodla Dairy Kenya Limited and includes distribution of our products as of December 31, 2020 through 57 agents and 53 distributors.

We engage in various marketing and promotional campaigns in order to market our products such as undertaking, door to door campaigning for our products, hoardings, signages, direction boards and kiosk promotions.

Employees

As of December 31, 2020, we had a workforce of 5,122 personnel which included 2,539 whole time employees and 2,583 contract employees. We consider our human resource as a critical factor to our success and engage in a human resource strategy that focuses heavily on recruiting, training and retaining our employees, as well as offering them competitive compensation. In addition to a base salary and performance-linked incentives, we provide a number of benefits to our employees, such as subsidized food products at our processing plants, transportation facilities through Company owned vehicles, medical insurance, GPA bonus / ex-gratia, group gratuity schemes and other regular employee engagement activities. Our employee policies aim to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate the growth of our operations. We are also committed to providing an empowering environment that motivates and facilitates growth and rewards contribution. We also have a dedicated team of employees who specialize in marketing and distribution of dairy products, and these employees are responsible for regularly engaging with our distributors and dealers, for expanding our distribution network, and enhancing the sales of our retail consumer products.

Information Technology

We have a robust information technology infrastructure with a data center located at our Registered and Corporate Office to support business critical applications like SAP, human resource management systems, etc. All business functions are on SAP while associated sub functions are on multiple cloud based mobile / desktop apps.

We have adopted "Internet of Things (IoT)" technology at our processing plants and VLCCs, which helps in maintaining the quality of raw material throughout its life cycle and enabling us to deliver high quality products while collecting instant and accurate data. We have also introduced robotic process automation in identified business processes for quick and error free processing of business data.

Competition

The dairy industry is highly competitive, especially the markets for processed milk products and dairy based VAPs, which are experiencing rapid development and increasing competition. We compete with large multi-national companies particularly as well as regional and local companies in each of the regions where we operate. Besides, in most product categories, we compete not only with other widely advertised branded products, but also with non-premium milk producers distributing milk in our marketing area as well as private and economy brand products that are generally sold at lower prices. In addition, a number of our competitors have also engaged in integration within the value chain, including making investments in dairy farms. Such strategic moves may lead to a more competitive environment.

Intellectual Property

Our intellectual property includes trademarks associated with our business. As on the date of this Draft Red Herring Prospectus, our Company has registered and holds 11 registrations in respect of trademarks, including our "Dodla Dairy" and "Dodla" trademark, under classes 29, 30, 35 and 43 granted by the Registrar of Trademarks under the Trademarks Act, 1999 in India. Further, pursuant to BTA and a deed of assignment dated July 6, 2020, we have acquired 10 trademarks from KC Dairy Products Private Limited. Our Company has registered, and holds, registrations for three copyrights granted by the Deputy Registrar of Copyrights under the Copyright Act, 1957 in relation to "Dodla Dairy" in India.

Insurance

We maintain insurance cover for our assets to cover all normal risks associated with operations of our business, including for physical loss or damage, fire, burglary and coverage for stock in transit including marine transit of our cargo. Further, we also hold policies for securing our cash in holding and transit. Additionally, we have covered specific liabilities against our directors and certain specified officers through a management liability insurance policy. Our Company has also obtained vehicle insurance policies, employee compensation policy, group mediclaim policy and group personal accident insurance policy. We also maintain a public offering of securities insurance that covers directors' and officers' liability, company reimbursement, securities claims and legal representation expenses.

Property

Our Registered and Corporate office located at 8-2-293/82/A/270-Q, Road No. 10-C, Jubilee Hills, Hyderabad, 500 033, Telangana, India, is owned by our Company. All our processing plants, except for our plant situated at Tumkur, Karnataka are situated on lands that are owned by the Company. Our cattle feed plant is situated on land that is owned by our Subsidiary Orgafeed Private Limited. Our chilling centres are situated on lands which are a mix of leasehold lands and freehold lands.

Corporate Social Responsibility

We have adopted a Corporate Social Responsibility ("**CSR**") policy in compliance with the requirements of the Companies Act, 2013 and the rules framed thereunder. Our CSR activities are primarily focused on initiatives related to education and these activities are centred around the geographical areas near our processing plants.

Our CSR activities are monitored by the CSR committee of our Board. For details of the terms of reference of CSR committee, see "*Our Management*" on page 154. For Fiscal 2020 and six months period ended September 30, 2020, we had spent an amount of ₹2.00 million and ₹6.30 million in CSR activities. For further details see section "*Financial Statements*" on page 177.

KEY REGULATIONS AND POLICIES

Given below is a summary of certain sector-specific relevant laws and regulations as prescribed by the Government of India, state governments, other governmental authorities and governments of other countries which are applicable to our Company and Subsidiaries. The information in this chapter has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and is not exhaustive and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

I. Key regulations in relation to the milk production sector in India

The Food Safety and Standards Act, 2006 (the "FSSA")

The FSSA was enacted with a view to consolidate the laws relating to food and establish the Food Safety and Standards Authority of India ("**FSSAI**") for setting out scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The standards prescribed by the FSSAI include specifications for ingredients, contaminants, pesticide residue, biological hazards and labels. The FSSA also sets out requirements for licensing and registering food businesses, general principles of food safety, and responsibilities of the food business operator ("**FBO**") and liability of manufacturers and sellers, and adjudication by 'Food Safety Appellate Tribunal'.

In exercise of powers under the FSSA, the FSSAI has also framed the Food Safety and Standards Rules, 2011 (the "**FSSR**"). The FSSR sets out the enforcement structure of 'commissioner of food safety', 'the food safety officer' and 'the food analyst' and procedures of taking extracts, seizure, sampling and analysis. The FSSA also lays down penalties for various offences (including recall procedures). The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 provides for the conditions and procedures for registration and licensing process for food business and lays down general requirements to be fulfilled by various FBOs, including petty FBOs as well as specific requirements to be fulfilled by businesses dealing with certain food products.

In terms of the Food Safety and Standards (Food Recall Procedure) Regulations, 2017, every FBO engaged in manufacturing of food is required to have a food recall plan. The packaging done by a FBO is required to comply with the Food Safety and Standards (Packaging) Regulations, 2018, while labelling and display of prepackaged food items must comply with the Food Safety and Standards (Labelling and Display) Regulations 2020.

According to the Food Safety and Standards (Licensing and Registration of Food Business) Amendment Regulations, 2018, an e-commerce FBO (which includes sellers and brand owner who display or offer their food products, through ecommerce, and providers of transportation services for the food products and/or providing last mile delivery transportation to the end consumers), is required to obtain central license from the concerned central licensing authority.

FSSAI Guidance Note on 'Food Hygiene and Safety Guidelines for Food Businesses during Coronavirus Disease (COVID-19) Pandemic' ("COVID-19 Guidance Note")

The COVID-19 Guidance Note was issued with an intent to provide guidance to food businesses, including their personnel involved in handling of food and other employees to prevent spread of COVID-19 in the work environment and any incidental contamination of food/food packages. It also provides guidance in relation to operative mechanism such as establishment of an in-house emergency response team in large food businesses to deal with suspected infections effectively. It mandates that employers should have a COVID-19 screening protocol in place to screen all personnel entering the premise. All the employees or visitors should be screened at entry point for the symptoms of COVID-19 such as, among others, temperature (using non-contact type thermometer), cough, cold etc. The entrance shall mandatorily have measures installed for hand hygiene. Employees and food handlers should be encouraged to self-declare any symptoms of any respiratory illness before visiting the premises. To spread awareness and contain the spread of the disease, employers should employ and ensure compliance with numerous measures such as, among others, display of posters/standees/audio visuals on preventive measures for COVID-19, frequent usage of alcohol-based sanitisers, avoidance of close contact with symptomatic personnel, usage of face masks, and frequent cleaning and disinfection. Food sectors involved in food services, takeaways and deliveries shall ensure, among others, that the food service area shall be thoroughly cleaned and disinfected after every meal, hand wash facilities should be made available to the workers, employees wear a clean uniform, mask/face cover, gloves and head covers at all time, adoption of contactless delivery. The COVID-19 Guidance Note prescribes guidelines for management of the food establishment to handle a COVID-19 suspect/positive case in accordance with the guidelines issued by Ministry of Health and Family Welfare and clean and disinfect the premises accessed by the suspected case.

The COVID-19 Guidance Note mandates strict adherence to General Hygiene Practices specified under Schedule IV of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 ("**Schedule IV**"). Schedule IV enumerates multiple compulsory measures to be adopted by FBOs in the interest of human nutrition, safety, and hygiene. Schedule IV mandates that the premises shall be clean, adequately lighted, and ventilated, and sufficient free space for movement shall be made available. In relation to personal hygiene – all employees should wash their hands properly and they should be made aware of measures to avoid cross-contamination. Further, among other things, eating, chewing, smoking, spitting and nose blowing shall be prohibited within the premises especially while handling food, and persons suffering from infectious diseases shall not be permitted to work. Any cuts or wounds shall remain covered at all time and the person should not be allowed to come in direct contact with food.

FSSAI Guidance Note on Safety and Quality of Traditional Milk Products ("Traditional Milk Products Guidance Note")

The Traditional Milk Products Guidance Note intends to help FBOs ensure hygiene and sanitation in manufacturing and sale of milk products, particularly sweets. It focuses on enhanced declaration by sellers (including shelf life and use of ghee/vanaspati), guide test for detection of adulteration, quality assessment by observation of flavours, body texture, colour and appearance of sweets etc. It also contains suggestions for addressing adulteration and ensuring effective regulatory compliance. It requires that the general hygiene and sanitary requirements as specified under Schedule IV of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011, should be scrupulously complied with by FBOs dealing in traditional milk-based sweets. In case of pre-packaged milk products, the list of ingredients, the date of manufacturing, and best before or use by date should invariably be mentioned as prescribed under the Food Safety and Standards (Packaging) Regulations, 2018, and Food Safety and Standards (Labelling and Display) Regulations 2020. In case of non-packaged/loose sweets, the container/tray holding the items at the outlet should display the best before or use by date and whether oil/ghee/vanaspati has been used. The record of source of dairy based products should be maintained for sweets. It also categorizes the shelf life of milk-based sweets into very short, short, medium, long, and very long, and provides a list of suggestive logos to indicate the shelf life on the package.

Legal Metrology Act, 2009 (the "Legal Metrology Act")

The Legal Metrology Act has been in force since April 1, 2011 and replaces the Standards of Weights and Measures Act, 1976. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure, or number. The key features of the Legal Metrology Act are (a) appointment of Government approved test centres for verification of weights and measures; (b) allowing the companies to nominate a person who will be held responsible for breach of provisions under the Legal Metrology Act; (c) requirement of licenses for companies in order to manufacture and sell products; and (d) stringent punishment for violation of provisions.

Legal Metrology (Packaged Commodities) Rules, 2011 ("**Packaged Commodities Rules**") lays down specific provisions applicable to packages intended for retail sale and wholesale. A "pre-packaged commodity" is defined as a commodity which without the purchaser being present is placed in a package of a pre-determined quantity. As per the Packaged Commodities Rules, it is illegal to manufacture, pack, sell, distribute, deliver, offer, expose or possess for sale any pre-packaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed. No pre-packaged commodity shall be packed with error in net quantity beyond the limit prescribed in the Packaged Commodity Rules.

Bureau of Indian Standards Act, 2016 (the "BIS Act")

The BIS Act provides for the establishment of a bureau for the standardisation, marking and quality certification of goods. The BIS Act provides for the functions of the bureau which includes, among others (a) recognize as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specify a standard mark to be called the, Bureau of Indian Standards Certification Mark, which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) make such inspection and take such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license.

The Andhra Pradesh (Agricultural Produce and Livestock) Markets Act, 1966 (the "AP Markets Act")

The AP Markets Act was enacted to regulate the purchase and sale of agricultural produce, livestock and products of livestock and the establishment of markets in the state of Andhra Pradesh. To achieve these objectives, a Markets Committee ("**MC**") is set up for every notified area by the Government under the AP Markets Act which are vested with diverse powers such as granting licenses, levy of fees and imposing penalties under the AP Markets Act.

The Telangana (Agricultural Produce and Livestock) Markets Act, 1966 (the "Telangana Markets Act")

The Telangana Markets Act was enacted to regulate the purchase and sale of agricultural produce, livestock and products of livestock and the establishment of markets in the state of Telangana. To achieve these objectives, a Markets Committee ("**MC**") is set up for every notified area by the Government under the Telangana Markets Act which are vested with diverse powers such as granting licenses, levy of fees and imposing penalties under the Telangana Markets Act.

The Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 (the "Karnataka Markets Act")

The Karnataka Markets Act was enacted to regulate the marketing of agricultural and certain other produce in market areas and markets established in the state of Karnataka. The agricultural and other products regulated by the Karnataka Markets Act include butter and ghee. To achieve these objectives, a Markets Committee ("**MC**") is set up for every notified area by the Government under the Karnataka Markets Act which are vested with diverse powers such as granting licenses, levy of fees and imposing penalties under the Karnataka Markets Act.

The Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Act, 2020 replaced the Karnataka Agricultural Produce Marketing (Regulation and Development) (Amendment) Ordinance, 2020 and is deemed to have come into force from May 16, 2020. It amends the parent statute to remove penalty for purchasing and selling notified agricultural produce outside designated market yards or sub-yards, thereby allowing trade in agricultural products outside the designated market areas.

The Tamil Nadu Agricultural Produce Marketing (Regulation) Act, 1987 (the "TN Markets Act")

The TN Markets Act was enacted to regulate the purchase and sale of agricultural produce and the establishment of markets in the state of Tamil Nadu. To achieve these objectives, a Markets Committee ("**MC**") is set up for every notified area by the Government under the TN Markets Act which are vested with diverse powers such as granting licenses, levy of fees and imposing penalties under the TN Markets Act.

The Tamil Nadu Agricultural Produce Marketing (Regulation) Second Amendment Ordinance, 2020, promulgated on May 28, 2020, makes amendments to the parent statute to the effect of establishing whole of Tamil Nadu excluding market areas under the control of MCs as unified market area. It also allows for setting up of private market yards and sub-yards anywhere in the unified market area and allows direct marketing of agricultural produce from farmers outside the MC markets.

Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 ("the FPTC Act")

The FPTC Act allows farmers and traders to trade outside of designated trade areas defined under various agriculture produce marketing committee ("**APMC**") laws enacted by different State legislatures of India. It allows for intra-State and inter-State trade in farmers' produce including dairy. A trader is defined as one who buys farmers' produce by way of inter-State trade or intra-State trade or a combination thereof, either for self or on behalf of one or more persons for the purpose of wholesale trade, retail, end-use, value addition, processing, manufacturing, export, consumption or for such other purpose. It also permits the operation of electronic trading in farmers produce outside of the purview of APMCs. Companies, body corporates, farmer produce associations and cooperatives may engage in electronic trading. It prohibits State governments from levying any market fee, cess, or levy on electronic trading of farmers' produce conducted outside already designated trade areas. It also provides for a dispute resolution mechanism for resolving any dispute between farmers and traders.

Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, 2020

The law provides for contract farming agreements between farmers and buyers prior to production or rearing of any farm produce including dairy. It sets the minimum period of agreement at one production cycle of livestock and maximum period at five years. It requires the farming agreement to specifically mention the price of farming produce and provide for any variations or enhancements, if any. It also provides for a detailed dispute settlement mechanism involving conciliation, magisterial appeal, and appellate authority. It prohibits any action against agricultural land of farmers for recovery of any dues under the contract farming agreements.

Consumer Protection Act, 2019 ("COPRA")

The COPRA came into force on July 20, 2020, and repealed the erstwhile Consumer Protection Act, 1986. It was enacted to protect the interests of consumers and to establish competent authorities for timely and effective settlement of consumer disputes. Like the earlier law, it seeks to provide a mechanism for the consumer to file a complaint against a service provider in cases of unfair trade practices, restrictive trade practices, deficiency in services, price charged being unlawful, and food served being hazardous to life. It also places product liability on a manufacturer or product service provider or product seller, to compensate for injury or damage caused by defective product or deficiency in services. It provides for a three-tier consumer grievance redressal mechanism at the national, state and district levels. It provides for penalty for, among others, manufacturing for sale or storing, selling or distributing or importing products containing adulterants and for publishing false or misleading advertisements. Non-compliance of the orders of the redressal commissions attracts criminal penalties.

COPRA has also introduced a Central Consumer Protection Council to promote, protect and enforce the rights of consumers. It brings e-commerce entities and their customers under its purview including providers of technologies or processes for advertising or selling, online marketplaces or online auction sites. The law also provides for mediation cells for early settlement of the disputes between the parties.

Shops and Establishments Legislations

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. All industries must be registered under the shops and establishments legislations of the State where they are located. There are penalties prescribed in the form of monetary fines or imprisonment for violation of the legislations.

Sale of Goods Act, 1930 (the "Sale of Goods Act")

The Sale of Goods Act governs contracts relating to sale of goods in India. The contracts for sale of goods are subject to the general principles of the law relating to contracts. A contract of sale may be an absolute one, or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of the goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for sale of goods.

Fire Prevention Laws

The state legislatures in India have enacted legislations for fire control and safety, including the Telangana Fire Service Act, 1999, Tamil Nadu Fire Service Act, 1985, Karnataka Fire Force Act, 1964, and Andhra Pradesh Fire Services Act, 1999, which are applicable to our properties established in the respective states. They impose the requirement of obtaining no-objection certificate from the concerned authorities. They also include provisions in relation to provision of fire safety and life saving measures by occupiers of buildings and penalties for non-compliance.

II. Key applicable intellectual property laws

The Copyright Act, 1957 ("Copyright Act")

The Copyright Act governs copyrights subsisting in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings, including computer programmes, tables and compilations including computer databases. Even while copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Copyright Act acts as a prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations.

Trade Marks Act, 1999 ("Trade Marks Act")

The Trademarks Act provides for the registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain relief in case of infringement of such marks. Application for the registration of trademarks has to be made Controller – General of Patents, Designs and Trade Marks who is a Registrar of Trademarks for the purposes of the Trade Marks Act. The Trademarks Act prohibits registration of deceptively similar trademarks. It also provides for penalties for infringement, falsifying and falsely applying trademarks and using them to cause confusion among the public.

III. Laws relating to employment

The Factories Act, 1948 (the "**Factories Act**") defines a "factory" to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers, even while there may not be an electrically aided manufacturing process being carried on. State Governments have the authority to formulate rules in respect of matters such as prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety, and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished with imprisonment for a term up to two years or with a fine in case of contravention of any provisions of the Factories

Act or rules framed thereunder and in case of a contravention continuing after conviction, with a fine of up to ₹1,000 per day of contravention. In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws.

The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in manufacturing activities:

- Child Labour (Prohibition and Regulation) Act, 1986;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees' Compensation Act, 1923;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Industrial Disputes Act, 1947;
- Industrial Employment (Standing orders) Act 1946;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Motor Transport Workers Act, 1961;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Trade Union Act, 1926;
- Workmen's Compensation Act, 1923;
- Shops and Establishment Act; and
- Equal Remuneration Act, 1976
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Industrial Relations Code, 2020 ("Industrial Code")

The Industrial Relations Code intends to consolidate and amend laws relating to trade unions, conditions of employment in industrial establishment or undertaking, investigation and settlement of industrial dispute. It subsumes and replaces the Industrial Disputes Act, 1947, Trade Unions Act, 1926, and Industrial Employment (Standing Orders) Act, 1946.

The Industrial Code empowers the appropriate government to require industrial establishments which employ one hundred or more workers to constitute a works committee consisting of representatives of employer and workers. It requires every industrial establishment with twenty or more workers to have grievance redressal committees for resolution of disputes arising out of individual grievances. It provides for the registrar of trade unions, registration of trade unions and cancellation thereof, and negotiating union or negotiating council for dealing with the employer. It requires every industrial establishment with three hundred or more workers on any day of the preceding twelve months to have certified standing orders as per the provisions of the code. It has provisions pertaining to lay-off and retrenchment of employees, and closure of establishments and compensation provisions in relation thereto. Industrial establishments with not less than three hundred workers on an average per working day in the preceding twelve months need to obtain approval from the appropriate government before any lay-off, retrenchment or closure. It regulates strikes by workers and lock-outs by employers and places conditions for legality of strikes and lock-outs. The Second Schedule of the Industrial Code lists unfair labour practices by employers, trade unions, and workers which are prohibited.

The Industrial Code bars the jurisdiction of civil courts to any matter to which the provisions of the code apply and provides for establishment of industrial tribunals for adjudication of such matters. It also provides for voluntary reference of disputes to arbitration. It provides for monetary fines, penalties and imprisonment in case of contravention of the provisions of the code.

The Industrial Code has received the President of India's assent, and will come into force at a date notified by the Central Government.

The Occupational Safety, Health and Working Conditions Code, 2020 ("OSHWC Code")

The OSHWC Code subsumes and replaces certain existing labour legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. It applies to factories which employ twenty or more workers when manufacturing work is undertaken using power and factories which employ forty or more workers where manufacturing work is undertaken without using power. The provisions on contract labour apply to establishments and contractors employing fifty or more contract workers on any day in the last one year.

Further, the provisions on inter-State migrant workers apply to establishments employing ten or more such workers on any day in the last one year.

The OSHWC Code enlists the rights and duties of the employees and the duties of the employer in relation to safety, health, and working conditions at establishments to which it applies. It contains provisions on standards of health and safety at workplaces, welfare facilities, hours of work and paid leaves, and special conditions on employment of women. It also contains separate provisions on contract labour, building and construction workers, and inter-State migrant workers. It also establishes Occupational Safety and Health Advisory Board at the national and state levels. The OSHWC Code also creates offences for contravention of its provisions and imposes civil and criminal penalties.

The OSHWC Code has received the President of India's assent, and will come into force at a date notified by the Central Government.

The Code on Wages, 2019 ("Wage Code")

The Wage Code amends and consolidates laws relating to wages and bonus. It subsumes and replaces four existing laws, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. It applies to all employees of any employer. It prohibits employers from paying wages below the minimum floor wages set by the State or Central Government. It prohibits any gender discrimination in payment of wages for same or similar work. It provides for a mechanism for fixation of wage periods, deductions, and payment of wages to employees. It mandates payment of annual minimum bonus to employees drawing wages below a threshold fixed by the government. It also provides for the dispute adjudication process between employees and employers as well as civil and criminal penalties for contravention of any provisions in the Wage Code.

The Wage Code has received the President of India's assent, and will come into force at a date notified by the Central Government.

The Code on Social Security, 2020 ("Social Security Code")

The Social Security Code subsumes and replaces certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. The objective of the law is to extend social security to all employees and workers in organised and unorganised sectors.

The Social Security Code, in its schedule, provides for minimum number of workers to be employed in an establishment for different provisions of the code to be applicable to such establishments. In addition to establishments already covered as per the schedule, the Central Government, by notification, can apply the Social Security Code to any establishment employing not less than such number of persons as may be specified in the notification.

The Social Security Code provides for setting up of social security organisations which will oversee the implementation of the law. It also creates offences, including failure to pay employee contributions by the employer, and provides for monetary and criminal penalties.

The Social Security Code has received the President of India's assent, and will come into force at a date notified by the Central Government.

IV. Environment regulations

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. To achieve these objectives, Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be kept renewed.

Environment Protection Act, 1986 ("EPA")

The EPA is the umbrella legislation in respect of the various environmental protection laws in India. Under the EPA, the Government of India is empowered to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, *inter alia*, laying down standards for the quality of environment, standards for emission of discharge of environment pollutants from various sources, as provided under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues. There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of government analysts.

Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the PCB. The Water Act also provides that the consent of the PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent. The Water Act prescribes fines and terms of imprisonment for various contraventions.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use of fuel or chemical reactions must apply in a prescribed form and obtain consent from the PCB prior to commencing any activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent. The Air Act prescribes penalties for contravention in terms of fine, imprisonment or both.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, requires that every occupier of a facility who is engaged in handling of 'hazardous waste' and other wastes is required to obtain an authorization from PCB. It places an obligation on the occupier to prevent, minimize, reuse, recycle, recover, utilize including co-processing, and safe disposal of the waste. It also makes the occupier responsible for safe and environmentally sound management of hazardous and other wastes. It makes the occupier liable for damages caused to environment or third parties. It also prescribes financial penalties for violation of provisions of the rules.

Plastic Waste Management Rules, 2016

Under the Plastic Waste Management Rules, 2016, all institutional generators of plastic waste, are required to inter alia, segregate and store the waste generated by them in accordance with the Solid Waste Management Rules, 2016, and handover segregated wastes to authorized waste processing or disposal facilities or deposition centres, either on its own or through the authorized waste collection agency.

Draft Environment Impact Assessment Notification 2020 ("Draft EIA 2020")

The Ministry of Environment, Forest and Climate Change issued Draft EIA 2020, on March 23, 2020. It proposes to replace the existing Environment Impact Assessment Notification, 2006. It classifies all new projects or activities, including expansion and modernization of projects or activities, into three categories, namely, Category A, Category B1 and Category B2. It contemplates two kinds of approvals, being (i) prior environment clearance from the expert appraisal committee and (ii) environmental permission from concerned regulatory authority.

Projects or activities in Category A and Category B1 will receive prior environmental clearance from expert appraisal committee after completing a six-stage process – scoping, preparation of draft environmental impact assessment report, public consultation, preparation of final environmental impact assessment report, appraisal, and grant or rejection of prior environmental clearance. Projects or activities in Category B2 which require prior environmental clearance from expert appraisal committee must complete a three-stage process – preparation of environment management plan report, appraisal, grant or rejection of prior environmental clearance. Projects or activities in Category B2 which do not require prior environmental clearance from expert appraisal committee must complete a three-stage process – preparation of environment management plan report, verification of completeness of the application by regulatory authority, grant or rejection of prior environment permission.

The Draft EIA 2020 also provides a list of projects and activities exempted from the application of the notification. It also has provisions for monitoring the compliance and dealing with non-compliance of the conditions in prior environmental clearance and prior environmental permission.

V. Tax Legislations

The tax related laws that are applicable to our Company include the Customs Act, 1962, IT Act, the Income Tax Rules, 1962. and GST which includes the Central Goods and Services Tax Act, 2017, various State Goods and Services Tax legislations, and the Integrated Goods and Services Tax Act, 2017.

VI. Laws governing foreign investments

Foreign investment in India is governed by the provisions of FEMA along with the rules, regulations and notifications made by RBI thereunder, and the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP"**) from time to time. Under the current FDI Policy (effective October 15, 2020) 100% foreign direct investment is permitted in the animal husbandry sector, under the automatic route.

As per the SEBI (Foreign Portfolio Investors) Regulations, 2019 ("**SEBI FPI Regulations**"), investments by Foreign Portfolio Investors ("**FPIs"**) in the capital of an Indian company under the SEBI FPI Regulations are subject to individual holding limits of 10% of the total paid up equity capital on a fully diluted basis of the company per FPI. If the investment exceeds the threshold limit of 10% the investor must divest the excess holding within five days of the breach, and if not accordingly divested, the entire investment in the company by the FPI shall be considered as FDI and the FPI will be prohibited from making further investments in the company under the regulations.

Overseas Direct Investment ("ODI")

In terms of the Master Direction No. 15/2015-16 on Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary Abroad issued by the RBI, dated January 1, 2016, an Indian entity can make ODI under the automatic route up to limits prescribed by the RBI, which currently should not exceed 400% of its net worth. ODI can be made by investing in either joint ventures or wholly owned subsidiaries outside India. Any financial commitment exceeding USD one billion (or its equivalent) in a financial year would require prior approval of the RBI.

VII. Key regulations in relation to the milk production and trade sector in Uganda and Kenya

The following is an indicative list of laws applicable to the business and operations of companies engaged in manufacturing activities and in the dairy sector in Uganda:

- Income Tax Act Cap. 340 as amended;
- The Value Added Tax Act Cap. 349;
- The Tax Procedures Code Act, 2014;
- The Stamp Duty Act, 2014 as amended;
- The Companies Act, No. 1 of 2012;
- The Anti-Money Laundering Act, 2013;
- The Common Market for Eastern and Southern Africa Treaty Act;
- The Dairy Industry Act, Cap. 85;
- The Public Health Act, Cap. 281;
- The Food and Drugs Act, Cap. 278;
- The National Environment Act, Cap. 153;
- The Water Act, Cap. 152;
- The Weights and Measures Act, Cap. 103;
- The Trade (Licencing) Act, Cap. 101;
- The Sale of Goods and Supply of Services Act, 2017;
- The Contracts Act, No. 7 of 2010;
- The Employment Act, No. 1 of 2006;
- The Workers Compensation Act, Cap. 225;
- The Occupational Safety and Health Act, 2008;
- The Labour Disputes (Arbitration and Settlement) Act, 2006;
- The National Social Security Fund Act, Cap. 222;
- The Uganda National Bureau of Standards Act, Cap. 327;
- The Investment Code Act, Cap. 92;
- The Local Governments (Rating) Act of 2005;
- The Local Governments (Rating) (Amendment) Act, 2006;
- The Land Act, Cap. 230;
- The Registration of Titles Act, Cap. 227;
- The Local Governments (Amendment) Act No. 2 of 2008; and

- The Trademarks Act, 2010.

The following is an indicative list of laws applicable to the business and operations of companies engaged in manufacturing activities and in the dairy sector in Kenya:

- Constitution of Kenya, 2010;
- Dairy Industry Act Cap 336 Laws of Kenya;
- Agriculture, Fisheries and Food Authority Act, (No. 13 of 2013);
- Standards Act Cap 496 Laws of Kenya;
- Companies Act, 2015;
- Insolvency Act, 2015;
- Business Registration Service Act, 2015;
- Income Tax Act, Cap 470, Laws of Kenya;
- Data Protection Act, 2019;
- Land Act, 2012;
- Land Registration Act, 2012;
- East African Community Customs Management Act, 2004;
- Miscellaneous Fees and Levies Act, 2016;
- Excise Duty Act, 2015;
- Employment Act, (No 11 of 2007);
- Labour Relations Act, (No 14 of 2007);
- Labour Institutions Act, (No 12 of 2007);
- Work Injury Benefits Act, (No 13 of 2007);
- Occupation Safety and Health Act, (No 15 of 2007);
- Value Added Tax Act, 2013;
- Competition Act, (No 12 of 2010);
- National Social Security Fund Act, (No 45 of 2015);
- National Hospital Insurance Fund Act, Cap 255, Laws of Kenya;
- Industrial Property Act, 2001;
- Trade Marks Act, 2001;
- Copyright Act, 2001;
- Anti-Counterfeit Act, 2008;
- Consumer Protection Act, (No 46 of 2012);
- Environmental Management and Coordination Act, Cap 387, Laws of Kenya;
- Law of Contract Act, Cap 23, Laws of Kenya;
- Anti-Corruption and Economic Crimes Act, 2003;
- Proceeds of Crime and Anti-Money Laundering Act, 2009; and
- Bribery Act, 2016.

VIII. Other Regulations

In addition to the above, our Company is also required to, among other things, comply with the provisions of certain other legislations including the Indian Boilers Act, 1923 and the Electricity Act, 2003.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Dodla Dairy Limited on May 15, 1995 at Hyderabad, Andhra Pradesh as a public limited company under the Companies Act, 1956. Our Company commenced business on May 23, 1995. Our Company has not changed its name since incorporation.

Our Company had historically, in various public documents such as annual reports and secretarial filings, named Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Subba Reddy, Dodla Girija Reddy, Dodla Deepa Reddy and D. Padmavathamma as our promoters. Pursuant to a resolution of the Board in its meeting held on July 13, 2018, Dodla Subba Reddy, Dodla Girija Reddy, Dodla Deepa Reddy and D. Padmavathamma were declassified as promoters of our Company and reclassified as promoter group and it was resolved that Dodla Sunil Reddy, Dodla Sesha Reddy and Dodla Family Trust will be the Promoters of our Company. For details of our Promoters, see "*Our Promoter and Promoter Group*" on page 169.

Changes in the Registered Office

Except as disclosed below, there have been no changes in the registered office of our Company since the date of its incorporation:

Date of change of Registered Office	Details of the address of registered office	Reasons for change in the Registered Office
August 10, 2016	From 8-2-696, Road No.12, Banjara Hills, Hyderabad to 8-2-293/82/A/270-Q, Road No 10-C, Jubilee Hills, Hyderabad, Telangana, 500 033	The change in the address of the Registered Office was to situate the office in a Company-owned premise.

Main Objects of our Company

The main objects contained in the MoA of our Company are as follows:

1. *To carry on the Business as manufacturers, processors, producers, preservators, canners, bottlers, makers, packers, repackers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaries in milk, evaporated milk, powdered milk, butter, cheese, cream and all types of milk products, including dairy whitener, non dairy whitener, infant milk formulas, casein, and other related products such as chocolate, coffee, tea and other food preparations and beverages and as confectioners, dairymen, grocers, general provision merchants, refreshment contractors.*

2. *To Buy, sell, manufacture, refine, prepare, pack and deal in all kinds of food including milk food products, beverages, infant foods, dietetic products, and other articles thereof.*

3. *To carry on business of manufacture, processors, producers, growers, makers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaires of and dealers in flour, cakes, pastry, chocolates, confectionery, sweets, fruit drops, sugar glucose, chewing gums, ice cream, fruit juices, canned fruits and fruit products, milk and malted food, horticultural products protein foods, maize products, butter, ghee, cheese and other dairy products*

4. *To carry on animal husbandry and conduct research in livestock, animal nutrition and process animal feed, milk and milk based products, develop new procurement processes, new milk selling techniques and improvements, collect, process milk or milk based products, associated and allied areas of animal husbandry including but not limited to dairy or other such animal husbandry activities incidental or ancillary to the above objects.*

5. *To promote or invest in other companies with specific intent of developing and promoting some or all areas which are incidental or ancillary to Main Objects of the Company.*

The main objects as contained in the MoA enable our Company to carry on the business presently being carried out and the activities proposed to be undertaken pursuant to the objects of the Offer.

Amendments to the MoA

Set out below are the amendments to our MoA in the last 10 years:

Date of Shareholders' Resolution/ Effective date	Particulars
September 24, 2012	Clause III of the MoA was altered to reflect the addition of Clause 4 and 5 to the main objects in the following manner: 4. *To carry on animal husbandry and conduct research in livestock, animal nutrition and process animal feed, milk and milk based products, develop new procurement processes, new milk selling techniques and improvements, collect, process milk or milk based products, associated and allied areas of animal husbandry including but not limited to dairy or other such animal husbandry activities incidental or ancillary to the above objects.* 5. *To promote or invest in other companies with specific intent of developing and promoting some or all areas which are incidental or ancillary to Main Objects of the Company*.
October 20, 2012	Clause V of the MoA was amended to reflect the reclassification in authorised share capital from ₹60,000,000 divided into 3,500,000 Equity Shares of ₹10 each and 2,500,000 Redeemable Preference Shares of ₹10 each to ₹60,000,000 divided into 6,000,000 Equity Shares of ₹10 each.
March 30, 2015	Replacing the old MoA of the Company with a new MoA to bring it in consonance with Table-A of Schedule I of the Companies Act
March 23, 2018	Clause V of the MoA was amended to reflect the increase in authorised share capital from ₹60,000,000 divided into 6,000,000 Equity Shares of ₹10 each to ₹750,000,000 divided into 75,000,000 Equity Shares of ₹10 each.

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Calendar year	Event
2019	• Acquired the Batlagundu and Vedaasandur processing plants pursuant to a business transfer agreement dated February 8, 2019 with KC Dairy Products Private Limited and its shareholder, Chellamuthu Sureshkumar • Commenced operations in Rajahmundry processing plant • OPL acquired a cattlefeed mix plant business from Bharathi Feed Mixing Plant pursuant to a business transfer agreement dated September 6, 2019
2017	• Commenced production in Hyderabad plant • Acquired land for our processing plant in Rajahmundry
2016	Commenced production in Palacode plant
2014	• Commenced production in Indragi plants • Acquired Lakeside Dairy, Uganda and commenced operations • Established large scale farm in Pulivendula under GVC
2012	Commenced production in Mahbubnagar plant
2011	• Commenced production in Tanuku plant • Commenced production in Tumkur plant
2009	• Implemented Microsoft Dynamic ERP across our Company • Established milk powder plant and SMP plant at Nellore
2007	Commenced production in Badvel plant
2007	Commenced production in Sattenapally plant
2004	Commenced production in Palamaner plant
2001	Commenced production in Penumuru plant
1997	Commenced production in Nellore plant

Awards, accreditations and recognitions received by our Company

Key awards, accreditations and recognitions received by us are set forth below:

Calendar year	Awards
2018	Awarded CII Outstanding Performance for best practices in cold storage in large segment
2018	Awarded the HMTV Business Excellence award for the best agri/food processing company
2015	Awarded the TV5 Business Leader award in the food processing (medium) category

Time and cost over-runs

There have been no time and cost over-runs in respect of our business operations

Defaults or re-scheduling of borrowings

There have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Company from any financial institutions or banks.

Lock-out and strikes

As on the date of this Draft Red Herring Prospectus, there have been no lock-outs or strikes at any time in our Company or Subsidiaries.

Accumulated Profits or Losses

There are no accumulated profits and losses of any Subsidiaries that are not accounted for by our Company in the Restated Financial Information.

Significant financial and strategic partners

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partners.

Details of guarantees given to third parties by our Promoter

The guarantees issued by our Promoter Dodla Sunil Reddy to third parties to secure loan facilities have been issued towards loans availed by our Company. The details of such guarantees are as follows:

Sl. No	Name of the lender	Type of facility	Sanctioned guarantee amount (in ₹ million)	Security provided for the facility
1	HDFC Bank Limited	Term loan	150	Exclusive charge on fixed assets of the borrower financed by the term loan. Second pari-passu charge on current assets of the Company.
2	HDFC Bank Limited	Term loan	250	Exclusive charge on fixed assets of the borrower financed by the term loan. Second pari-passu charge on current assets of the Company.
3	HDFC Bank Limited	Working capital loan	200	First pari-passu charge on the entire current assets of the Company, present and future. Second pari-passu charge fixed assets of the Company.
4	The Hong Kong and Shanghai Banking Corporation Limited ("**HSBC**")	Term loan	250	First pari passu charge on the identified properties movable and immovable (present and future). Property at Chendurthy together with buildings and immovable fixed assets. Second pari passu charge on current assets present and future of the borrower.
5	The Hong Kong and Shanghai Banking Corporation Limited	Working capital loan	200	First pari-passu charge on current assets present and future of the borrower. Second pari-passu charge fixed assets (movable and immovable) of the borrower except those exclusively charged to term lenders.
6	ICICI Bank Limited	Term loan	250	First pari-passu charge on fixed assets of the Company along with HSBC covering 1.2 times of the exposure. Second pari passu charge hypothecation on the entire current assets of the Company both present and future except for the investments in mutual funds.
7	ICICI Bank Limited	Working capital loan	225	First pari-passu charge hypothecation of the Company's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables both present and future in a form and manner satisfactory to the bank except investments in mutual fund. Second pari-passu charge entire fixed assets of the Company which are both movable and immovable in nature.

Sl. No	Name of the lender	Type of facility	Sanctioned guarantee amount (in ₹ million)	Security provided for the facility
8	Standard Chartered Bank	Working capital loan	300	Pari-passu first charge on entire current assets of the Company. Pari-passu second charge on entire fixed assets of the Company both present and future (excepting assets specifically charged to Banks)
9	Kotak Mahindra Bank Limited	Working capital loan	300	First pari-passu hypothecation charge to be shared with HDFC Bank Limited, ICICI Bank Limited, HSBC, Standard Chartered Bank on all existing and future receivables/current assets of the borrower. Second pari-passu Charge on moveble fixed assets of the borrower (other than exclusive charged assets like vehicles/assets created out of Standard Chartered Bank external commercial borowing loan). Second pari passu charge on immovable properties of specific properties of the Company (market value ₹261.40 million).
10	International Finance Corporation	Term loan (issued in the form of non-convertible debentures)	1,100	A first ranking security interest on the movable and immovable assets of the Company, acceptable to International Finance Corporation. Second ranking pari-passu charge on current assets of the Company.

The abovementioned guarantees are effective and shall remain in full force until the liabilities under the underlying loan documents are fully discharged by our Company and such discharge/payment/satisfaction of charge is confirmed in writing by the respective lenders. The financial implications in case of default by our Company would entitle the lenders to invoke such guarantees given to the extent of the outstanding loan amount, subject to the terms and conditions specified in the respective deed/letter of guarantee. Our Company has not paid any consideration to our Promoter Dodla Sunil Reddy for providing these guarantees.

Launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see "*Our Business*" on page 121.

Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years

Except as set out below, our Company has not acquired any business/ undertakings, and has not undertaken any mergers, amalgamations or any revaluation of assets, in the last ten years:

Our Company, entered into an MoU in 2014 with Hillside Dairy and Agriculture Limited ("**Hillside Dairy**") for the acquisition of its operations. In furtherance of this MoU, our Subsidiary, LDL acquired the milk processing business of Hillside Dairy through a business transfer agreement dated July 30, 2014 ("**BTA**"). The BTA provides for the transfer of milk processing business of Hillside Dairy to LDL. LDL paid an amount of USD 2.45 million for the transfer of the assets of Hillside Dairy situated in Mbarra, Uganda. Except as stated herein, our Company has neither acquired any entity, business, undertaking, nor undertaken any merger, amalgamation or revaluation of assets.

Our Company has entered into the business transfer agreement dated February 8, 2019 ("**KC BTA**") with KC Dairy Products Private Limited ("**KC Dairy**") and Chellamuthu Sureskhkumar, (shareholder of KC Dairy) (and collectively, the Company, KC Dairy and Chellamuthu Sureshkumar collectively referred to as "**Parties**"), to purchase as a going concern and on a slump sale basis in accordance with the IT Act, *inter alia*, sale assets consisting of all assets including facilities and underlying land on which facilities are located admeasuring 19.33 acres and 19.88 acres respectively at Vedasandur ("**Vedasandur Processing Plant**") and Batlagundu ("**Batlagundu Processing Plant**") in Tamil Nadu, along with all movable and intangible assets in relation to Vedasandur Processing Plant and Batlagundu Processing Plant; all business and commercial rights including permits and licenses for owning and operating Vedasandur Processing Plant, Batlagundu Processing Plant and the underlying land on which Vedasandur Processing Plant and Batlagundu Processing Plant are located; employees whose employment will be transferred to the Company from KC Dairy; goodwill of the business undertaking; data and record of the business undertaking; contracts of the business undertaking, insurance polices of the business undertaking and assumed liabilities consisting of outstanding loans, trade payables, other payables and dealer deposits ("**Business Undertaking**"). The Parties have entered into the KC BTA for the purpose of setting out the terms and conditions pertaining to the transfer of the Business Undertaking from KC Dairy to the Company, and setting out the rights and obligations of the Parties.

Our Subsidiary, OPL ("**Purchaser**") entered into a business transfer agreement dated September 6, 2019 ("**OPL BTA**") with Bharathi Feed Mixing Plant, a partnership firm ("**Seller**"), to purchase the Seller's feed mix plant business ("**Business**") situated at Plot No. 126 & 127 (Assessment No. 1163) "Industrial Develoment Park", Municipal Ward No.38, Chinnachowk Village, Kadapa City, Kadapa Municipal Corporation, Kadapa Sub-District and Kadapa District as a going concern. The Business, *inter alia*, comprises all assets, liabilities, and employees of the Seller, free and clear of all encumberances, with the exception of certain assets such as the cash in hand and bank balances of the Seller. The Purchaser has acquired all fixed and tangible properties used in connection with the operations of the Seller. Additionally, all permits and licenses required in connection to the Business and held by the Seller were transferred pursuant to the OPL BTA. The Seller has also transferred all other rights and privileges to be used in connection with the Business.

Holding Company

Our Company does not have a holding company.

Our Subsidiaries

As on the date of this Draft Red Herring Prospectus, our Company has four subsidiaries.

Dodla Holdings Pte. Limited ("DHPL")

Corporate Information

DHPL was incorporated on June 20, 2014 as a private company under the Companies Act (Cap.50) in the Republic of Singapore. It has its registered office at 1 Robinson Road, #17-00 AIA Towers, Singapore, 048 542.

DHPL is primarily engaged in investment activities and acts as an investment holding company for our Company.

Capital Structure

The issued share capital of DHPL is USD 6,500,000 which comprises 6,606,628 equity shares

Shareholding

Our Company holds the entire issued and paid-up share capital of DHPL.

Dodla Dairy Kenya Limited ("DDKL")

Corporate Information

DDKL was incorporated on May 24, 2017 as a private limited under the Companies Act, 2015 in the Republic of Kenya. It has its registered office at Avocado Towers, LR No. 209/1907, Muthithi Road, P. O. Box 45669 - 00100 - G.P.O Nairobi.

DDKL is primarily engaged in trading of dairy product in Kenya.

Capital Structure

The issued and paid up share capital of DDKL comprises 2,500 equity shares of KES 1,000 each.

Shareholding

Our Company's subsidiary DHPL holds 2,475 equity shares of face value of KES 1,000 each of DDKL constituting 99.00% of the issued and paid up share capital of DDKL.

Lakeside Dairy Limited ("LDL")

Corporate Information

LDL was incorporated on July 15, 2014 as a limited company under the Companies Act No. 1 of 2012 in the Republic of Uganda. It has its registered office at Plot 4-8, Ntengye Road, Mbarara Municipality, Uganda.

LDL is primarily engaged in the business of, inter alia, manufacturing, processing, producing, preserving, canning, bottling, making, packing, re-packing, importing, buying, selling, supplying and distributing milk, evaporated milk, powdered milk, butter, cheese and all types of milk products including dairy whitener, non-dairy whitener to dairymen, grocers, general provision merchants and refreshment contractors.

Capital Structure

The authorised share capital of LDL comprises 200,000 ordinary shares of UGX 10,000 each. The issued and paid up share capital LDL comprises 200,000 ordinary shares of UGX 10,000 each.

Shareholding

Our Company's subsidiary DHPL holds 199,999 equity shares of face value of UGX 10,000 each of LDL constituting 99.99% of the issued and paid up share capital of LDL.

Orgafeed Private Limited ("OPL")

Corporate Information

OPL was incorporated on August 28, 2019 as a private limited company under the Companies Act. It has its registered office at 8-2-293/82/A, Plot No. 270-Q, Road Number 10C, Jubilee Hills, Hyderabad- 500 033, Telangana, India.

OPL is primarily engaged in farming, breeding, agriculture, horticulture and allied activities such as poultry, dairy and livestock farming. Additionally, it is also in the business of seed crushers, manufacturing of and dealing of groundnuts, gingerly, cotton and in the manufacturing of cattle feed.

Capital Structure

The issued and paid up share capital of OPL comprises of 3,000,000 equity shares of ₹10 each.

Shareholding

Our Company holds 2,999,999 equity shares of face value ₹10 each constituting 99.99% of the issued and paid-up share capital of OPL and Venkat Krishna Reddy Busireddy, our CEO, holds one equity share of face value ₹10 constituting 0.01% of the issued and paid-up share capital of OPL as a nominee of our Company.

Common Pursuits between our Subsidiaries/Associate Company and our Company

Each of our Subsidiaries and the Associate Company are not in the same line of business as our Company and there are no common pursuits between our Company and each of our Subsidiaries and the Associate Company

Joint Venture

As of the date of this Draft Red Herring Prospectus, our Company has no joint ventures.

Shareholders' agreements and other agreements

Key terms of subsisting shareholders' agreements

1. ***Amended and Restated Shareholders Agreement dated February 2, 2021 ("Shareholders Agreement") entered into between TPG Dodla Dairy Holdings Pte. Ltd. ("TPG"), International Finance Corporation ("IFC") (with TPG and IFC together being referred to as "Investors"), our Company, our Promoters, Mylktree Consultants LLP and Dodla Deepa Reddy ("Other Shareholders", together with the Investors, "SHA Parties")***

   Our Company, Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Subba Reddy, Dodla Girija Reddy, Dodla Deepa Reddy, D Padmavathamma and TPG had entered into a shareholders agreement dated May 2, 2017, as amended, which granted certain rights to our Company and TPG and imposed certain obligations upon our Company and TPG ("**Erstwhile SHA**"). Pursuant to a subscription agreement dated February 2, 2021 ("**Subscription Agreement**") IFC agreed to subscribe to 2,652,520 Equity Shares (representing 4.55% of the share capital of our Company on such date). In furtherance of the Subscription Agreement, the Shareholders Agreement was entered into between SHA Parties, which supersedes in entirety the Erstwhile SHA and any amendments thereto.

   The Shareholders Agreement confers certain rights and obligations on the SHA Parties. It provides TPG with a put-option for the shares that it holds, and IFC a put-option for the new Equity Shares subscribed pursuant to the Subscription Agreement. The Shareholders Agreement also vests a right of first refusal with TPG on the Equity Shares that any of the Promoters, or a person permitted by the Promoters, or any of the Other Shareholders, propose to transfer. Additionally, the Shareholders Agreement also provides the Promoters a right of first offer on transfers proposed by TPG, tag along rights to both Investors, and affirmative voting rights in relation to certain reserved matters to both Investors. Apart from the aforesaid rights and obligations, the Shareholders Agreement also requires the Company and the Promoters to furnish any such information as may be sought by the Investors, including financial information and relevant board and shareholders' meetings materials. Such information rights will be suspended from the date of filing of the Red Herring Prospectus.

Further, subject to applicable law and TPG holding atleast 10% of the equity shareholding in our Company, the Shareholders Agreements, *inter alia* provides TPG the right to nominate two non-executive directors and one non-executive director, if it holds 5% ("**Investor Directors**"), liable to retire by rotation to the Board of our Company and its committees and sub-committees. Additionally, subject to Shareholders' approval subsequent to culmination of the Offer, the right to appoint a non-executive director on the Board of our Company is proposed to continue and be in force subsequent to the Offer so long as TPG continues to hold at least 5% of the equity share capital of the Company. For further details, please see "*Section VIII: Description of Equity Shares and Terms of Articles of Association*" beginning on page 296.

Additionally, the Shareholders Agreement also confers the Investors with an affirmative voting right to require our Company and our Promoters to initiate the process for listing of the Equity Shares, by way of an initial public offering of our Company and requires consent from one of the Investors for such offering being undertaken at a valuation lower than the threshold and subject to conditions specified therein.

However, upon successful listing of the Equity Shares on a recognised stock exchange in India and without any further action, including any corporate action, by our Company or the Shareholders, the Shareholders Agreement (except as set out above) will terminate and all the rights and obligations thereunder will cease to be in force.

2. Subscription Agreement dated February 2, 2021 between our Company, the Promoters ("Promoters") and International Finance Corporation ("IFC") ("Subscription Agreement")

Our Company, the Promoters and IFC executed the Subscription Agreement pursuant to which IFC has subscribed and paid for 2,652,520 Equity Shares, at a price of ₹ 377 per Equity Shares, for an aggregate amount of ₹ 1,000,000,040. Upon successful share subscription, IFC held 4.55% of the Equity Share of our Company.

3. Share Purchase Agreement dated May 2, 2017 between our Company, TDDHPL, and Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Subba Reddy, Dodla Girija Reddy, Dodla Deepa Reddy, D Padmavathamma ("Promoters") ("TDDHPL SPA 1") as amended by the first amendment to the TDDHPL SPA 1 dated July 3, 2017 ("SPA Amendment")

Our Company executed the TDDHPL SPA 1 and the SPA Amendment, pursuant to which our Promoter, Dodla Sunil Reddy and our Shareholder Dodla Deepa Reddy agreed to transfer 4,163 and 105,216 Equity Shares of face value ₹10 each representing 3.34% of the equity share capital of our Company as on the date of the acquisition, respectively to TDDHPL.

4. ***Share Purchase Agreement dated May 2, 2017 between our Company, TDDHPL and Black River Capital Partners Food Fund Holding (Singapore) Pte. Ltd. ("Erstwhile Investor")("TDDHPL SPA 2")***

Our Company executed the TDDHPL SPA 2 pursuant to which TDDHPL has agreed to purchase 774,823 equity shares of face value ₹10 each, representing 23.66% of the equity share capital of our Company as on the date of the acquisition from the Erstwhile Investor.

5. ***Shareholders Agreement between Indira Gandhi Centre for Advanced Research on Livestock Private Limited ("IGCARL"), International Media and Cultures ("IMAC"), our Company and GVC (together as "Parties") dated August 26, 2009*** ("*SHA*")

Pursuant to the Collaboration Agreement, as described below, our Company has entered into the SHA which conferred certain rights and obligations upon the parties to it, which *inter alia* include, right of IGCARL to appoint at least two directors on the board of GVC, right of IMAC and our Company to appoint the remaining members on the board of GVC and the right to appoint the chairman of the board of GVC, affirmative voting rights in relation to certain reserved matters and management rights to IGCARL, a put option to Parties on the shares allotted to it. Additionally, the SHA also provides a lock in period for the shares held by IMAC and our Company in GVC and a restriction on IMAC and our Company from transferring of shares of GVC without prior written consent of IGCARL.

Key terms of other subsisting material agreements

Except as disclosed below, our Company has not entered into any material agreements other than in the ordinary course of business carried on by our Company.

1. ***Collaboration Agreement dated January 10, 2009 between our Company, International Media and Cultures ("IMAC") and Indira Gandhi Centre for Advanced Research on Livestock Private Limited ("IGCARL") ("Collaboration Agreement")***

Our Company, along with IMAC, have entered into a Collaboration Agreement with IGCARL pursuant to which our joint venture company GVC was incorporated to provide facilities and services to conduct livestock research and related activities. In terms of the Collaboration Agreement, GVC is required to procure necessary scientific apparatus and appoint qualified personnel and other staff to carry out research in the areas, *inter alia*, livestock, life sciences and biotechnology. Additionally, the Collaboration Agreements provides that the land requirements for this project would be met by IGCARL. The Collaboration Agreement also provides for the shareholding of IGCARL in GVC to be limited to 26%. GVC is required to utilize the land granted by IGCARL in terms of the master plan submitted by GVC. The right to transfer of equity shares of all the parties under the Collaboration Agreement is subject to a right of first refusal in favour of the other parties. Our Company along with IMAC, is obligated to use the land granted only for the purposes of the project and nothing else.

2. ***Dairy Project Development Agreement dated April 1, 2014 between our Company and GVC ("DPDA") as amended by addendum dated April 1, 2019 ("DPDA Addendum")***

Pursuant to the Collaboration Agreement, GVC was given possession of land belonging to IGCARL at Pulivendula, Kadapa, Andhra Pradesh for developing and operating a project to provide facilities and services related to livestock research and related products ("**Project Facility Area**"). Subsequently, our Company entered into a DPDA with GVC, in order to effectively use the Project Facility Area. Pursuant to the terms of the DPDA, our Company is required to maintain the dairy livestock at the Project Facility Area, which would be managed by GVC. The milk produced in the Project Facility Area is required to be shared between the Company and GVC in the ratio 75% and 25% respectively. The DPDA is valid for a period of five years from the date of execution and may be renewed for an additional period on mutually agreed terms and conditions. Upon termination of the DPDA, GVC shall continue to remain liable for all outstanding dues payable to our Company up to the effective date of termination, our Company shall be entitled to remove and take back any additions or improvements to the Project Facility Area carried out by our Company which are not permanently fastened to the earth, and take back the livestock belonging to our Company.

Our Company and GVC entered into the DPDA Addendum which increased the validity of the DPDA from its original term of five years to 10 years (valid till March 31, 2024). Under the revised scope and responsibilities, as provided for in the DPDA Addendum, our Company is additionally required to purchase dairy livestock to be maintained at the Project Facility Area, milk the livestock at its cost and depute necessary personnel for the performance of these duties, which previously were the responsibilities of GVC under the DPDA. The DPDA Addendum also mandates our Company to take insurance cover for equipment and machinery owned by our Company and used in the Project Facility Area.

Agreements with Key Managerial Personnel, Director, Promoter or any other employee

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by a Key Managerial Personnel or Director or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors provided that in the event our Company undertakes the Offer, it can have as many number of directors that are required to satisfy corporate governance requirements. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013 in relation to the composition of Board and constitution of our committees.

As on the date of this Draft Red Herring Prospectus, our Board comprises eight Directors.

The following table sets forth details regarding our Board:

Sr. No.	Name, designation, address, occupation, date of birth, nationality, term and DIN	Age (years)	Directorships in other companies
1.	**Dodla Sesha Reddy** ***Designation:*** Chairman and Non- Executive Director ***Address:*** 2, Bishop Wallers Avenue (West), Mylapore, Chennai, 600 004, Tamil Nadu, India ***Occupation:*** Business ***Date of birth:*** December 10, 1941 ***Nationality***: Indian ***Term:*** Liable to retire by rotation ***DIN:*** 00520448	79	*Indian Companies* • Nelcast Limited • Dodla Enterprises Private Limited *Foreign Companies* Nil
2.	**Dodla Sunil Reddy** ***Designation:*** Managing Director ***Address:*** 8-2-696/697 G 04/05 La Creative Heights, Road No. 12, Banjara Hills, Hyderabad, 500 034, Telangana, India ***Occupation:*** Business ***Date of birth:*** February 22, 1968 ***Nationality:*** Indian ***Term:*** For a period of five years from April 1, 2021 to March 31, 2026* ***DIN:*** 00794889	52	*Indian Companies* • Dodla Enterprises Private Limited • Dodla Trusteeship Services Private Limited • Global Vetmed Concepts India Private Limited • Orgafeed Private Limited • Simply Fresh Private Limited • The Federation of Telangana Chambers of Commerce and Industry *Foreign Companies* • Dodla Holdings Pte. Limited • Lakeside Dairy Limited • Dodla Dairy Kenya Limited
3.	**Madhusudhana Reddy Ambavaram** ***Designation:*** Whole-time Director ***Address:*** 10-3-32/9/29/B, East Maredpally, Near OBC Secunderabad, 500 026, Telangana, India ***Occupation:*** Professional ***Date of birth:*** December 10, 1968	52	*Indian Companies* Nil *Foreign Companies* Nil

Sr. No.	Name, designation, address, occupation, date of birth, nationality, term and DIN	Age (years)	Directorships in other companies
	Nationality: Indian ***Term:*** For a period of five years from May 3, 2018 to April 30, 2023* ***DIN:*** 08126380		
4.	**Akshay Tanna** ***Designation:*** Non-Executive Nominee Director ***Address:*** A/72, Darshan Apts, Mount Pleasant Road, Malabar Hill, Nr Chief Ministers Bungalow, Mumbai, 400 006, Maharashtra, India ***Occupation:*** Professional ***Date of birth:*** November 20, 1982 ***Nationality***: Indian ***Term:*** Not liable to retire by rotation ***DIN:*** 02967021	38	*Indian Companies* • Big Tree Entertainment Private Limited • ESS Kay Fincorp Limited • FSN E-Commerce Ventures Private Limited • Landmark Cars Private Limited • Landmark Insurance Brokers Private Limited • Lenskart Solutions Private Limited *Foreign Companies* • Lakeside Dairy Limited • Livspace Pte Ltd
5.	**Raja Rathinam** ***Designation:*** Independent Director ***Address***: p1/6. Second Main Road, Besant Nagar Chennai, 600 090, Tamil Nadu, India ***Occupation***: Management ***Date of birth:*** June 13, 1950 ***Nationality***: Indian ***Term***: Five years from February 1, 2021 ***DIN***: 09045647	70	*Indian Companies* • Nil *Foreign Companies* • Nil
6.	**Ponnavolu Divya** ***Designation***: Independent Director ***Address***: 1 Shore LN APT, PHA, Jersey City, NJ 07310, USA ***Occupation***: Business ***Date of birth:*** June 3, 1983 ***Nationality***: Indian ***Term***: Five years from April 1, 2020 ***DIN***: 05158352	37	*Indian Companies* • Nelcast Limited • NC Energy Limited • Ponnas Infrastructure Private Limited *Foreign Companies* • Uptown Hospitality LLC • MIC USA LLC
7.	**Rampraveen Swaminathan** ***Designation***: Independent Director ***Address***: Fl No-C-1, Block-C, Meenakshi Trident Towers, Near Raheja Mindspace Circle, Gachibowli, 500 032,	46	*Indian Companies* • Mahindra Logistics Limited • Lords Freight (India) Private Limited

Sr. No.	Name, designation, address, occupation, date of birth, nationality, term and DIN	Age (years)	Directorships in other companies
	Telangana, India ***Occupation***: Service ***Date of birth:*** June 30, 1974 ***Nationality***: Indian ***Term***: Five years from July 17, 2018 ***DIN***: 01300682		*Foreign Companies* Nil
8.	**Raman Tallam Puranam** ***Designation***: Independent Director ***Address***: C-3, Ashreya, No. 11/23, Raman Street, T. Nagar, Chennai, 600 017, Tamil Nadu, India ***Occupation***: Retired professional ***Date of birth:*** March 23, 1942 ***Nationality***: Indian ***Term***: Five years from July 17, 2018 ***DIN***: 00320782	78	*Indian Companies* Nil *Foreign Companies* Nil

** Also, liable to retire by rotation*

In compliance with Section 152 of the Companies Act, not less than two-thirds of the Directors, other than our Independent Directors, are liable to retire by rotation.

Relationship between our Directors and our Key Managerial Personnel

Except Dodla Sesha Reddy, who is the father of Dodla Sunil Reddy, none of our Directors are related to each other or to any Key Managerial Personnel.

Brief Biographies of Directors

Dodla Sesha Reddy is the Chairman and non-executive Director on the Board of our Company. He has been associated with our Company for more than 22 years and has dairy industry experience of more than 22 years and has not held any other positions in the past. He is currently a director on the board of Nelcast Limited and Dodla Enterprises Private Limited. He is responsible for ensuring active engagement of board members and effective decision making process to be followed in our board and committee meetings.

Dodla Sunil Reddy is the Managing Director of our Company. He holds a bachelor’s degree in engineering from Mangalore University. He has been associated with our Company since incorporation and has more than 25 years of experience in the dairy industry and has not held any other positions in the past. He is responsible for setting up our business strategy with a focus on accountability, competitive performance and value creation.

Madhusudhana Reddy Ambavaram is a whole-time Director of our Company. He holds a bachelor’s degree in law from Sri Venkateswara University and a master’s degree in business administration from Dr. B.R. Ambedkar Open University. Additionally, he also has a post graduate diploma in human resource management from Pondicherry University, a post graduate diploma in business and administrative management from the Andhra Pradesh Productivity Council and a diploma in journalism from DNF College of Journalism. He is enrolled as an advocate on the rolls of the bar council of the State of Andhra Pradesh. He has previously worked with Imperial Granites Limited and has 14 years of experience in the dairy industry. He is incharge of the legal compliance in relation to industrial and labour laws and the human resource functions of our Company and joined our Company on October 1, 2006.

Akshay Tanna, is, a Non-Executive Nominee Director on the Board of our Company. He holds a bachelor’s degree in economics from the University of Pennsylvania. He has been with TPG Capital India Private Limited since 2011 and is a partner at TPG Growth & Rise Fund in Mumbai. Before this, he has worked in organisations such as Deutsche Bank and Merrill Lynch. He also serves as a director on, *inter alia*, the boards of Lenskart Solutions Private Limited, Big Tree Entertainment Private Limited, ESS Kay Fincorp Limited, FSN E-Commerce Ventures Private Limited, Landmark Cars Private Limited, Landmark Insurance Brokers Private Limited and Livspace Pte Ltd.

Raja Rathinam is an Independent Director on the Board of our Company. He holds a bachelor's degree in science from the University of Madras, Indian dairy diploma from National Dairy Research Institute, a masters degree in dairy science and dairy microbiology from University of Agricultural Sciences, a masters degree in dairy technology from University of Agricultural Sciences, with an award of a gold medal and a Doctor of philosophy in dairy science from Agra University. Additionally, he is also an associate of Institution of Chemists (India). He has more than 40 years of experience in the dairy industry. He has previously been, *inter alia*, associated in various roles with Michael & Sons, Osmania University Department of Dairy Science, National Dairy Research Institute, Tamil Nadu Dairy Development Corporation Limited, Bihar State Co-operative Milk Producers' Federation Limited, Mother Dairy Calcutta. Reliance Dairy Foods Limited and Swiss Development Corporation initiated Swiss Foundation for International Cooperation. He was also a consultant for the World Bank in relation to their Jeevika livelihood promotion project for small and marginal farmers and the managing director of Swaayam Ksheer Producer Company Limited initiated by UNDP under the sustainable development goals of the United Nations. Further, he was also selected as the national advisor to the President of India after working on the Tsunami project with Asian Development Bank and various government organisations. He also been awarded the national productivity award by the Prime Minister of India, the first prize for environmental excellence from the Chief Minister of West Bengal and the Governor of Bihar's award for making significant contributions to the progress in Bihar.

Ponnavolu Divya is an Independent Director on the Board of our Company. She holds a bachelor's degree in engineering from Stevens Institute of Technology, a minor concentration in electrical engineering from the Stevens Institute of Technology and a master's degree in engineering (networked information system) from Stevens Institute of Technology. Additionally, she has also completed a graduate certificate program in wireless communications from Stevens Institute of Technology. She has various years of experience and was previously working with Deutsche Bank as Global Head for Change Governance, SLM Operations, Configuration Management and PC Power Management. She also serves as a director on the boards of Nelcast Limited, NC Energy Limited and Ponnas Infrastructure Private Limited and is also a member of Uptown Hospitality LLC. She is also the Vice President of Sri Sri Venkateswara Educational Society, under which, she is the co-founder of Avenues School.

Rampraveen Swaminathan is an Independent Director on the Board of our Company. He holds a bachelor's degree in commerce from St. Joseph's College of Commerce and a post graduate diploma in management from the T.A. Pai Management Institute. He over 10 years of experience in various industries and has previously worked with Cummins India Limited and International Paper (India) Private Limited, where he was the president and managing director for a period of over two years. He is currently also on the board of Mahindra Logistics Limited and Lords Freight (India) Private Limited.

Raman Tallam Puranam is an independent Director on the Board of our Company. He holds a bachelor's degree and a master's degree in commerce from Osmania University. He has previously worked with SBI Capital Markets Limited and was the managing director and chief executive officer of Sundaram Asset Management Company Limited for over 15 years.

Confirmations

None of our Directors are, or were a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

None of our Directors are, or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company.

Terms of appointment of the Directors

1. Remuneration to executive Directors:

Dodla Sunil Reddy

The terms of appointment of Dodla Sunil Reddy are as per the employment agreement dated February 8, 2021 ("**DSR Employment Agreement**").

Term	From the effective date of the DSR Employment Agreement, i.e. February 8, 2021 for a period of five years or until till the termination of the same as provided for in the DSR Employment Agreement

Compensation and benefits	As per the terms of the DSR Employment Agreement, our Managing Director is entitled to a remuneration which shall not exceed ₹75.00 million per annum in any financial year and he is entitled to annual remuneration of ₹26.08 million; In addition to this, he is also entitled to the following allowances and perquisites- • Two cars with drivers maintained by the Company for official use and for residential use; • Salary advances and loans as per the policy of our Company; • Earned leave but not availed will be paid at the time of retirement/leaving our Company. However, if there are more than 60 earned leaves ("**ELs**") in a calendar year, those ELs shall be paid on annual basis as per Company policy; • One time membership fee of ₹4 million in two premium club and reimbursement of annual subscription fee in the premium clubs, up to a maximum amount of ₹0.6 million per annum with family members; • Contribution to provident fund @12% on basic per month and contribution towards gratuity as per Payment of Gratuity Act, 1972; and • House keeping, security allowance and utility allowance up to max of 4.08 million per annum
Termination	The DSR Employment Agreement may be, *inter alia*, terminated by way of the following- • Our Company or the Managing Director may terminate the DSR Employment Agreement by giving a 12 month prior notice after such commitment period as provided for in the DSR Employment Agreement; and • Our Company may terminate the DSR Employment Agreement without notice and payment in lieu of notice if (i) in the reasonable opinion of the Company, the Managing Director has committed any material breach of the DSR Employment Agreement (including without limitation the human resources policy) or the Transaction Documents as provided in the Shareholders' Agreement, (ii) breached fiduciary duty, made false representations, submitted false documents, suppressed material facts, been grossly negligent or committed wilful misconduct or such misdemeanour which is likely to affect or which affects the reputation or operations of the Company, and (iii) committed any offence involving moral turpitude with respect to the Company

During Financial Year 2020, Dodla Sunil Reddy was a paid remuneration of ₹33.10 million by the Company. Further, he has not been paid any remuneration in Financial Year 2020 by our Subsidiaries, including contingent or deferred compensation for Financial Year 2020.

Madhusudhana Reddy Ambavaram

The terms of appointment of Madhusudhana Reddy Ambavaram are as per employment agreement dated May 4, 2018 as amended by employment amendment agreement dated January 18, 2021 ("**MR Employment Agreement**")

Term	From the effective date of the MR Employment Agreement, i.e. May 4, 2018 till the termination of the same as provided for in the MR Employment Agreement
Compensation and benefits	As per the terms of the MR Appointment Agreement, our whole-time Director is entitled to a gross salary between ₹2.59 million and ₹6.00 million per annum. In addition to this, he is also entitled to the following allowances and perquisites- • Encashment of earned leaves but not availed. However, if there are more than 60 ELs in a calendar year, those ELs shall be paid on annual basis as per Company policy; • Employer provident fund, exgratia and gratuity as per company policy; and • Vehicle maintenance and fuel at the rate of ₹0.147 million per annum
Termination	The MR Employment Agreement may be, *inter alia*, terminated by way of the following- • Our Company or the Whole-time Director may terminate the MR Employment Agreement by giving 3 month prior notice; and • Our Company may terminate the MR Employment Agreement if (i) in the reasonable opinion of the Company, the Whole-time Director has committed any material breach of the MR Employment Agreement or the Shareholders' Agreement, (ii) breached fiduciary duty, made false representations, submitted false documents, suppressed material facts, been grossly negligent, committed wilful misconduct or such act which is likely to affect the reputation or operations of the Company, and (iii) committed any offence involving moral turpitude with respect to the Company

During Financial Year 2020, Madhusudhana Reddy Ambavaram was a paid remuneration of ₹ 2.80 million by the Company. Further, he has not been paid any remuneration in Financial Year 2020 by our Subsidiaries, including contingent or deferred compensation for Financial Year 2020.

2. Remuneration to non-executive Directors:

While our Company has, pursuant to a board resolution dated December 17, 2015, fixed ₹50,000 payable to our non–executive Independent Directors for attending the meetings of our Board and its committees thereof, non-executive Directors are entitled to receive sitting fees for attending meetings of the Board or any committees thereof as detailed in their detailed letter of appointments.

Our Company does not pay any sitting fees to our non-executive Nominee Director for attending the meetings of our Board or the committees thereof.

Additionally, our Company, pursuant to a board resolution dated July 15, 2020 and a shareholders' resolution dated September 30, 2020, pays a consultancy fee of ₹0.32 million per month for a period of five years from January 1, 2021 to our Chairman, Dodla Sesha Reddy. Additionally, before the board resolution dated July 15, 2020 and the shareholders' resolution dated September 30, 2020 he was paid a consultancy fee of ₹0.30 million per month.

The details of the remuneration paid to the Non-Executive Directors of our Company in Fiscal 2020 are set forth in the table below:

S.No.	Name of the Director	Sitting fees paid (in ₹million)	Remuneration (in ₹ million)
1.	Dodla Sesha Reddy	Nil	3.60*
2.	Akshay Tanna	Nil	Nil
3.	Kishore Mirchandani**	0.60	Nil
4.	Ponnavolu Divya	0.50	Nil
5.	Rampraveen Swaminathan	0.80	Nil
6.	Raman Tallam Puranam	0.30	Nil
7.	Raja Rathinam	Nil	Nil

**paid as consultancy fee*
***resigned with effect from January 21, 2021*

Arrangement or understanding with major Shareholders, customers, suppliers or others

Other than our Director, Akshay Tanna, who has been nominated to our Board pursuant to the Shareholders' Agreement, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors has been appointed on the Board. For further details, "*History and Certain Corporate Matters- Summary of Key Agreements and Shareholders' Agreements*" on page 151.

Shareholding of Directors in our Company

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, none of our Directors hold any Equity Shares:

Name of Director	Number of Equity Shares
Dodla Sesha Reddy	556,716
Dodla Sunil Reddy	82,690,38

Our Articles of Association do not require our Directors to hold any qualification shares.

Interest of Directors

All Directors may be deemed to be interested to the extent of fees payable to them, if any, for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Except as stated in "*Our Promoter and Promoter Group*" on page 169 none of our Directors have any interest in any property acquired or proposed to be acquired of our Company or in the promotion or formation of our Company.

Certain of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them or the shareholder they represent. In particular, our non-executive Nominee Director, may be deemed to be interested to the extent of the shareholding of TDDHPL in our Company.

None of our Directors are interested in any transaction of land, construction of building and supply of machinery etc.

No loans have been availed by our Directors from our Company or Subsidiaries.

None of the beneficiaries of loans, advances and sundry debtors are related to our Directors.

None of our Directors are party to any bonus or profit sharing plan of our Company.

Service Contracts with Directors and Key Management Personnel

Our Company has entered into an employment agreement dated July 3, 2017, as amended by employment amendment agreement date January 18, 2021 with Venkat Krishna Reddy Busireddy pursuant to which he is entiled to certain benefits upon termination of employment. Except the aforestated employment agreement and except as disclosed under " – *Terms of appointment of the Executive Directors*" on page 157, none of our Directors and the Key Management Personnel have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment, and statutory benefits payable upon termination of employment in our Company or upon retirement.

Changes in our Board in the last three years

The changes in our Board in the last three years preceding the date of filing of this Draft Red Herring Prospectus are as follows:

Name	Date of Appointment/ Change/ Cessation	Reason
Zubin Jamshed Irani	March 23, 2018	Redesignated as a Director
Madhusudhana Reddy Ambavaram	May 3, 2018	Appointed as a whole-time director
Rampraveen Swaminathan	July 13, 2018	Appointed as an additional independent Director
Raman Tallam Puranam	July 13, 2018	Appointed as an additional independent Director
Akshay Tanna	July 13, 2018	Redesignated as nominee Director
Rampraveen Swaminathan	July 17, 2018	Redesignated as an independent Director
Raman Tallam Puranam	July 17, 2018	Redesignated as an independent Director
Zubin Jamshed Irani	August 2, 2018	Resigned as a Director
Kishore Mirchandani	January 21, 2021	Resigned as a Director
Raja Rathinam	February 1, 2021	Appointed as an additional independent Director

Borrowing Powers of Board

In accordance with the Articles of Association and pursuant to a resolution passed by the Shareholders of our Company on July 17, 2018, our Board is authorised to borrow such sum or sums of money or monies for the purposes of the business of our Company as may be required from time to time either in foreign currency and/ or in Indian rupees, on such terms and conditions and with or without security as our Board may think fit, which together with the monies already borrowed by our Company, may exceed the aggregate for the time being of the paid up capital of our Company and its free reserves, provided that the total amount of money/ monies so borrowed by our Board shall not at any time exceed the limit of ₹5,000 million.

Corporate Governance

The corporate governance provisions of the SEBI Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the stock exchanges, BSE and NSE. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof and formulation of policies. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board committees, as required under law.

Committees of our Board

Audit Committee

The members of the Audit Committee are:

(a) Raman Tallam Puranam (*Chairman*);

(b) Rampraveen Swaminathan;

(c) Raja Rathinam; and

(d) Dodla Sunil Reddy

The Audit Committee was constituted by a meeting of our Board held on May 15, 2015 and last reconstituted on February 2, 2021. The terms of reference of the Audit Committee were last amended by a resolution of our Board dated February 2, 2021. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and SEBI Listing Regulations and its terms of reference include the following:

a) Overseeing the Company’s financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

c) management letters / letters of internal control weaknesses issued by the statutory auditors;

d) internal audit reports relating to internal control weaknesses;

e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;

f) statement of deviations:

a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended;

b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

g) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the internal auditor, cost auditor and statutory auditor and the fixation of audit fee;

h) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;

i) Approving payments to the statutory, internal and cost auditors for any other services rendered by statutory, internal and cost auditors;

j) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;

(ii) Changes, if any, in accounting policies and practices and reasons for the same;

(iii) Major accounting entries involving estimates based on the exercise of judgment by management;

(iv) Significant adjustments made in the financial statements arising out of audit findings;

(v) Compliance with listing and other legal requirements relating to financial statements;

(vi) Disclosure of any related party transactions; and

(vii) Qualifications and modified opinions in the draft audit report

k) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

l) Scrutiny of inter-corporate loans and investments;

m) Valuation of undertakings or assets of the Company, wherever it is necessary;

n) Evaluation of internal financial controls and risk management systems;

o) Approval or any subsequent modification of transactions of the Company with related parties, provided that the audit committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

Explanation: *The term "related party transactions" shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.*

p) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

q) Evaluating undertakings or assets of the Company, wherever necessary;

r) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

s) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

t) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

u) Discussion with internal auditors on any significant findings and follow up thereon;

v) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

w) Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

x) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

y) Approval of appointment of the chief financial officer (*i.e.*, the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

z) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

aa) Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws;

bb) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

cc) To investigate activity within its terms of reference;

dd) To seek information from any employees;

ee) To obtain outside legal or other professional advice;

ff) To secure attendance of outsiders with relevant expertise, if it considers necessary;

gg) To have full access to the information contained in the records of the Company;

hh) Management discussion and analysis of financial condition and result of operations;

ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

jj) Management letters/letters of internal control weaknesses issued by the statutory auditors;

kk) Internal audit reports relating to internal control weaknesses;

ll) The appointment, removal and terms of remuneration of the chief internal auditor;

mm) Statement of deviations:

(1) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and

(2) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

Stakeholders Relationship Committee

The members of the Stakeholders Relationship Committee are:

a. Raman Tallam Puranam (*Chairman*);

b. Akshay Tanna

c. Dodla Sunil Reddy

The Stakeholders Relationship Committee was constituted by our Board of Directors at their meeting held on July 13, 2018. The terms of reference of the Stakeholders' Relationship Committee, *inter alia*, include the following:

1. redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission of shares

and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;

2. giving effect to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

3. dematerialisation of shares and re-materialisation of shares, issue of duplicate certificates and new certificates on split/consolidation/renewal;

4. overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and

5. carrying out any other function as prescribed under the SEBI Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law."

Nomination, Remuneration and Compensation Committee

The members of the Nomination and Remuneration Committee are:

(a) Rampraveen Swaminathan (*Chairman*);

(b) Raman Tallam Puranam;

(c) Dodla Sesha Reddy; and

(d) Akshay Tanna

The Nomination, Remuneration and Compensation Committee was constituted by a meeting of our Board held on May 15, 2015 and was last reconstituted on February 2, 2021. The terms of reference of the Nomination, Remuneration and Compensation Committee were amended by a resolution of our Board dated July 13, 2018. The scope and function of the Audit Committee is in accordance with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations and its terms of reference include the following:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b) Formulation of criteria for evaluation of performance of independent directors and the Board;

c) Devising a policy on Board diversity;

d) Identify persons who are qualified to become directors or 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. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

e) Analysing, monitoring and reviewing various human resource and compensation matters;

f) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 including the following:

    (i) administering the "Dodla Dairy Limited Employee Stock Option Plan 2018" (the "**Plan**");

    (ii) determining the eligibility of employees to participate under the Plan;

    (iii) granting options to eligible employees and determining the date of grant;

    (iv) determining the number of options to be granted to an employee;

    (v) determining the exercise price under of the Plan;

(vi) deciding on matters such as quantum of and milestones for grant, eligibility of employees who shall be entitled to grant of options, vesting period and conditions thereof, termination policies etc. and

(vii) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Plan;

j) Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:

(i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

(ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;

k) Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and

l) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

(a) Dodla Sesha Reddy (Chairman);

(b) Akshay Tanna; and

(c) Ponnavolu Divya

The Corporate Social Responsibility Committee was constituted by our Board at their meeting held on May 15, 2015 and was last reconstituted on July 13, 2018. The terms of reference of the Corporate Social Responsibility Committee include the following:

a) Formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;

b) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

c) Recommending the amount of corporate social responsibility policy expenditure for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

d) Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;

e) Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

f) Reviewing and monitoring the implementation of corporate social responsibility policy of the Company, from time to time and programmes thereunder, and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

g) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

IPO Committee

The members of the IPO Committee are:

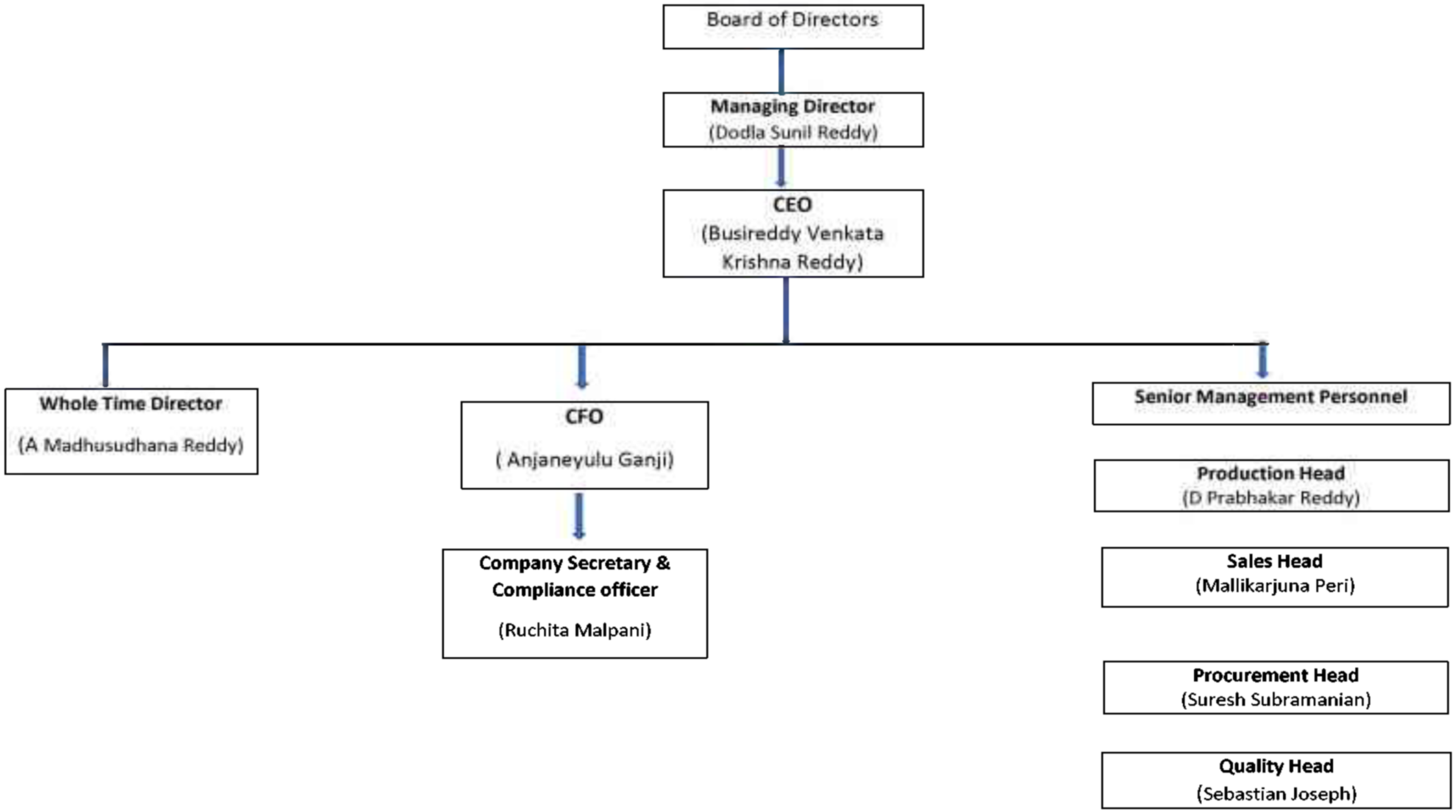
(a) Rampraveen Swaminathan (Chairman);

(b) Dodla Sunil Reddy

(c) Akshay Tanna

The IPO Committee was constituted by our Board of Directors on July 13, 2018 and was last re-constitued on February 2, 2021. The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, to approve this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, to decide the terms and conditions of the Offer, including the Price Band and the Offer Price, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time.

Organizational Structure



Key Management Personnel

The details of the Key Management Personnel of our Company are as follows:

For details in relation to Dodla Sunil Reddy and Madhusudhana Reddy Ambavaram, our Managing Director and whole-time director respectively, see "– *Brief Biographies of Directors*" and "– *Terms of Appointment of the Executive Directors*" on pages 156 and 157.

Anjaneyulu Ganji is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from Acharya Nagarjuna University and has cleared the Professional Education Examination- I held by the Institute of Chartered Accountants of India. He has completed the IIMA-Cummins Management Education Programe conducted by the Indian Institute of Management Ahmedabad and Six Sigma Belt Training conducted by Cummins. He has various years of experience in accounting roles in various industries. Prior to joining our Company, he was associated with Tata Cummins Private Limited and Maersk. Anjaneyulu Ganji joined our Company on January 25, 2021. Since Anjaneyulu Ganji joined our Company in Fiscal 2021, our Company did not pay any compensation to him during Fiscal 2020.

Venkat Krishna Reddy Busireddy is the Chief Executive Officer of our Company. He holds a bachelor's degree in dairy technology from Osmania University. He has over 35 years of experience in the dairy sector. He has been with our Company for more than 23 years. Prior to joining our Company, he was associated with Premier Extractions Limited. He was appointed as a Key Management Personnel on March 26, 2015. During Fiscal 2020, he was paid a compensation of ₹17.22 million

Ruchita Malpani is the Company Secretary and Compliance Officer of our Company. She holds a bachelor's degree in commerce from Osmania University College for Women and is as a fellow member of the ICSI. She has also cleared the examinations to obtain a LL.B. degree from Osmania University. Prior to joining our Company, she was associated with GVK Technology and Consultancy Services Private Limited as the assistant company secretary. She has over seven years of experience in various industries. Ruchita Malpani joined our Company on February 10, 2016, when she was appointed as the Company Secretary of our Company. She is also the presiding officer of our Company's Internal Compliants Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 and also the vigilance and ethics officer of our Company. She was appointed as a Key Management Personnel on April 1, 2016. She has been appointed as the Compliance Officer pursuant to resolution dated February 2, 2021. During Fiscal 2020, she was paid a compensation of ₹0.89 million.

Senior Management Personnel

The details of the senior management personnel as of the date of this Draft Red Herring Prospectus are as follows:

D Prabhakar Reddy is the consultant, production and maintenance for our Company. He holds an Indian dairy diploma in dairy technology from Indian Council of Agricultural Research. He joined our Company in 2019. He previously worked with Cuddapah District Cooperative Milk Producers Union Limited for various years.

Mallikarjun Peri is the general manager, milk sales department of our Company. He joined our Company in 2020. He previously worked with MK Agrotech Private Limited and Metro Cash & Carry India Private Limited for various years.

Sebastian Joseph is the quality head of our Company. He holds a bachelor's degree in agricultural engineering from University of Allahabad and a master's degree in technology from Indian Institute of Technology, Kharagpur and a post graduate diploma in production management from St. Joseph's College of Business Administration. He also obtained certification from IRCA for completion of training courses on ISO/FSSC 22000 for food safety management systems. He has also completed the ISO 9000 auditor/lead auditor training course and completed IRCA certified energy management systems auditor/lead auditor training course. He has previously worked with the National Dairy Development Board and has over 32 years of experience.

Suresh Subramanian is the deputy manager, procurement department of our Company. He holds a bachelor's degree of science in microbiology from the University of Madras, a masters degree of science in microbiology from Madurai Kamaraj University and a post graduate diploma in marketing management from Annamalai Univeriesty. He joined our Company in 2011. He previously worked with Winner Dairy Private Limited, South Arcot District Cooperative Milk Producers' Union Limited for various years.

Status of Key Managerial Personnel

All the Key Management Personnel are permanent employees of our Company.

Shareholding of Key Management Personnel

Except as disclosed below, none of our Key Management Personnel hold any Equity Shares as of the date of filing of this Draft Red Herring Prospectus:

Name	Number of Equity Shares
Dodla Sunil Reddy	8,269,038
Venkat Krishna Reddy Busireddy	679,201
Total	**8,948,239**

Bonus or profit sharing plan of the Key Management Personnel

None of our Key Managerial Personnel is party to any bonus or profit sharing plan of our Company, other than the performance linked incentives given to them.

Interests of Key Management Personnel

Except Dodla Sunil Reddy who is our Promoter and holds 8,269,038 Equity Shares and Venkat Krishna Reddy Busireddy, who is our CEO and holds 679,201 Equity Shares in our Company and options granted to him under our ESOP Plan, as on the date of filing of this Draft Red Herring Prospectus and as stated in relation to Dodla Sunil Reddy in "*Our Promoter and Promoter Group*" on page 169 and "*Capital Structure*" on page 57, the other Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Venkat Krishna Reddy Busireddy, one of our Key Management Personnel has been granted employee stock options under the ESOP Plan.

None of the Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration. There is no contingent or deferred compensation payable to our Key Management Personnel which does not form part of their remuneration.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel was selected as key managerial personnel.

Relationship among Key Managerial Personnel

None of the Key Management Personnel are related to each other.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years preceeding the date of filing of this Draft Red Herring Prospectus are as follows:

Name	Designation	Date of change	Reason for change
Madhusudhana Reddy Ambavaram	Whole-time Director	May 3, 2018	Appointment
Hemanth Kundavaram	Chief Financial Officer	July 13, 2018	Appointment
Hemanth Kundavaram	Chief Financial Officer	January 1, 2021	Resigned
Anjaneyulu Ganji	Chief Financial Officer	February 2, 2021	Appointment

Service Contracts with Directors and Key Managerial Personnel

Other than statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Managerial Personnel have entered into a service contract including termination/ retirement benefits with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Contingent and deferred compensation payable to our Director and Key Managerial Personnel

There is no contingent or deferred compensation accrued for Financial Year 2020 which is payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

Payment or benefit to Key Managerial Personnel

Other than the payment of special interim reward of ₹ 9.56 million to Venkat Krishna Reddy Busireddy by a board resolution dated February 2, 2021 and except as stated in this section, no non-salary amount or benefit has been paid or given to any of our Key Managerial Personnel within the two years preceding the date of this Draft Red Herring Prospectus or is intended to be paid or given.

Employees Stock Options

For details in relation to the ESOP Plan and options granted to our Directors and Key Management Personnel, see *"Capital Structure – Employee Stock Option Schemes"* on page 64.

OUR PROMOTER AND PROMOTER GROUP

Our Promoters

Dodla Sunil Reddy, Dodla Sesha Reddy and the Dodla Family Trust are the Promoters of our Company.

Our Promoters hold an aggregate of 24,970,631 Equity Shares, aggregating to 42.81% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. Dodla Sesha Reddy holds 556,716 Equity Shares, Dodla Sunil Reddy holds 8,269,038 Equity Shares in our Company and Dodla Family Trust holds 16,144,877 Equity Shares in our Company. For further details, see "*Capital Structure*" on page 57.

Our Company had historically, in various public documents such as annual reports and secretarial filings, named Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Subba Reddy, Dodla Girija Reddy, Dodla Deepa Reddy and D. Padmavathamma as our promoters. Pursuant to a resolution of the Board in its meeting held on July 13, 2018, Dodla Subba Reddy, Dodla Girija Reddy, Dodla Deepa Reddy and D. Padmavathamma were declassified as promoters of our Company and reclassified as promoter group and it was resolved that Dodla Sunil Reddy, Dodla Sesha Reddy and Dodla Family Trust will be the Promoters of our Company.

Details of our Promoters

Dodla Sesha Reddy

Dodla Sesha Reddy, aged 79 years, is the Chairman and non-executive Director on the Board of our Company. For further details, see "*Our Management – Brief Biographies*" on page 156.

He holds a driver's license no. AP02619830002257. His PAN is AAZPD4182D and Aadhaar card number is [redacted].

Dodla Sunil Reddy

Dodla Sunil Reddy, aged 52 years, is the Managing Director of our Company. He is a resident Indian national For further details, see "*Our Management – Brief Biographies*" on page 156.

He holds a driver's license no. TS00920180017694. He holds a voter's identification card bearing no. FYY5578224. His PAN is ABVPD5654K and Aadhaar card number is [redacted].

Our Company confirms that the PAN, passport number and bank account number of Dodla Sesha Reddy and Dodla Sunil Reddy will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus with them.

Dodla Family Trust

Trust Information

Dodla Family Trust was formed pursuant to a trust deed dated May 11, 2018 (the "**Trust Deed**"). The office of Dodla Family Trust is located at 301, 3rd Floor, NED Chambers, 8-2-694/697, Road No. 12, Banjara Hills, 500 034, Hyderabad, Telangana.

Dodla Sunil Reddy and Dodla Sesha Reddy are the settlors of the Dodla Family Trust .

Board of Trustees

The Trustees of Dodla Family Trust as on date of this Draft Red Herring Prospectus are Dodla Trusteeship Services Private Limited and Dodla Sesha Reddy.

Beneficiaries of Dodla Family Trust

The beneficiaries of Dodla Family Trust include (i) Dodla Girijamma; (ii) Dodla Sunil Reddy; (iii) D. Rahul Reddy; (iv) D. Silpa Reddy; (v) D. Swapna Reddy (collectively the "**Immediate Beneficiaries**"). Additionally, after Dodla Sunil Reddy's lifetime, his grandchildren would be considered beneficiaries of Dodla Family Trust. Further, in case of D. Rahul Reddy, D. Silpa Reddy and D. Swapna Reddy, the beneficiaries will also include their children out of wedlock (with Immediate Benefiaries, the "**Beneficiaries**").

Objects and Function

The overall objective of Dodla Family Trust is to provide for well-being of the Beneficiaries. Other objects, *inter alia*, include (i) to retain close family bonds and ensure unity amongst the family members; and (ii) to provide a framework for succession.

Under the Trust Deed, the trustees of Dodla Family Trust have certain rights and obligations. These rights and obligations *inter alia,* include the rights to carry out and operate all transactions in the name of Dodla Family Trust, diligently exercise their duties in achieving the objectives of Dodla Family Trust and maintain proper accounts with respect to the administration of Dodla Family Trust.

Our Company confirms that the permanent account number and bank account number of Dodla Family Trust will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus with the Stock Exchanges.

Change in control

There has been no change in control of Dodla Family Trust in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Interests of our Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding in our Company and the dividend payable, if any and other distributions in respect of the Equity Shares held by them. For details regarding the shareholding of our Promoters in our Company, see "*Capital Structure*" and "*Our Management*" on pages 57 and 154, respectively. Dodla Sunil Reddy is the Managing Director of our Company and Dodla Sesha Reddy is the Chairman and Non-Executive Director of our Company and hence they may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them. For further details, see "*Our Management – Interest of Directors*" on page 159. Except as disclosed in the "*Capital Structure"* and "*Our Management*" on pages 57 and 154 respectively, our Promoters have no other interests in our Company.

Our Promoters are not interested in the properties acquired or proposed to be acquired by our Company in the three years preceding the date of this Draft Red Herring Prospectus with SEBI.

Further, none of our Promoters have any interest in any transaction by our Company for acquisition of land, construction of building and supply of machinery.

Except as disclosed in the sections "*Our Group Companies*" and "*Our Management*" on pages 172 and 154, respectively, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as disclosed in this Draft Red Herring Prospectus, our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by him or by such firm or company in connection with the promotion or formation of our Company.

Payment or Benefits to our Promoters

Except as stated in the sections "*Related Party Transactions*", "*Financial Statements*" and "*Our Management*" beginning on page 12, 177 and 154 respectively, there has been no amount or benefit paid or given, respectively, to our Promoters or Promoter Group during the two years prior to date of this Draft Red Herring Prospectus and no amount or benefit is intended to be paid or given to any of our Promoters or members of the Promoter Group.

Change in the control of our Company

There has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus. Although Dodla Family Trust was classified as a promoter of the Company in 2018, there has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Material guarantees given by our Promoters to third parties with respect to Equity Shares

Our Promoters have not given any material guarantees to any third party with respect to the Equity Shares.

Companies with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Promoter Group

In addition to our Promoters, the following individuals and entities constitute our Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

A. Natural persons who are part of our Promoter Group

1. Dodla Deepa Reddy;
2. Dodla Girija Reddy;
3. D. Silpa Reddy;
4. Dodla Subba Reddy;
5. Bommi Surekha Reddy;
6. D. Swapna Reddy;
7. G. Santhamma;
8. K.Haritha;
9. M.Sreenivasulu Reddy;
10. M. Syama Reddy;
11. P.Dwaraknath Reddy;
12. P.JaganMohan Reddy
13. P.Sudhakar Reddy;
14. M. Sridhar Reddy
15. T.Praveena; and
16. V. Nirmala

B. Entities forming part of our Promoter Group

1. American Dairy and Foods Consulting Laboratories INC
2. Adfac Laboratories Private Limited;
3. Cherryhills LLP;
4. D Soft India Private Limited;
5. Dodla Dairy (Vinjumur);
6. Dodla Engineering;
7. Dodla Enterprises Private Limited;
8. Dodla Natural Products LLP
9. Dodla Nutri feeds LLP;
10. Dodla Sunil Reddy (HUF);
11. Dodla Trusteeship services Private Limited;
12. Freshfridge Food and Tech LLP;
13. Hanslot Pile Foundation;
14. Krishe Sapphire Management Company Private Limited;
15. Mylktree Consultants LLP;
16. Reddy Builders LLP; and
17. Surekha Milk Chilling Centre;

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations and pursuant to the resolution passed by our Board at its meeting held on February 4, 2021, group companies of our Company shall include (i) the companies (other than the Promoter and Subsidiaries) with which there were related party transactions as per the Restated Financial Information for the last three Financial Years (and stub period if any, in respect of which, Restated Financial Information are included in the Offer Document), and such other companies as considered material by the Board.

Accordingly, in terms of the policy adopted by our Board for determining group companies, our Board has identified Oremus Corporate Services Private Limited, Global Vetmed Concepts Private Limited, D Soft India Private Limited and Tropical Bovine Genetics Private Limited as the group companies of our Company ("**Group Companies**"). Additionally, our Board has resolved that while transactions with TDDHPL have been undertaken during the last three Financial Years, for payment of dividend by the Company and disclosed as '*related party transactions*' in the Restated Financial Information, TDDHPL shall not be considered as a group company for the purposes of disclosure in the Offer Documents, since TDDHPL is only a financial investor in the Company and has been classified as a related party pursuant to only payment of dividend and on account of its shareholding in the Company.

Unless otherwise specified, all information in this section is as of the date of this Draft Red Herring Prospectus.

Details of our Group Companies

1. **Oremus Corporate Services Private Limited ("OCSPL")**

Corporate Information

OCSPL was incorporated on July 23, 2002 under the Companies Act, 1956 as a private limited company. It has its registered office at 3rd Floor, at 6-3-249/3 Abhinandan Towers, Road No.1, Banjara Hills, Hyderabad, 500 034, Telangana, India. Its CIN number is U74140TG2002PTC039358.

Nature of Activities

OCSPL is engaged, *inter alia,* in the business of providing back office services not being a company undertaking investment advisory or financial consultancy services viz. accounting, secretarial compliance and payroll services to various clients in India and abroad.

Interest of our Promoters

Our Promoters have no interest in OCSPL.

Financial Information

(in ₹ million, except per share data)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity Capital	0.34	0.34	0.34
Reserves (excluding revaluation reserves) and Surplus	93.44	80.72	66.77
Revenue from Operations and Other Income/ Sales	152.66	140.32	115.74
Profit/(Loss) after Tax	12.72	13.71	10.09
Basic EPS	367.44	396.08	291.67
Diluted EPS	367.44	396.08	291.67
Net asset value per share	2,708.84	2,431.84	1,938.39

Significant notes of auditors of OCSPL for the last three Financial Years

OCSPL does not have any significant notes of auditors for the last three Financial Years.

2. **D Soft India Private Limited ("DIPL")**

Corporate Information

DIPL was incorporated on April 17, 2002 under the Companies Act, 1956 as a private limited company. It has its registered office at No.1, Bishop Wallers Avenue (West) Mylapore, Chennai 600 004, Tamil Nadu, India. Its CIN number is U72300TN2002PTC048782.

Nature of Activities

DIPL is engaged, *inter alia,* in the business of data management, data processing and software.

Interest of our Promoters

Our Promoter, Dodla Sunil Reddy holds 50% of the share capital of DIPL.

Financial Information

(in ₹ million, except per share data)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity Capital	0.10	0.10	0.10
Reserves (excluding revaluation reserves) and Surplus	0.10	0.08	0.05
Revenue from Operations and Other Income/ Sales	0.60	0.60	0.60
Profit/(Loss) after Tax	0.03	0.03	0.03
Basic EPS	30.00	27.00	25.00
Diluted EPS	30.00	27.00	25.00
Net asset value per share	211.76	181.97	154.77

Significant notes of auditors of DIPL for the last three Financial Years

DIPL does not have any significant notes of auditors for the last three Financial Years.

3. **Global Vetmed Concepts Private Limited ("GVC")**

Corporate Information

GVC was incorporated on March 16, 2009 under the Companies Act, 1956 as a private limited company. It has its registered office at suit no.507, Topaz Building, Amrutha Hills, Punjagutta, Hyderabad, 500 034, Telangana, India. Its CIN number is U15400TG2009PTC063052.

Nature of Activities

GVC is primarily engaged in conducting research in livestock, animal nutrition and processing animal feed, milk and milk based products. It is also engaged in the business of making, processing, buying, selling, importing, exporting, or otherwise dealing in all kinds of food including milk food products, beverages, dietetic foods and other related products.

Interest of our Promoters

Dodla Sunil Reddy, one of our Promoters, holds 10,000 equity shares in GVC amounting to 0.12% of the paid-up share capital of GVC.

Financial Information

(in ₹ million, except per share data)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity Capital	80.76	80.76	80.66
Reserves (excluding revaluation reserves) and Surplus	(36.10)	(27.94)	(41.60)
Revenue from Operations and Other Income/ Sales	10.88	9.74	9.16
Profit/(Loss) after Tax	(8.16)	13.65	(0.70)
Basic EPS	(0.10)	1.69	(0.09)
Diluted EPS	(0.10)	1.69	(0.09)
Net asset value per share	5.54	6.55	4.84

Significant notes of auditors of GVC for the last three Financial Years

GVC does not have any significant notes of auditors for the last three Financial Years.

4. **Tropical Bovine Genetics Private Limited** ("**TBGPL**")

Corporate Information

TBGPL was incorporated on April 3, 2017 under the Companies Act, 2013 as a private limited company. It has its registered office at IGCARLPL, 1st floor, Administrative wing, main Research building, APCARL Pulivendula Cuddapah 516 390, Andhra Pradesh, India. Its CIN number is U74999AP2017PTC105566.

Nature of Activities

TBGPL is engaged, *inter alia*, in the business of opening, running and managing assisted in vitro embryo production clinics for animal breeding in dairy and other animals in accordance swith law, including legal restrictions, if any.

Interest of our Promoters

Our Promoters have no interest in TBGPL.

Financial Information

(₹ in million)

Particulars	Financial Year ended March 31,		
	2020	2019	2018
Equity Capital	65.35	65.35	52.38
Reserves (excluding revaluation reserves) and Surplus	(95.75)	(79.56)	(42.75)
Revenue from Operations and Other Income/ Sales	10.85	18.91	7.63
Profit/(Loss) after Tax	(16.19)	(47.84)	(42.75)
Basic EPS	(2.48)	(7.32)	(8.16)
Diluted EPS	(2.48)	(20.64)	(18.45)
Net asset value per share	(4.65)	(2.18)	1.84

Significant notes of auditors of TBGPL for the last Financial Year

TBGPL does not have any significant notes of auditors for the last three Financial Years.

Loss making Group Companies

Details of the losses made by our Group Companies are as follows:

(in ₹ million)

S. No.	Name of the Group Companies	Profit/(Loss) after tax		
		Financial year ended March 31 2020	Financial year ended March 31 2019	Financial year ended March 31 2018
1.	GVC	(8.16)	13.65	(0.70)
2.	TBGPL	(16.19)	(47.84)	(42.75)

Nature and extent of interest of our Group Companies

a. ***In the promotion of our Company***

Our Group Companies do not have any interest in the promotion of our Company.

b. ***In the properties acquired by us in the preceding three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company***

Our Group Companies are not interested in the properties acquired by us in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on the date of this Draft Red Herring Prospectus.

c. ***In transactions for acquisition of land, construction of building and supply of machinery***

Our Group Companies are not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Defunct Group Companies

Our Group Companies are not defunct and no applications have been made to the relevant registrar of companies for striking off their names during the five years preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

Group Companies which are a sick industrial company or are under winding up/ insolvency proceedings

Our Group Companies do not fall under the definition of sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 and are not under any winding up or insolvency proceedings under applicable law.

Common Pursuits between our Group Companies and our Company

There are no common pursuits between our Group Companies and our Company.

Related business transactions with the Group Companies and significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Financial Statements*" on page 177, there are no other related business transactions with our Group Companies.

Business interest of our Group Companies in our Company

Our Group Companies do not have any business interest in our Company.

Litigation

Our Group Companies are not party to any pending litigations which will have a material impact on our Company.

Other confirmations

The equity shares of our Group Companies are not listed on any stock exchange.

None of our Group Companies have made any public or rights issue of securities in the preceding three years.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act.

The amounts paid as dividends in the past are not necessarily indicative of our dividend amounts, if any, in the future. See, "*Risk Factors - Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements*." on page 37.

Except as disclosed below, our Company did not pay any dividends in Financial Years 2018, 2019 and 2020. The details of dividend paid by our Company on the Equity Shares are set out in the following table:

Particulars		**Period**			
	Period from October 01, 2020 till the date of this DRHP	**Six month period ended September 30, 2020**	**Financial year ended March 31, 2020**	**Financial year ended March 31, 2019**	**Financial year ended March 31, 2018**
No. of equity shares bearing face value of ₹ 10	58,324,511	55,671,991	55,671,991	55,671,991##	3,347,823
Face value of Equity Shares*	10	10	10	10	10
Interim Dividend**^	Nil	Nil	289.49	Nil	Nil
Final Dividend**	Nil	Nil	Nil	Nil	Nil
Total Dividend**	Nil	Nil	289.49	Nil	Nil
Dividend per Equity Share*	Nil	Nil	5.20	Nil	Nil
Dividend Rate (%)	NA	NA	52%	NA	NA
Dividend Distribution Tax**	NA	NA	40.17	NA	NA
Mode of Payment	NA	NA	online transfer	NA	NA

**₹ per equity share.*
*** in ₹ million.*
^includes dividend distribution tax
Increase in Equity Share Capital is on account of issuance of bonus Equity Shares during the year.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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B S R & Associates LLP

Chartered Accountants

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Orwell, B Wing, 6th Floor, Unit-3,
Sy No. 83/1, Plot No. 02, Raidurg,
Hyderabad – 500 081 - India

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Dodla Dairy Limited
8-2-293/82/A/270-Q, Road No. 10-C,
Venkatagiri, Jubilee Hills,
Hyderabad - 500033

Dear Sirs,

1) We have examined the attached Restated Consolidated Financial Information of Dodla Dairy Limited (the "Company" or the "Holding Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") and of its associate, comprising the Restated Consolidated Balance Sheet as at 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Cash Flows for the six months period ended 30 September 2020 and for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, and the statement of significant accounting policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 04 February 2021 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

    b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2) The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India **("SEBI")**, the stock exchanges where the equity shares of the Company are proposed to be listed **("Stock Exchanges")** and the Registrar of Companies, Telangana, situated at Hyderabad **("ROC")** in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 of Annexure V to the Restated Consolidated Financial Information.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors of the companies are also responsible for identifying and ensuring that the Group and its associate complies with the Act, the ICDR Regulations and the Guidance Note.

3) We have examined such Restated Consolidated Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 22 January 2021, in connection with the proposed IPO of equity shares of the Company;

   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

   d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO of equity shares of the Company.

4) These Restated Consolidated Financial Information have been compiled by the management from:

   a) Audited special purpose interim consolidated financial statements of the Group and its associate as at and for the six months period ended 30 September 2020 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Special Purpose Interim Consolidated Financial Statements") which have been approved by the Board of Directors at their meeting held on 04 February 2021.

   b) The audited consolidated financial statements of the Group and its associate as at and for the year ended 31 March 2020, 31 March 2019 and 31 March 2018, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act and other accounting principles generally accepted in India (the "consolidated financial statements"), which have been approved by the Board of Directors at their Board meetings held on 15 July 2020, 09 August 2019 and 13 July 2018 respectively.

5) For the purpose of our examination, we have relied on Auditors' reports issued by us dated 04 February 2021, 15 July 2020, 09 August 2019 and 13 July 2018 on the consolidated financial statements of the Group as at and for the six months period ended 30 September 2020 and as at and for the years ended 31 March 2020, 31 March 2019 and 31 March 2018 as referred in paragraph 4 above.

6) As indicated in our audit reports referred in paragraph 5 above, we did not audit the financial statements of four subsidiaries (including step down subsidiaries) and an associate for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 and three subsidiaries (including step down subsidiaries) and an associate for the six months period ended 30 September 2020 as listed in Annexure A(ii) whose share of total assets, total revenues (including other income), net cash inflows / (outflows) and share of profit/ (loss) in its associate included in the consolidated financial statements, for the relevant years is tabulated below:

(Rs. in million)

Particulars	As at and for the six months period ended 30 September 2020	As at / for the year ended		
		31 March 2020	31 March 2019	31 March 2018
In respect of subsidiaries:				
Total assets	900.36	1,279.42	1,042.25	408.66
Total revenues	964.92	2,841.39	1,626.10	532.08
Net cash inflow/ (outflow)	100.49	305.16	84.28	13.27
In respect of associate:				
Group's share of net profit/ (loss) in its associate	-	-	-	-

These financial statements have been audited by other auditors as mentioned in Annexure A(ii) and whose reports have been furnished to us by the Company's management and our audit opinions for the relevant years on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components for the relevant years, are based solely on the reports of the other auditors.

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

Our opinion on the consolidated financial statements is not modified in respect of these matters.

7) The other auditors (Moses & Associates and Grant Thornton), of two step-subsidiaries (Dodla Dairy Kenya Limited and Lakeside Dairy Limited), respectively and auditors (Lakshminiwas & Co.) of one of the subsidiaries (Orgafeed Private Limited), as mentioned in Annexure A(ii), have examined the restated consolidated financial information and have confirmed that the restated financial information:

   a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the six months period ended 30 September 2020;

   b) does not contain any qualifications requiring adjustments. However, those qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Consolidated Financial Information have been disclosed in Annexure VII to the Restated Consolidated Financial Information; and

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8) Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the other auditors for the respective period/ years, we report that the Restated Consolidated Financial Information:

   a) have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018 to reflect the same accounting treatment as per the accounting policies and grouping/ classifications followed as at and for the six months period ended 30 September 2020;

   b) does not contain any qualifications requiring adjustments. However, those qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Consolidated Financial Information have been disclosed in Annexure VII to the Restated Consolidated Financial Information; and

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9) The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Interim Consolidated Financial Statements and audited consolidated financial statements mentioned in paragraph 4 above.

10) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12) Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with SEBI, Stock Exchanges and RoC in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

Hemant Maheshwari
Partner
Membership No: 096537
ICAI UDIN: 21096537AAAAAG2920

Place: Hyderabad
Date: 04 February 2021

Annexure A

(i) List of Subsidiaries and an Associate of Dodla Dairy Limited

Name of Entity	Nature of relation
Dodla Holdings Pte Ltd.	Subsidiary
Orgafeed Private Limited	Subsidiary
Dodla Dairy Kenya Limited	Step subsidiary
Lakeside Dairy Limited	Step subsidiary
Global VetMed Concepts India Private Limited	Associate

(ii) Details of entities for the years not audited by us and name of the other auditor for the respective period/ year

Particulars	Nature of relation	Period/ Year Ended	Name of the Auditor
Dodla Holdings Pte Ltd.	Subsidiary	31 March 2020 31 March 2019 31 March 2018	Rohan Mah & Partners LLP
Orgafeed Private Limited	Subsidiary	30 September 2020 31 March 2020	Lakshminiwas & Co.
Dodla Dairy Kenya Limited	Step subsidiary	30 September 2020 31 March 2020 31 March 2019 31 March 2018	Moses & Associates
Lakeside Dairy Limited	Step subsidiary	30 September 2020 31 March 2020 31 March 2019 31 March 2018	Grant Thornton
Global VetMed Concepts India Private Limited	Associate	30 September 2020 31 March 2020 31 March 2019 31 March 2018	CA Srinivasa Rao B

(iii) Details of entities for the years the restated financial information examined by other auditor

Particulars	Nature of relation	Period/ Year Ended	Name of the Auditor
Orgafeed Private Limited	Subsidiary	30 September 2020 31 March 2020	Lakshminiwas & Co.
Dodla Dairy Kenya Limited	Step subsidiary	30 September 2020 31 March 2020 31 March 2019 31 March 2018	Moses & Associates
Lakeside Dairy Limited	Step subsidiary	30 September 2020 31 March 2020 31 March 2019 31 March 2018	Grant Thornton

Dodla Dairy Limited
Annexure I - Restated Consolidated Balance Sheet
(All amounts are in rupees million, unless otherwise stated)

	Note	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
ASSETS					
Non-current assets					
Property, plant and equipment	1	4,745.18	4,822.62	4,511.66	3,261.88
Capital work-in-progress	1	159.62	112.44	112.20	160.42
Goodwill	2	441.70	441.70	359.37	-
Other intangible assets	2	82.31	98.66	133.69	6.61
Biological assets other than bearer plants					
(i) Matured biological assets	3	16.40	19.91	20.60	20.34
(ii) Immatured biological assets	3	6.44	5.53	6.40	7.65
Financial assets					
(i) Investments	4	-	3.42	78.63	71.10
(ii) Loans	5	94.21	93.73	84.95	148.24
(iii) Other financial assets	12	0.10	-	-	-
Other tax assets	24	18.09	87.58	36.48	46.19
Deferred tax assets (net)	17	3.52	0.21	3.12	18.75
Other non-current assets	6	86.52	88.37	111.64	85.90
Total non-current assets		**5,654.09**	**5,774.17**	**5,458.74**	**3,827.08**
Current assets					
Inventories	7	1,203.35	1,201.70	1,248.53	1,340.83
Financial assets					
(i) Investments	8	52.75	115.22	181.35	598.49
(ii) Trade receivables	9	63.74	72.03	73.23	36.05
(iii) Cash and cash equivalents	10 (a)	699.35	686.73	214.48	139.17
(iv) Bank balances other than above	10 (b)	400.24	0.34	0.82	0.70
(v) Loans	11	37.61	37.61	156.93	67.00
(vi) Other financial assets	12	4.67	6.48	2.26	1.63
Other current assets	13	67.43	108.80	182.87	78.69
Total current assets		**2,529.14**	**2,228.91**	**2,060.47**	**2,262.56**
Total assets		**8,183.23**	**8,003.08**	**7,519.21**	**6,089.64**
EQUITY AND LIABILITIES					
Equity					
Equity share capital	14	556.72	556.72	556.72	32.75
Other equity	15	4,522.17	3,778.24	3,507.01	3,362.57
Equity attributable to owners of the Company		**5,078.89**	**4,334.96**	**4,063.73**	**3,395.32**
Non-controlling interest		-	-	-	-
Total equity		**5,078.89**	**4,334.96**	**4,063.73**	**3,395.32**
Liabilities					
Non-current liabilities					
Financial liabilities					
(i) Borrowings	16	739.21	867.25	1,102.38	222.50
(ii) Lease Liabilities		81.69	70.69	76.50	57.31
Deferred tax liabilities (net)	17	384.61	365.13	258.19	207.42
Government grants	18	26.95	28.38	31.34	34.52
Provisions	19	93.01	94.91	65.00	68.88
Total non-current liabilities		**1,325.47**	**1,426.36**	**1,533.41**	**590.63**
Current liabilities					
Financial liabilities					
(i) Borrowings	20	-	400.00	313.65	943.13
(ii) Lease Liabilities		14.58	26.45	14.45	9.23
(iii) Trade payables					
(a) Total outstanding dues of micro enterprises and small enterprises	21	6.50	7.91	2.74	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	21	712.82	774.25	754.12	624.77
(iv) Other financial liabilities	22	598.51	611.33	568.56	317.82
Government grants	18	2.91	2.96	2.96	2.86
Provisions	23	35.76	27.96	27.56	22.89
Current tax liabilities (net)	24	357.28	337.89	178.49	132.74
Other current liabilities	25	50.51	53.01	59.54	50.25
Total current liabilities		**1,778.87**	**2,241.76**	**1,922.07**	**2,103.69**
Total liabilities		**3,104.34**	**3,668.12**	**3,455.48**	**2,694.32**
Total equity and liabilities		**8,183.23**	**8,003.08**	**7,519.21**	**6,089.64**

The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

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

Hemant Maheshwari
Partner
Membership number: 096537

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 04 February 2021

Place: Hyderabad
Date: 04 February 2021

Anjaneyulu Ganji
Chief Financial Officer

Ruchita Malpani
Company Secretary
M. No. F10677

Dodla Dairy Limited
Annexure II - Restated Consolidated Statement of Profit and Loss
(All amounts are in rupees million, unless otherwise stated)

	Note	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	26	9,163.13	21,393.73	16,916.73	15,904.75
Other income	27	19.09	62.76	77.86	65.38
Total income		**9,182.22**	**21,456.49**	**16,994.59**	**15,970.13**
Expenses					
Cost of materials consumed	28	6,728.38	15,830.77	12,425.15	12,744.26
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(553.22)	575.01	140.74	(427.22)
Employee benefits expense	30	433.20	911.15	766.61	649.79
Finance costs	31	69.91	161.39	115.65	108.90
Depreciation and amortisation expense	32	253.94	491.92	370.93	279.27
Other expenses	33	1,192.66	2,667.54	2,242.71	1,810.73
Total expenses		**8,124.87**	**20,637.78**	**16,061.79**	**15,165.73**
Profit before tax		**1,057.35**	**818.71**	**932.80**	**804.40**
Income tax expense					
-Current tax	34	295.31	211.35	238.15	186.04
-Deferred tax	34	14.26	108.65	67.03	49.82
Total tax expense		**309.57**	**320.00**	**305.18**	**235.86**
Profit for the period/year (A)		**747.78**	**498.71**	**627.62**	**568.54**
Other comprehensive income					
Items that will be reclassified subsequently to the statement of profit or loss					
Exchange differences in translating financial statements of foreign operations		(9.49)	52.12	23.61	(2.78)
Items that will not be reclassified subsequently to the statement of profit or loss					
Remeasurement of the net defined benefit obligation		5.47	(3.66)	(1.79)	23.40
Income tax relating to these items	34	(1.91)	1.28	0.63	(8.10)
Other comprehensive income for the period/ year (B)		**(5.93)**	**49.74**	**22.45**	**12.52**
Total comprehensive income for the period/ year (A+B)		**741.85**	**548.45**	**650.07**	**581.06**
Profit attributable to:					
Owners of the Company		747.78	498.71	627.62	568.86
Non-controlling interest		-	-	-	(0.32)
Profit for the period/ year		**747.78**	**498.71**	**627.62**	**568.54**
Other comprehensive income attributable to:					
Owners of the Company		(5.93)	49.74	22.45	12.52
Non-controlling interest		-	-	-	-
Other comprehensive income for the period/ year		**(5.93)**	**49.74**	**22.45**	**12.52**
Total comprehensive income attributable to:					
Owners of the Company		741.85	548.45	650.07	581.38
Non-controlling interest		-	-	-	(0.32)
Total comprehensive income for the period/ year		**741.85**	**548.45**	**650.07**	**581.06**
Earnings per share (nominal value of equity shares of ₹ 10 each, fully paid-up) (not annualised)	37				
Basic [in ₹]		13.43	8.96	11.27	10.21
Diluted [in ₹]		13.43	8.96	11.26	10.21
Weighted average number of equity shares used in computing earnings per share:					
-Basic		55,671,991	55,671,991	55,671,991	55,671,991
-Diluted		55,671,991	55,671,991	55,733,681	55,671,991

The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

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

Hemant Maheshwari
Partner
Membership number: 096537

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 04 February 2021

Place: Hyderabad
Date: 04 February 2021

Anjaneyulu Ganji
Chief Financial Officer

Ruchita Malpani
Company Secretary
M. No. F10677

Dodla Dairy Limited
Annexure III - Restated Consolidated Statement of Changes in Equity
(All amounts are in rupees million, unless otherwise stated)

Particulars	Equity share capital	Other equity						Total equity attributable to owners of the Company	Attributable to non-controlling interest	Total
		Reserves and surplus								
		Capital redemption reserve	Securities premium	Debenture Redemption Reserve	Foreign currency translation reserve	Share options outstanding account	Retained earnings			
Balance as at 01 April 2017	**32.75**	**12.00**	**1,092.25**	**-**	**(71.45)**	**-**	**1,747.79**	**2,813.34**	**-**	**2,813.34**
Capital infused by non-controlling interest in the subsidiary	-	-	-	-	-	-	-	-	0.32	0.32
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	-	568.86	568.86	(0.32)	568.54
Employee share based payment expense	-	-	-	-	-	0.60	-	0.60	-	0.60
Exchange differences in translating financial statements of foreign operations	-	-	-	-	(2.78)	-	-	(2.78)	-	(2.78)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	-	15.30	15.30	-	15.30
Balance as at 31 March 2018	**32.75**	**12.00**	**1,092.25**	**-**	**(74.23)**	**0.60**	**2,331.95**	**3,395.32**	**-**	**3,395.32**
Balance as at 01 April 2018	**32.75**	**12.00**	**1,092.25**	**-**	**(74.23)**	**0.60**	**2,331.95**	**3,395.32**	**-**	**3,395.32**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	-	627.62	627.62	-	627.62
Employee share based payment expense	-	-	-	-	-	18.34	-	18.34	-	18.34
Exchange differences in translating financial statements of foreign operations	-	-	-	-	23.61	-	-	23.61	-	23.61
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	-	(1.16)	(1.16)	-	(1.16)
Issue of bonus shares (refer note 1 below)	523.97	-	(523.97)	-	-	-	-	-	-	-
Transfer to Debenture redemption reserve	-	-	-	3.30	-	-	(3.30)	-	-	-
Balance as at 31 March 2019	**556.72**	**12.00**	**568.28**	**3.30**	**(50.62)**	**18.94**	**2,955.11**	**4,063.73**	**-**	**4,063.73**
Ind AS 116 transition adjustment (refer Part B of Annexure VII)	-	-	-	-	-	-	4.66	4.66	-	4.66
Balance as at 01 April 2019	**556.72**	**12.00**	**568.28**	**3.30**	**(50.62)**	**18.94**	**2,959.77**	**4,068.39**	**-**	**4,068.39**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	-	498.71	498.71	-	498.71
Employee share based payment expense	-	-	-	-	-	7.62	-	7.62	-	7.62
Exchange differences in translating financial statements of foreign operations	-	-	-	-	52.12	-	-	52.12	-	52.12
Dividend	-	-	-	-	-	-	(249.33)	(249.33)	-	(249.33)
Dividend distribution tax	-	-	-	-	-	-	(40.17)	(40.17)	-	(40.17)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	-	(2.38)	(2.38)	-	(2.38)
Transfer to Debenture Redemption reserve	-	-	-	12.86	-	-	(12.86)	-	-	-
Balance as at 31 March 2020	**556.72**	**12.00**	**568.28**	**16.16**	**1.50**	**26.56**	**3,153.74**	**4,334.96**	**-**	**4,334.96**
Balance as at 01 April 2020	**556.72**	**12.00**	**568.28**	**16.16**	**1.50**	**26.56**	**3,153.74**	**4,334.96**	**-**	**4,334.96**
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	-	747.78	747.78	-	747.78
Employee share based payment expense	-	-	-	-	-	2.08	-	2.08	-	2.08
Exchange differences in translating financial statements of foreign operations	-	-	-	-	(9.49)	-	-	(9.49)	-	(9.49)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	-	3.56	3.56	-	3.56
Transfer to Debenture Redemption reserve	-	-	-	38.84	-	-	(38.84)	-	-	-
Balance as at 30 September 2020	**556.72**	**12.00**	**568.28**	**55.00**	**(7.99)**	**28.64**	**3,866.24**	**5,078.89**	**-**	**5,078.89**

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

The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

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

Hemant Maheshwari
Partner
Membership number: 096537

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 04 February 2021

Place: Hyderabad
Date: 04 February 2021

Anjaneyulu Ganji
Chief Financial Officer

Ruchita Malpani
Company Secretary
M. No. F10677

Dodla Dairy Limited
Annexure IV - Restated Consolidated Statement of Cash Flows
(All amounts are in rupees million, unless otherwise stated)

	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from operating activities				
Profit before tax	1,057.35	818.71	932.80	804.40
Non-cash adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	253.94	491.92	370.93	279.27
Changes in fair valuation of biological assets	(3.80)	(2.08)	(4.16)	(9.82)
Loss on sale/ retirement of property, plant and equipment, net	1.13	10.23	5.70	6.19
Loss on sale/ discard of biological assets, net	3.22	1.44	1.78	3.67
Interest income	(6.37)	(6.87)	(4.85)	(3.31)
Finance costs	69.91	161.39	115.65	108.90
Dividend income from investment in Mutual Funds	-	-	-	(3.90)
Employee share based payment expense	2.08	7.62	18.34	0.60
Profit on sale of current investments in mutual fund, net	(0.57)	(23.68)	(29.95)	(0.82)
Fair value loss on financial assets measured at fair value through profit and loss, net	(1.87)	(9.79)	(7.21)	(32.51)
Government grant income	(1.48)	(2.96)	(3.08)	(4.32)
Unrealised foreign exchange gain, net	-	-	-	(0.34)
Operating profit before working capital changes	**1,373.54**	**1,445.93**	**1,395.95**	**1,148.01**
Change in operating assets and liabilities				
Decrease/ (increase) in trade receivables	7.45	4.19	(32.07)	(21.75)
(Increase)/ decrease in inventories	(2.73)	51.14	144.58	(488.92)
Increase in loans and other financial assets	(2.44)	(6.51)	(6.09)	(0.47)
Decrease/ (increase) in other current and non-current assets	42.62	98.13	(102.69)	224.35
(Decrease)/ increase in trade payables and other financial liabilities	(21.58)	158.03	140.25	169.48
Increase/ (decrease) in employee benefits obligation	11.37	26.65	(7.88)	11.38
(Decrease)/ increase in other current and non-current liabilities	(2.50)	(6.53)	9.29	2.17
Cash generated from operations	**1,405.73**	**1,771.03**	**1,541.34**	**1,044.25**
Income taxes paid, net	(174.13)	(115.22)	(185.40)	(169.74)
Net cash generated from operating activities	**1,231.60**	**1,655.81**	**1,355.94**	**874.51**
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	(228.60)	(953.04)	(974.49)	(717.33)
Proceeds from sale of property, plant and equipment	6.20	2.88	4.29	4.14
Proceeds from sale of biological assets	3.18	2.20	3.37	1.71
Inter-corporate deposit given	-	-	(100.00)	-
Inter-corporate deposit matured	-	-	100.00	-
Purchase of assets and liabilities in slump sale agreement	-	-	(961.32)	-
Purchase of mutual funds	-	(740.00)	(1,431.29)	(445.57)
Proceeds from sale of mutual funds	68.33	914.81	1,878.06	492.85
Interest received	9.70	2.79	4.22	3.07
Dividend received	-	-	-	3.90
Deposits (placed)/ redeemed (having original maturity of more than 3 months)	(399.90)	0.48	(0.12)	(0.20)
Net cash used in investing activities	**(541.09)**	**(769.88)**	**(1,477.28)**	**(657.43)**
Cash flows from financing activities				
Receipt of long term borrowings from banks	-	-	499.50	-
Receipt of long term borrowings from issue of debentures	-	-	550.00	-
Repayment of long term borrowings to banks	(94.50)	(163.69)	(100.26)	(72.82)
Receipt of government grant	-	-	-	25.78
(Repayment)/ receipt of short term borrowings, net	(400.00)	250.00	(225.00)	(250.00)
Payment of dividend	(107.49)	(182.01)	-	-
Lease liability payment	(12.36)	(19.46)	(19.06)	(13.55)
Capital infused by non-controlling interest in the subsidiary	-	-	-	0.32
Finance costs paid	(58.03)	(141.46)	(105.35)	(103.81)
Net cash (used in)/ generated from financing activities	**(672.38)**	**(256.62)**	**599.83**	**(414.08)**
Net increase/ (decrease) in cash and cash equivalents	**18.13**	**629.31**	**478.49**	**(197.00)**
Cash and cash equivalents at the beginning of the period/ year	686.73	50.83	(428.96)	(231.75)
Effect of exchange rate fluctuations on cash held	(5.51)	6.59	1.30	(0.21)
Cash and cash equivalents at end of the period/ year	**699.35**	**686.73**	**50.83**	**(428.96)**

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

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Cash on hand	17.05	20.60	46.94	15.03
Balances with banks				
-in current accounts	194.45	255.19	167.54	74.14
-in deposit accounts (with original maturity of less than three months)	487.85	410.94	-	50.00
Cash credit and overdraft balances	-	-	(163.65)	(568.13)
Balances as per statement of cash flows	**699.35**	**686.73**	**50.83**	**(428.96)**

ii. Movement in financial liabilities

	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance of borrowings				
Non-current borrowings (including current maturities)	1,100.55	1,264.24	315.00	393.04
Current borrowings	400.00	150.00	375.00	625.00
Lease liabilities*	97.14	-	66.55	54.67
Interest accrued but not due on borrowings	3.69	4.52	2.69	4.63
Movement				
Cash flows	(494.50)	86.31	724.24	(322.82)
Payment of lease liabilities	(12.36)	(19.46)	(19.06)	(13.55)
Interest expense	61.26	130.63	83.08	80.62
Interest paid	(57.59)	(124.67)	(73.59)	(76.38)
Other non-cash movements				
- Addition to lease liabilities	6.62	108.21	35.50	19.26
- Borrowing cost amortisation	0.87	1.60	0.31	-
- Forex gain	-	-	-	(5.23)
Closing balance of borrowings				
Non-current borrowings (including current maturities)	1,006.05	1,100.55	1,264.24	315.00
Current borrowings	-	400.00	150.00	375.00
Lease liabilities	96.27	97.14	90.95	66.55
Interest accrued but not due on borrowings	3.36	3.69	4.52	2.69

* Balance as at 1 April 2019 is considered as Nil. Refer Part B of Annexure VII.

Dodla Dairy Limited
Annexure IV - Restated Consolidated Statement of Cash Flows
(All amounts are in rupees million, unless otherwise stated)

The Restated Consolidated Statement of Cash Flows has been prepared in accordance with the 'Indirect Method' as set out in the Ind AS 7 on "Statement of Cash Flows".

The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of

See accompanying notes to consolidated financial statements

for **B S R & Associates LLP**	*for and on behalf of the Board of Directors of*		
Chartered Accountants	**Dodla Dairy Limited**		
ICAI Firm registration number: 116231W/ W-100024	CIN: U15209TG1995PLC020324		
Hemant Maheshwari	**D. Sesha Reddy**	**D. Sunil Reddy**	**B.V.K. Reddy**
Partner	*Chairman*	*Managing Director*	*Chief Executive Officer*
Membership number: 096537	DIN: 00520448	DIN: 00794889	
Place: Hyderabad	Place: Hyderabad	**Anjaneyulu Ganji**	**Ruchita Malpani**
Date: 04 February 2021	Date: 04 February 2021	*Chief Financial Officer*	*Company Secretary*
			M. No. F10677

1 Reporting entity

Dodla Dairy Limited ('the Company' or 'the Holding Company') was incorporated on 15 May 1995. The Registered office of the Company is situated at 8-2-293/82/A/270-Q, Road No. 10-C, Jubilee hills, Hyderabad. These consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as the 'Group') and the Group's interest in associate. The Group is in the business of processing/ production of milk and production of milk products.

2 Basis of preparation

A. Statement of compliance

The Restated Consolidated Statement of Balance sheet of the Group as at 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018 and the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash flows for the periods/years ended 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018, and Restated Other Consolidated Financial Information (together referred to as 'Restated Consolidated Financial Information') has been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time.

The Restated Consolidated Financial Information has been prepared for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:

- Section 26 of part I of Chapter III of the Act; - relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI') as amended in pursuance of the Securities and Exchange Board of India Act, 1992; and
- Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI").

The Restated Consolidated Financial Information has been extracted by the Management from the Audited Consolidated Financial Statements for respective years/periods and
- there were no changes in accounting policies during the year/period of these financial statements, except for the new and amended Ind AS-116- 'Leases'- Refer Annexure VII and Note 1 and Note 47; - there were no material amounts which have been adjusted for in arriving at profit of the respective periods; and
- there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited Consolidated Financial Statements of the Group as at and for the six months period ended 30 September 2020 and the requirements of the SEBI Regulations. The group has given adjustments for lease accounting in accordance with Ind AS 116 which came into effect on 1 April 2019 using modified retrospective approach and all the related figures have been reclassified/ regrouped to give effect to the requirements of Ind AS 116, refer Schedule VII – "Statement of Adjustments to the Restated Consolidated Financial Information".

B. Functional and presentation currency

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

C. Basis of measurement

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

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

D. Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:
- Note 47 - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next year financial statements is included in the following notes:
- Note 3 - determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 19 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 35 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(a) - useful life of property, plant and equipment
- Note 3(b) - impairment of intangible assets.
- Note 42 - impairment of financial assets
- Note 47 - lease liabilities - measurement of incremental borrowing costs.

2 Basis of preparation (continued)

E. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability falls into the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

- Note 3 - Biological assets other than bearer plants
- Note 42 - Financial instruments
- Note 14(e) - Share based payment arrangement
- Note 44 (c) - Business combination

F. Current versus non-current classification

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

An asset is classified as current when it satisfies any of the following criteria:
• It is expected to be realised or intended to be sold or consumed in Group's normal operating cycle;
• It is held primarily for the purpose of trading;
• It is expected to be realised within twelve months after the reporting period; or
• It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

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

A liability is classified as current when it satisfies any of the following criteria:
• It is expected to be settled in Group's normal operating cycle;
• It is held primarily for the purpose of trading;
• It is due to be settled within twelve months after the reporting period; or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the date.

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

Operating cycle - The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

G. Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognised from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Non - controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree’s net identifiable assets at the date of acquisition.

Changes in the Group’s equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the special purpose consolidated financial statements include the Group’s share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost which includes transaction costs and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit and loss, and the Group’s share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2 Basis of preparation (continued)

G. Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries and associate companies considered in the restated consolidated financial information:

Name of the Company	Country of incorporation	Ownership interest (in %) As at 30 September 2020	Ownership interest (in %) As at 31 March 2020	Ownership interest (in %) As at 31 March 2019	Ownership interest (in %) As at 31 March 2018
Subsidiary companies:					
Dodla Holdings Pte Limited	Singapore	100.00	100.00	100.00	100.00
Lakeside Dairy Limited	Uganda	100.00	100.00	100.00	100.00
Dodla Dairy Kenya Limited	Kenya	99.90	99.90	99.90	80.00
Orgafeed Private Limited	India	99.99	99.99	-	-
Associates:					
Global VetMed Concepts	India	47.94	47.94	47.94	47.94

(vii) Principles of consolidation

These consolidated financial statements have been prepared by consolidation of the financial statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-company transactions.

3 Significant accounting policies

(a) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

*for these class of assets, the Management believes, based on technical evaluation carried out by them internally, that the useful life as given above best represent the period over which the Management expects to use these assets. Hence, the useful life for these assets is different from the useful life as in Schedule II of the Act.
Freehold land is not depreciated.

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

Depreciation on additions/ disposals is provided on a pro-rata basis, i.e., from/ upto the date on which asset is ready for use/ disposed off.

iv. Capital work-in-progress

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

3 Significant accounting policies (continued)

(b) Intangible assets

For measurement of goodwill that arises on a business combination (see Note 3(k)). Subsequent measurement is at cost less any accumulated impairment losses, if any.

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

Amortisation

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

The estimated useful lives are as follows:

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

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(c) Biological assets

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

(d) Impairment

i. Financial assets

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

ii. Non -financial assets

The group's non-financial assets, other than biological assets, inventories and deferred tax assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash infows that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

(e) Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Group has right to direct the use of the asset by either having right to operate the asset or the Group having designed the asset in a way that predetermines how and for what purpose it will be used.

As lessee

The Group's lease asset classes primarily consist of leases for buildings, leasehold land and plant and machinery. The Group, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The group elected to use the following practical expedients on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The Group and its associate recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3 Significant accounting policies (continued)

(e) Leases (continued)

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 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 Consolidated Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group and its associate's incremental borrowing rate. 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 Group and its associate 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 Group and its associate recognises any remaining amount of the re-measurement in Consolidated Statement of Profit and Loss.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and its associate is reasonably certain to exercise, lease payments in an optional renewal period if the Group and its associate is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and its associate is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group and its associate's estimate of the amount expected to be payable under a residual value guarantee, if the Group and its associate changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group and its associate presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

The Group and its associate has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The Group and its associate recognises the lease payments associated with these leases as an expense in the Statement of Profit or Loss over the lease term.

(f) Inventories

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

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

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

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

(g) Financial instruments

i. Recognition and initial measurement

The Group initially recognises financial assets (excluding trade receivables) and financial liabilities when it becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at
- amortised cost;
- fair value through other comprehensive income (FVOCI) - equity investment; or
- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
− the asset is held within a business model whose objective is to hold assets 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 Significant accounting policies (continued)

(g) Financial instruments (continued)

Financial Assets

Financial assets carried at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Investment in subsidiaries and associates

Investment in subsidiary and associates is carried at cost in the consolidated financial statements.

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

(h) Revenue recognition

The Group is engaged in sale of milk and milk products. Revenue from the sale of goods is recognised when control of the goods has transferred to the buyer which coincides with the time when the goods are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of goods. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

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

(i) Dividend income and interest income

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

(j) Earnings per share (EPS)

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

3 Significant accounting policies (continued)

(k) Business Combination

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

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination of the amount to be included in consideration transferred is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Business combinations (for common control business combinations) arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Group is transferred to the capital reserve or to the accumulated balance of profit and loss.

(l) Foreign currencies

i. Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rates, are recognised in profit or loss as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

ii. Foreign operations

The assets and liabilities of foreign subsidiaries are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign subsidiaries are translated into functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

(m) Government grants

Grants from the government are recognised initially as deferred income at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current/ current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(n) Income taxes

Income-tax expense for the year comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

3 Significant accounting policies (continued)

(n) Income taxes (continued)

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(o) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

(p) Provisions and contingent liabilities

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i. Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

ii. Onerous contracts

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

(q) Employee benefits

i. Short-term employee benefits

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

ii. Share based payment transactions

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

iii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in profit or loss in the periods during which the related services are rendered by employees.

iv. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3 Significant accounting policies (continued)

(q) Employee benefits (continued)

v. Other long-term benefits

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

(r) Cash and cash equivalents

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

(s) Cash flow statement

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

(t) Recent accounting pronouncements

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

(All amounts are in rupees million, unless otherwise stated)

Note 1: Property, plant and equipment and capital work-in-progress

Reconciliation of carrying amount

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2020	Acquired through Business Combination (Note 44)	Additions	Disposals	Forex adjustment	As at 30 September 2020	As at 01 April 2020	Depreciation for the period	Disposals	Forex adjustment	As at 30 September 2020	As at 30 September 2020
Freehold land	691.14	-	-	0.04	-	691.10	-	-	-	-	-	691.10
Buildings	1,505.92	-	13.97	1.11	0.26	1,518.52	134.81	30.63	0.57	0.04	164.83	1,353.69
Plant and equipment	2,753.04	-	114.07	3.03	1.02	2,863.06	537.18	110.36	0.89	0.22	646.43	2,216.63
Electrical installation	116.79	-	0.66	0.19	-	117.26	38.16	6.26	0.09	-	44.33	72.93
Electronic data processors	44.84	-	2.91	1.23	0.05	46.47	29.71	5.59	1.22	0.03	34.05	12.42
Office equipment	36.34	-	2.72	0.79	0.05	38.22	17.37	3.23	0.78	0.01	19.81	18.41
Furniture and fixtures	117.17	-	3.09	0.36	0.04	119.86	26.44	6.88	0.21	0.01	33.10	86.76
Laboratory equipment	541.04	-	15.77	4.17	0.01	552.63	375.07	57.69	4.17	0.01	428.58	124.05
Right-of-use assets (refer note (iv) below)	136.08	-	8.17	1.31	0.11	142.83	17.29	9.83	0.27	-	26.85	115.98
Leasehold Improvements	16.99	-	2.20	0.24	-	18.95	0.56	0.73	0.02	-	1.27	17.68
Vehicles	56.23	-	2.71	4.90	0.07	53.97	16.37	3.90	1.82	0.01	18.44	35.53
Total	**6,015.58**	**-**	**166.27**	**17.37**	**1.61**	**6,162.87**	**1,192.96**	**235.10**	**10.04**	**0.33**	**1,417.69**	**4,745.18**

Description	As at 01 April 2020	Acquired through Business Combination (Note 44)	Additions	Capitalisations	Forex adjustment	As at 30 September 2020
Capital work-in-progress	112.44	-	205.28	(158.10)	-	159.62

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2019	Acquired through Business Combination (Note 44)	Additions	Disposals	Forex adjustment	As at 31 March 2020	As at 01 April 2019	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2020	As at 31 March 2020
Freehold land	639.56	17.19	34.39	-	-	691.14	-	-	-	-	-	691.14
Buildings	1,264.14	34.82	200.96	0.17	(6.17)	1,505.92	81.37	52.97	0.17	(0.64)	134.81	1,371.11
Plant and equipment	2,442.00	17.63	300.94	15.12	(7.59)	2,753.04	345.59	201.93	10.17	0.17	537.18	2,215.86
Electrical installation	111.16	2.56	5.34	2.27	-	116.79	27.76	12.33	1.93	-	38.16	78.63
Electronic data processors	41.66	0.09	5.57	2.51	(0.03)	44.84	20.31	11.80	2.41	(0.01)	29.71	15.13
Office equipment	29.11	0.25	7.68	0.75	(0.05)	36.34	11.61	6.46	0.71	(0.01)	17.37	18.97
Furniture and fixtures	99.09	1.36	17.12	0.45	(0.05)	117.17	14.16	12.59	0.32	(0.01)	26.44	90.73
Laboratory equipment	481.21	0.10	70.86	11.31	(0.18)	541.04	257.54	128.54	11.10	(0.09)	375.07	165.97
Right-of-use assets (refer note (iv) below)	-	-	135.06	-	(1.02)	136.08	-	17.27	-	(0.02)	17.29	118.79
Leasehold improvements	-	-	16.99	-	-	16.99	-	0.56	-	-	0.56	16.43
Vehicles	61.92	-	4.25	9.57	0.37	56.23	9.60	9.48	2.55	0.16	16.37	39.86
Total	**5,169.85**	**74.00**	**799.16**	**42.15**	**(14.72)**	**6,015.58**	**767.94**	**453.93**	**29.36**	**(0.45)**	**1,192.96**	**4,822.62**

Description	As at 01 April 2019	Acquired through Business Combination (Note 44)	Additions	Capitalisations	Forex adjustment	As at 31 March 2020
Add: Capital work-in-progress	112.20	-	664.34	(664.10)	-	112.44

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2018	Acquisitions through business combination (Note 44)	Additions	Disposals	Forex adjustment	As at 31 March 2019	As at 01 April 2018	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2019	As at 31 March 2019
Freehold land	483.08	103.30	53.18	-	-	639.56	-	-	-	-	-	639.56
Buildings	852.06	212.65	195.53	0.11	(4.01)	1,264.14	46.57	34.48	0.03	(0.35)	81.37	1,182.77
Plant and equipment	1,716.05	244.49	480.98	11.27	(11.75)	2,442.00	203.17	144.17	3.34	(1.59)	345.59	2,096.41
Electrical installation	91.98	0.86	18.57	0.25	-	111.16	16.91	11.09	0.24	-	27.76	83.40
Electronic data processors	32.74	1.35	7.92	0.38	(0.03)	41.66	9.50	11.17	0.36	-	20.31	21.35
Office equipment	25.10	0.66	3.62	0.30	(0.03)	29.11	6.61	5.22	0.22	-	11.61	17.50
Furniture and fixtures	59.00	25.46	15.45	0.86	(0.04)	99.09	7.60	7.03	0.48	(0.01)	14.16	84.93
Laboratory equipment	328.38	14.85	145.74	7.91	(0.15)	481.21	151.13	113.79	7.41	(0.03)	257.54	223.67
Right-of-use assets (refer note (iv) below)	98.97	-	34.91	-	(1.61)	135.49	10.71	14.91	-	(0.12)	25.74	109.75
Vehicles	33.12	18.65	13.26	3.26	(0.15)	61.92	6.40	5.38	2.28	(0.10)	9.60	52.32
Total	**3,720.48**	**622.27**	**969.16**	**24.34**	**(17.77)**	**5,305.34**	**458.60**	**347.24**	**14.36**	**(2.20)**	**793.68**	**4,511.66**

Description	As at 01 April 2018	Acquired through Business Combination (Note 44)	Additions	Capitalisations	Forex adjustment	As at 31 March 2019
Add: Capital work-in-progress	160.42	-	886.03	(934.25)	-	112.20

Dodla Dairy Limited
Annexure VI - Notes to Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Note 1: Property, plant and equipment and capital work-in-progress (continued)

Reconciliation of carrying amount (continued)

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2017	Acquisitions through business combination (Note 44)	Additions	Disposals	Forex adjustment	As at 31 March 2018	As at 01 April 2017	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2018	As at 31 March 2018
Freehold land	344.83	-	138.25	-	-	483.08	-	-	-	-	-	483.08
Buildings	676.90	-	175.77	0.23	0.38	852.06	16.65	29.96	0.01	0.03	46.57	805.49
Plant and equipment	1,332.61	-	389.91	5.46	1.01	1,716.05	84.96	119.59	1.26	0.12	203.17	1,512.88
Electrical installation	80.45	-	13.49	1.96	-	91.98	8.00	10.60	1.69	-	16.91	75.07
Electronic data processors	12.93	-	20.00	0.19	-	32.74	4.06	5.57	0.13	-	9.50	23.24
Office equipment	15.02	-	10.16	0.08	-	25.10	2.34	4.33	0.06	-	6.61	18.49
Furniture and fixtures	39.90	-	19.33	0.23	-	59.00	2.41	5.30	0.11	-	7.60	51.40
Laboratory equipment	192.06	-	138.04	1.70	0.02	328.38	65.32	87.15	1.34	-	151.13	177.25
Right-of-use assets (refer note (iv) below)	-	-	98.97	-	-	98.97	-	10.71	-	-	10.71	88.26
Vehicles	22.87	-	16.34	6.07	0.02	33.12	3.83	3.58	1.00	0.01	6.40	26.72
Total	**2,717.57**	**-**	**1,020.26**	**15.92**	**1.43**	**3,720.48**	**187.57**	**276.79**	**5.60**	**0.16**	**458.60**	**3,261.88**

Description	As at 01 April 2017	Acquired through Business Combination (Note 44)	Additions	Capitalisations	Forex adjustment	As at 31 March 2018
Add: Capital work-in-progress	298.77	-	782.94	(921.29)	-	160.42

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

(ii) Contractual obligations
Refer note 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Carrying amount of property, plant and equipment (included in above) pledged as securities for borrowings as at 30 September 2020 - ₹ 3,987.51 (31 March 2020 - ₹ 4,043.36 , 31 March 2019 - ₹ 4,120.45 , 31 March 2018 - 2,937.77)

(iv) Right-of-use assets

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2020	Acquisitions through business combination (Note 44)	Additions	Disposals	Forex adjustment	As at 30 September 2020	As at 01 April 2020	Depreciation for the period	Disposals	Forex adjustment	As at 30 September 2020	As at 30 September 2020
Land	5.72	-	-	-	-	5.72	0.64	0.47	-	-	1.11	4.61
Buildings	110.62	-	8.17	1.31	0.11	117.37	12.86	7.27	0.27	(0.00)	19.86	97.51
Plant and equipments	19.74	-	-	-	-	19.74	3.79	2.09	-	-	5.88	13.86
Total	**136.08**	**-**	**8.17**	**1.31**	**0.11**	**142.83**	**17.29**	**9.83**	**0.27**	**(0.00)**	**26.85**	**115.98**

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2019*	Acquisitions through business combination (Note 44)	Additions	Disposals	Forex adjustment	As at 31 March 2020	As at 01 April 2019*	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2020	As at 31 March 2020
Land	-	-	5.72	-	-	5.72	-	0.64	-	-	0.64	5.08
Buildings	-	-	109.60	-	(1.02)	110.62	-	12.84	-	(0.02)	12.86	97.76
Plant and equipments	-	-	19.74	-	-	19.74	-	3.79	-	-	3.79	15.95
Total	**-**	**-**	**135.06**	**-**	**(1.02)**	**136.08**	**-**	**17.27**	**-**	**(0.02)**	**17.29**	**118.79**

* Balance as at 1 April 2019 is considered as Nil. Refer Part B of Annexure VII.

(All amounts are in rupees million, unless otherwise stated)

Note 1: Property, plant and equipment and capital work-in-progress (continued)

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2018	Acquisitions through business combination (Note 44)	Additions	Disposals	Forex adjustment	As at 31 March 2019	As at 01 April 2018	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2019	As at 31 March 2019
Land	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	87.14	-	34.91	-	(1.61)	123.66	7.95	12.03	-	(0.12)	20.10	103.56
Plant and equipments	11.83	-	-	-	-	11.83	2.76	2.88	-	-	5.64	6.19
Total	**98.97**	**-**	**34.91**	**-**	**(1.61)**	**135.49**	**10.71**	**14.91**	**-**	**(0.12)**	**25.74**	**109.75**

(iv) Right-of-use assets (continued)

Description	Gross carrying amount						Accumulated depreciation					Carrying amounts (net)
	As at 01 April 2017	Acquisitions through business combination (Note 44)	Additions	Disposals	Forex adjustment	As at 31 March 2018	As at 01 April 2017	Depreciation for the year	Disposals	Forex adjustment	As at 31 March 2018	As at 31 March 2018
Land	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	87.14	-	-	87.14	-	7.95	-	-	7.95	79.19
Plant and equipments	-	-	11.83	-	-	11.83	-	2.76	-	-	2.76	9.07
Total	**-**	**-**	**98.97**	**-**	**-**	**98.97**	**-**	**10.71**	**-**	**-**	**10.71**	**88.26**

(All amounts are in rupees million, unless otherwise stated)

Note 2: Goodwill and other intangible assets

Description	Goodwill	Other intangible assets			
		Computer software	Brands	Non-compete arrangements	Total
Gross carrying amount					
As at 01 April 2020	441.70	82.51	58.80	22.20	163.51
Acquisitions through business combination (Note 44)	-	-	-	-	-
Additions	-	2.53	-	-	2.53
Disposals	-		-	-	-
Forex adjustment	-	(0.11)	-	-	(0.11)
As at 30 September 2020	**441.70**	**84.93**	**58.80**	**22.20**	**165.93**
Accumulated amortization					
As at 01 April 2020	-	47.46	12.62	4.77	64.85
Amortisation expense	-	10.72	5.89	2.22	18.83
Disposals	-	-	-	-	-
Forex adjustment	-	(0.06)	-	-	(0.06)
As at 30 September 2020	**-**	**58.12**	**18.51**	**6.99**	**83.62**
Carrying amounts (net) as at 30 September 2020	**441.70**	**26.81**	**40.29**	**15.21**	**82.31**
Gross carrying amount					
As at 01 April 2019	359.37	79.77	58.80	22.20	160.77
Acquisitions through business combination (Note 44)	82.33	-	-	-	-
Additions	-	2.78	-	-	2.78
Disposals	-	(0.66)	-	-	(0.66)
Forex adjustment	-	0.62	-	-	0.62
As at 31 March 2020	**441.70**	**82.51**	**58.80**	**22.20**	**163.51**
Accumulated amortization					
As at 01 April 2019	-	25.92	0.84	0.32	27.08
Amortisation expense	-	21.76	11.78	4.45	37.99
Disposals	-	(0.34)	-	-	(0.34)
Forex adjustment	-	0.12	-	-	0.12
As at 31 March 2020	**-**	**47.46**	**12.62**	**4.77**	**64.85**
Carrying amounts (net) as at 31 March 2020	**441.70**	**35.05**	**46.18**	**17.43**	**98.66**
Gross carrying amount					
As at 01 April 2018	-	10.34	-	-	10.34
Acquisitions through business combination (Note 44)	359.37	-	58.80	22.20	81.00
Additions	-	69.75	-	-	69.75
Disposals	-	(0.39)	-	-	(0.39)
Forex adjustment	-	0.07	-	-	0.07
As at 31 March 2019	**359.37**	**79.77**	**58.80**	**22.20**	**160.77**
Accumulated amortization					
As at 01 April 2018	-	3.73	-	-	3.73
Amortisation expense	-	22.53	0.84	0.32	23.69
Disposals	-	(0.38)	-	-	(0.38)
Forex adjustment	-	0.04	-	-	0.04
As at 31 March 2019	**-**	**25.92**	**0.84**	**0.32**	**27.08**
Carrying amounts (net) as at 31 March 2019	**359.37**	**53.85**	**57.96**	**21.88**	**133.69**
Gross carrying amount					
As at 01 April 2017	-	4.59	-	-	4.59
Acquisitions through business combination (Note 44)	-	-	-	-	-
Additions	-	5.78	-	-	5.78
Disposals	-	(0.02)	-	-	(0.02)
Forex adjustment	-	(0.01)	-	-	(0.01)
As at 31 March 2018	**-**	**10.34**	**-**	**-**	**10.34**
Accumulated amortization					
As at 01 April 2017	-	1.26	-	-	1.26
Amortisation expense	-	2.48	-	-	2.48
Disposals	-	(0.01)	-	-	(0.01)
Forex adjustment	-	-	-	-	-
As at 31 March 2018	**-**	**3.73**	**-**	**-**	**3.73**
Carrying amounts (net) as at 31 March 2018	**-**	**6.61**	**-**	**-**	**6.61**

Impairment

Refer significant accounting policy in note 3(d).

Impairment testing for cash generating unit containing goodwill

During the year ended 31 March 2019, the Group has acquired assets under a business transfer agreement from K C Dairy Products Private Limited ("K C Dairy") and allocated Goodwill to K C Dairy which represents the lowest level within the Group at which Goodwill is monitored for internal management purposes. The carrying amount of goodwill as at 30 September 2020 is ₹ 359.37 (31 March 2020: ₹ 359.37, 31 March 2019: ₹ 359.37, 31 March 2018: Nil).

The Group has also acquired Bharathi Feedmixing Plant through its subsidiary Orgafeed Private Limited ("Orgafeed") in the current year under slump sale of assets and allocated goodwill to Orgafeed which represents the lowest level within the Group at which Goodwill is monitored for internal management purposes. The carrying amount of goodwill of Orgafeed as at 30 September 2020 is ₹ 82.33 (31 March 2020: ₹ 82.33, 31 March 2019: Nil, 31 March 2018: Nil).

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

	K C Dairy			Orgafeed	
	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 30 September 2020	As at 31 March 2020
Annual growth rate for 5 years (Average)	9%	9%	9%	8%	8%
Terminal value growth rate	5%	5%	5%	3%	3%
Budgeted EBITDA growth rate	11%	11%	7%	14%	14%
Weighted average cost of capital % (WACC) post tax	13%	13%	13%	12%	12%

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

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

The Group has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in key assumptions would result in the recoverable amount of the CGU to be less than the carrying value. Accordingly, no impairment charges were recognised for FY 2019-2020. As the Goodwill is subject to annual impairment test and in absence of any indicator for impairment, the Group has not performed detailed impairment evaluation for the six months period ended 30 September 2020.

(All amounts are in rupees million, unless otherwise stated)

Note 3: Biological assets other than bearer plants

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Matured biological assets	16.40	19.91	20.60	20.34
Immatured biological assets	6.44	5.53	6.40	7.65
	22.84	**25.44**	**27.00**	**27.99**

Reconciliation of carrying amount:

	As at 30 September 2020		As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Matured biological assets	Immatured biological assets	Matured biological assets	Immatured biological assets	Matured biological assets	Immatured biological assets	Matured biological assets	Immatured biological assets
Balance at the beginning of the period/ year	**19.91**	**5.53**	**20.60**	**6.40**	**20.34**	**7.65**	**17.68**	**5.87**
Change in fair value (refer note 27)	0.96	2.84	(7.05)	9.14	(0.85)	5.01	4.26	5.56
Cattles matured during the period/ year	1.32	(1.32)	10.01	(10.01)	4.35	(4.35)	3.36	(3.36)
Cattles sold/ discarded during the period/ year	(5.79)	(0.61)	(3.65)	-	(3.24)	(1.91)	(4.96)	(0.42)
Balance at the end of the period/ year	**16.40**	**6.44**	**19.91**	**5.53**	**20.60**	**6.40**	**20.34**	**7.65**

As at 30 September 2020, there were 193 cattle (31 March 2020: 192, 31 March 2019: 170 cattle, 31 March 2018: 212 cattle) as immatured biological assets and 250 cattle (31 March 2020 : 318 cattle, 31 March 2019: 285 cattle, 31 March 2018: 245 cattle) as matured biological assets. During the current year, the Group has sold/ discarded 110 cattle (31 March 2020: 55 cattle, 31 March 2019: 98 cattle, 31 March 2018: 76 cattle).

The fair valuation of biological assets is classified as level 2 in the fair value hierarchy as they are determined based on the basis of the best available quote from the nearest market to the farm and on the basis of age of the calves, cows and heifers.

Note 4: Non-current investments

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Investment in equity instruments				
Carried at cost less provision for other than temporary impairment				
Unquoted				
Investment in associate*				
Global VetMed Concepts India Private Limited	38.67	38.67	38.67	38.67
3,866,923 (31 March 2020: 3,866,923, 31 March 2019: 3,866,923, 31 March 2018: 3,866,923) equity shares of face value ₹ 10 each, fully paid-up				
Less: Provision for impairment for investment in Global VetMed Concepts India Private Limited	(38.67)	(38.67)	(38.67)	(38.67)
	-	**-**	**-**	**-**
Other investments				
Investment in quoted mutual funds (carried at fair value through profit and loss (FVTPL))	-	3.42	78.63	71.10
	-	**3.42**	**78.63**	**71.10**

* The Group holds 47.88% of the shareholding in the associate company. The Group's share of net profit/ (loss) incurred during the period by the associate company is ₹ 0.44 (31 March 2020: ₹ (3.90), 31 March 2019: ₹ 6.55, 31 March 2018: ₹ (0.34)). The Group has not recognised these profits/ losses in its books of account as the investment is fully impaired. The Group has not received dividend from the associate company during the current and previous period/ year.

Aggregate value of non-current investments - unquoted	38.67	38.67	38.67	38.67
Aggregate book/ market value of non-current investments - quoted	-	3.42	78.63	71.10
Aggregate provision for impairment in value of non-current investments	(38.67)	(38.67)	(38.67)	(38.67)

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 42.

Note 5: Non-current loans

Unsecured, considered good				
Security deposits	94.21	93.73	84.95	58.05
Amounts receivable from vendors	-	-	-	90.19
Unsecured, credit impaired				
Amounts receivable from vendors	5.00	5.00	5.00	5.00
Less: Allowance for doubtful receivables	(5.00)	(5.00)	(5.00)	(5.00)
	94.21	**93.73**	**84.95**	**148.24**

Note 6: Other non-current assets

Capital advances				
Unsecured, considered good	8.21	8.81	33.96	7.87
Unsecured, credit impaired	-	-	0.03	0.03
Less : Allowance for bad and doubtful advances	-	-	(0.03)	(0.03)
Advances other than capital advances (Unsecured, considered good)				
Prepaid expenses	1.21	-	-	-
Salary advances to key managerial person**	0.03	2.49	0.61	3.00
Taxes paid under protest	77.07	77.07	77.07	75.03
	86.52	**88.37**	**111.64**	**85.90**

** Includes outstanding balances as disclosed under note 38

Note 7: Inventories*

Raw materials and packing materials	227.44	783.16	266.31	233.60
Work-in-progress	511.01	134.29	211.14	456.46
Finished goods**	398.37	212.76	712.88	602.28
Stock-in-trade	10.46	17.09	13.74	8.30
Stores and spares	56.07	54.40	44.46	40.19
	1,203.35	**1,201.70**	**1,248.53**	**1,340.83**
Carrying amount of inventories (included in above) pledged as securities for borrowings	1,110.34	1,110.20	1,174.46	1,295.79

*refer Significant accounting policy in note 3(f) for mode of valuation for inventories.

**include goods-in-transit amounting to ₹ 45.54 (31 March 2020: ₹ 49.07, 31 March 2019: ₹ 39.90, 31 March 2018: ₹ Nil).

The write down of inventories to net realisable value during the period/ year amounted to ₹ 0.30 (31 March 2020: ₹ 0.90, 31 March 2019: ₹ 1.66, 31 March 2018: ₹ 0.82)). The write down are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress.

(All amounts are in rupees million, unless otherwise stated)

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Note 8: Current investments				
Investment in quoted mutual funds (carried at FVTPL)	52.75	115.22	181.35	598.49
	52.75	**115.22**	**181.35**	**598.49**
Carrying amount of investments (included in above) pledged as securities for borrowings (refer note 20)	-	-	-	531.42
Aggregate book/ market value of current investments - quoted	52.75	115.22	181.35	598.49
Aggregate amount of impairment in value of current investments	-	-	-	-

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 42.

Note 9: Trade receivables				
Unsecured, considered good	63.74	72.03	73.23	36.05
Unsecured, credit impaired	6.19	1.93	0.64	0.45
	69.93	**73.96**	**73.87**	**36.50**
Less: Allowance for doubtful debts	(6.19)	(1.93)	(0.64)	(0.45)
	63.74	**72.03**	**73.23**	**36.05**
Carrying amount of receivables (included in above) pledged as securities for borrowings	31.97	36.70	37.17	19.35

The Group's exposure to credit risks and loss allowances related to trade receivables are disclosed in note 42.

Note 10: Cash and bank balances				
(a) Cash and cash equivalents:				
Cash on hand	17.05	20.60	46.94	15.03
Balances with banks				
-in current accounts	194.45	255.19	167.54	74.14
-in deposit accounts (with original maturity of less than three months)	487.85	410.94	-	50.00
	699.35	**686.73**	**214.48**	**139.17**
(b) Other bank balances*	400.24	0.34	0.82	0.70
	400.24	**0.34**	**0.82**	**0.70**

* It includes bank deposits held against bank guarantees amounting to ₹ 0.23 (31 March 2020: ₹ 0.34, 31 March 2019: ₹ 0.82, 31 March 2018: ₹ 0.70).

Note 11: Current loans				
Unsecured, considered good				
Amounts receivable from vendors	36.87	36.87	156.93	67.00
Deposits	0.74	0.74	-	-
	37.61	**37.61**	**156.93**	**67.00**

Note 12: Other financial assets				
Non-Current				
Unsecured, considered good*				
Bank Deposits due to mature after 12 months from the reporting date	0.10	-	-	-
	0.10	**-**	**-**	**-**

* Represents margin money deposits against bank guarantees.

Current				
Unsecured, considered good				
Interest accrued	3.01	6.34	2.26	1.63
Amount paid under protest	0.14	0.14	-	-
Other receivables	1.52	-	-	-
	4.67	**6.48**	**2.26**	**1.63**

Note 13: Other current assets				
Advances other than capital advances:				
Unsecured, considered good:				
Salary advances to employees	2.00	3.94	4.59	3.93
Salary advances to key managerial person**	0.20	0.94	2.40	2.40
Prepaid expenses	24.66	30.54	35.96	21.38
Advance to suppliers	5.49	7.99	8.99	6.93
Share issue expenses (refer note (i) below)	-	-	69.15	-
Other advances	11.17	12.65	9.21	9.09
Balance with government authorities	23.91	52.74	52.57	34.96
Unsecured, credit impaired:				
Other advances**	44.55	44.80	47.47	53.64
Less : Allowance for bad and doubtful advances	(44.55)	(44.80)	(47.47)	(53.64)
	67.43	**108.80**	**182.87**	**78.69**

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

** Includes a part of outstanding balances as disclosed under note 38 (iii)

(All amounts are in rupees million, unless otherwise stated)

Note 14: Equity share capital

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Authorised				
75,000,000 (31 March 2020: 75,000,000 31 March 2019: 75,000,000 31 March 2018: 75,000,000) equity shares of ₹ 10 each	750.00	750.00	750.00	750.00
	750.00	**750.00**	**750.00**	**750.00**
Issued, subscribed and paid-up share capital				
55,671,991 (31 March 2020: 55,671,991, 31 March 2019: 55,671,991, 31 March 2018: 3,274,823) equity shares of ₹ 10 each, fully paid-up	556.72	556.72	556.72	32.75
	556.72	**556.72**	**556.72**	**32.75**

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

	As at 30 September 2020		As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity shares								
At the commencement of the period/ year	55,671,991	556.72	55,671,991	556.72	3,274,823	32.75	3,274,823	32.75
Issued during the period/ year (refer note (d) below)	-	-	-	-	52,397,168	523.97	-	-
Outstanding at the end of the period/ year	**55,671,991**	**556.72**	**55,671,991**	**556.72**	**55,671,991**	**556.72**	**3,274,823**	**32.75**

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

The Company has a single class of equity shares as at 30 September 2020 having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, TPG Dodla Dairy Holdings Pte. Ltd. (“the Investor”) shall be paid from the distributable proceeds, an amount (hereafter referred to as the “investor liquidation amount”) which is the higher of:

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

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

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

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

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

	As at 30 September 2020		As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹10 each, fully paid-up								
Mr. D. Sunil Reddy	4,011,519	7.21%	4,011,519	7.21%	14,857,479	26.69%	832,124	25.41%
Mrs. D. Deepa Reddy	845,517	1.52%	845,517	1.52%	7,845,517	14.09%	363,256	11.09%
Mr. D. Sesha Reddy	556,716	1.00%	556,716	1.00%	556,716	1.00%	1,195,238	36.50%
Dodla Family Trust	16,144,877	29.00%	16,144,877	29.00%	16,144,877	29.00%	-	-
Sunil Reddy (HUF)	10,845,960	19.48%	10,845,960	19.48%	-	-	-	-
Mylktree Consultants LLP	7,000,000	12.57%	7,000,000	12.57%	-	-	-	-
TPG Dodla Dairy Holdings Pte. Ltd.	15,031,434	27.00%	15,031,434	27.00%	15,031,434	27.00%	884,202	27.00%

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

(e) Share based payment arrangement

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

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

Movement in the options under the Plan	No. of options			
	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Options outstanding at the beginning of the period/ year	49,122	49,122	49,122	-
Options granted during the period/ year	-	-	-	49,122
Options exercised during the period/ year	-	-	-	-
Options exercisable at the end of the period/ year	**49,122**	**49,122**	**49,122**	**49,122**

Fair value measurement

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

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

No. of options granted	49,122
Date of grant	23-Mar-18
Vesting period (years)	1 to 4
Fair value at grant date (INR)	430
Expected volatility	45.00%
Risk free rate	7.60%

For details on the employee benefits expense, refer note 30.

(All amounts are in rupees million, unless otherwise stated)

Note 15: Other equity

	Attributable to owners of the company						
	Capital redemption reserve	**Securities premium**	**Debenture Redemption Reserve**	**Foreign currency translation reserve**	**Share options outstanding account**	**Retained earnings**	**Total**
Balance as at 01 April 2017	**12.00**	**1,092.25**	**-**	**(71.45)**	**-**	**1,747.79**	**2,780.59**
Additions:	-	-	-	-	-	-	-
Exchange differences in translating financial statements of foreign operations	-	-	-	(2.78)	-	-	(2.78)
Issue of bonus shares	-	-	-	-	-	-	-
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	15.30	15.30
Employee share based payment expense	-	-	-	-	0.60	-	0.60
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	568.86	568.86
Transfer to debenture redemption reserve	-	-	-	-	-	-	-
Balance as at 31 March 2018	**12.00**	**1,092.25**	**-**	**(74.23)**	**0.60**	**2,331.95**	**3,362.57**
Additions:	-	-	-	-	-	-	-
Exchange differences in translating financial statements of foreign operations	-	-	-	23.61	-	-	23.61
Issue of bonus shares	-	(523.97)	-	-	-	-	(523.97)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	(1.16)	(1.16)
Employee share based payment expense	-	-	-	-	18.34	-	18.34
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	627.62	627.62
Transfer to debenture redemption reserve	-	-	3.30	-	-	(3.30)	-
Balance as at 31 March 2019	**12.00**	**568.28**	**3.30**	**(50.62)**	**18.94**	**2,955.11**	**3,507.01**
Ind AS 116 transition adjustment (refer Part B of Annexure VII)	-	-	-	-	-	4.66	4.66
Balance as at 01 April 2019	**12.00**	**568.28**	**3.30**	**(50.62)**	**18.94**	**2,959.77**	**3,511.67**
Additions:							
Exchange differences in translating financial statements of foreign operations	-	-	-	52.12	-	-	52.12
Dividend	-	-	-	-	-	(249.33)	(249.33)
Dividend distribution tax	-	-	-	-	-	(40.17)	(40.17)
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	(2.38)	(2.38)
Employee share based payment expense	-	-	-	-	7.62	-	7.62
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	498.71	498.71
Transfer to debenture redemption reserve	-	-	12.86	-	-	(12.86)	-
Balance as at 31 March 2020	**12.00**	**568.28**	**16.16**	**1.50**	**26.56**	**3,153.74**	**3,778.24**
Additions:							
Exchange differences in translating financial statements of foreign operations	-	-	-	(9.49)	-	-	(9.49)
Dividend	-	-	-	-	-	-	-
Dividend distribution tax	-	-	-	-	-	-	-
Remeasurement of the net defined benefit obligation, net of tax effect	-	-	-	-	-	3.56	3.56
Employee share based payment expense	-	-	-	-	2.08	-	2.08
Net profit after tax transferred from the statement of profit and loss	-	-	-	-	-	747.78	747.78
Transfer to debenture redemption reserve	-	-	38.84	-	-	(38.84)	-
Balance as at 30 September 2020	**12.00**	**568.28**	**55.00**	**(7.99)**	**28.64**	**3,866.24**	**4,522.17**

Nature and purpose of the reserve

Capital redemption reserve

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

Debenture redemption reserve

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

Securities premium

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

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in this reserve within equity. The cumulative amount will be reclassified to profit or loss when the net investment is disposed-off.

Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued under Dodla Dairy Limited Employee Stock Option Plan 2018 (refer note 14(e)).

Remeasurement of defined benefit plans (included in retained earnings)

Remeasurements of defined benefit plans represents the following as per Ind AS 19, employee benefits:
(a) actuarial gains and losses
(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

(All amounts are in rupees million, unless otherwise stated)

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Note 16: Non-current borrowings				
Secured				
Debentures				
550,000 (31 March 2020: 550,000, 31 March 2019: 550,000, 31 March 2018: Nil) Redeemable non-convertible debentures of ₹ 1,000 each, fully paid-up	459.95	501.23	542.24	-
Term loans				
- from banks (refer below)	279.26	366.02	560.14	222.50
	739.21	**867.25**	**1,102.38**	**222.50**

Terms of repayment of Debentures taken by Holding Company:

During the financial year 2018-19, the Company has issued 550,000 Redeemable non convertible debentures of ₹ 1,000 each, fully paid up to International Finance Corporation (IFC) which carries interest rate of IFC's cost of funding plus 2.25%, currently 9.00% p.a. and is secured by the first charge on movable plant, machinery, equipment and all other movable assets (both present and future) pertaining to specified plants and second pari passu charge on current assets (both present and future) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. The debentures are getting matured by 2026-27, outstanding amount (including current maturities) as at 30 September 2020 is ₹ 544.54 (31 March 2020 is ₹ 543.53, 31 March 2019 is ₹ 542.24, 31 March 2018 is Nil).

Terms of repayment for secured term loans from banks taken by the Holding Company:

a) Term loan of ₹ 65 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum i.e., 9.45 % per annum as on 30 September 2020. It is repayable in 16 equal quarterly installments of ₹ 4.06 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 30 September 2020 is ₹ 20.31 (31 March 2020 is ₹ 28.44, 31 March 2019 is ₹ 44.69, 31 March 2018 is ₹ 60.93).

b) Term loan of ₹ 100 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate at the rate equal to MCLR plus 1.10% per annum i.e., 9.45 % per annum as on 30 September 2020. It is repayable in 16 equal quarterly installments of ₹ 6.25 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 30 September 2020 is ₹ 31.25 (31 March 2020 is ₹ 43.75, 31 March 2019 is ₹ 68.75, 31 March 2018 is ₹ 93.75).

c) Term loan of Rs 50 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum i.e., 9.45% per annum as on 30 September 2020. It is repayable in 16 equal quarterly installments of ₹ 3.13 commencing from September 2016. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (includes current maturities) as at 30 September 2020 is ₹ Nil (31 March 2020 is ₹ Nil, 31 March 2019 is ₹ 15.63, 31 March 2018 is ₹ 28.13).

d) Term loan of ₹ 25 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum i.e., 9.45% per annum as on 30 September 2020. It is repayable in 16 equal quarterly installments of ₹ 1.56 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 30 September 2020 is ₹ 7.81 (31 March 2020 is ₹ 10.94, 31 March 2019 is ₹ 17.18, 31 March 2018 is ₹ 23.44).

e) Term loan of ₹ 60 was taken from HDFC Bank during the financial year 2015-2016 which carries interest rate equal to MCLR plus 1.10% per annum i.e., 9.45% per annum as on 30 September 2020. It is repayable in 16 equal quarterly installments of ₹ 3.75 commencing from January 2018. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 30 September 2020 is ₹ 18.75 (31 March 2020 is ₹ 26.25, 31 March 2019 is ₹ 41.25, 31 March 2018 is ₹ 56.25).

f) Term loan of ₹ 70 was taken from HDFC Bank during the financial year 2016-2017 which carries interest rate equal to MCLR plus 1.10% per annum i.e., 9.45% per annum as on 30 September 2020. It is repayable in 16 equal quarterly installments of ₹ 4.38 each commencing from April 2017. The term loan is secured by exclusive charge on all the movable and immovable fixed assets acquired using the term loan, pari-passu second charge on the current assets and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 30 September 2020 is ₹ 8.75 (31 March 2020 is ₹ 17.50, 31 March 2019 is ₹ 35.00, 31 March 2018 is ₹ 52.50).

g) Term loan of ₹ 250 was taken from HSBC Bank during the financial year 2018-2019 which carries interest rate equal to MCLR plus 1.00% per annum i.e., 8.95% per annum as on 30 September 2020. It is repayable in 18 equal quarterly installments of ₹ 13.89 each commencing from November 2019. The term loan is secured by first pari-passu charge on identified properties, movable and immovable (present and future) and second pari-passu charge on current assets, present and future and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 30 September 2020 is ₹ 194.44 (31 March 2020 is ₹ 222.22, 31 March 2019 is ₹ 250.00, 31 March 2018 is Nil).

h) Term loan of ₹ 249.50 was taken from ICICI Bank during the financial year 2018-2019 which carries interest rate equal to MCLR plus 0.60% per annum i.e., 8.80% per annum as on 30 September 2020. It is repayable in total 10 quarterly installments. For 9 quarterly installments of ₹ 13.86 each and balance of ₹ 124.75 for final installment commencing from September 2019. The term loan is secured by first pari-passu charge on identified properties, movable and immovable (present and future) and second pari-passu charge on current assets, present and future and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Outstanding amount (including current maturities) as at 30 September 2020 is ₹ 180.19 (31 March 2020 is ₹ 207.92, 31 March 2019 is ₹ 249.50, 31 March 2018 is Nil).

Aggregate amount of loans (including current maturities) guaranteed by the directors of the Company outstanding as at 30 September 2020 is ₹ 1006.04 (31 March 2020 is ₹ 1,100.54, 31 March 2019 is ₹ 1,264.24, 31 March 2018 is ₹ 315.00).

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

The Company has not complied with the requirements of maintenance of current ratio (calculated as current assets to current liabilities) associated with redeemable non convertible debentures issued to IFC for the year ended 31 March 2019. Subsequent to the year end i.e. on 07 August 2019, IFC has waived the compliance with the current ratio and prospective debt service coverage ratio for the financial year ended 31 March 2019.

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

Information about the Group’s exposure to interest rate and liquidity risks is included in note 42.

(All amounts are in rupees million, unless otherwise stated)

Note 17: Deferred tax liabilities, net

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
The balance comprises temporary differences attributable to:				
Deferred tax liabilities				
On account of property, plant and equipment (PPE), Goodwill and other intangible assets	495.94	460.32	358.36	290.46
Fair value changes in mutual funds	1.36	6.35	3.09	16.99
Others	7.82	5.60	5.21	-
Deferred tax assets				
Provision for employee benefits	(63.87)	(54.11)	(40.32)	(39.40)
Lease liability	(34.31)	(33.04)	(31.69)	(22.93)
Provision for impairment of receivables, advances and other assets, net	(21.71)	(19.99)	(18.35)	(20.34)
Unabsorbed tax losses	-	-	-	(22.88)
Others	(4.14)	(0.21)	(21.23)	(13.23)
Net deferred tax liability	**381.09**	**364.92**	**255.07**	**188.67**
Deferred tax assets	(3.52)	(0.21)	(3.12)	(18.75)
Deferred tax liabilities	384.61	365.13	258.19	207.42
Net deferred tax liability	**381.09**	**364.92**	**255.07**	**188.67**

Also refer note 34, for tax expense.

Movement in deferred tax liabilities/ (assets)

	Carried forward losses	On account of PPE, goodwill and other intangible assets	Fair value changes in mutual funds	Provision for employee benefit	Provision for impairment of receivables, advances and other assets, net	Others	Total
Balance as at 01 April 2017	**(4.84)**	**180.80**	**14.71**	**(42.34)**	**(20.39)**	**2.81**	**130.75**
Charged/ (credited):							
- to profit or loss	(18.04)	109.66	2.28	(5.16)	0.05	(38.97)	49.82
- to other comprehensive income	-	-	-	8.10	-	-	8.10
Balance as at 31 March 2018	**(22.88)**	**290.46**	**16.99**	**(39.40)**	**(20.34)**	**(36.16)**	**188.67**

	Carried forward losses	On account of PPE, goodwill and other intangible assets	Fair value changes in mutual funds	Provision for employee benefit	Provision for impairment of receivables, advances and other assets, net	Others	Total
Balance as at 01 April 2018	**(22.88)**	**290.46**	**16.99**	**(39.40)**	**(20.34)**	**(36.16)**	**188.67**
Charged/ (credited):							
- to profit or loss	22.88	67.90	(13.90)	(0.29)	1.99	(11.55)	67.03
- to other comprehensive income	-	-	-	(0.63)	-	-	(0.63)
Balance as at 31 March 2019	**-**	**358.36**	**3.09**	**(40.32)**	**(18.35)**	**(47.71)**	**255.07**

	Carried forward losses	On account of PPE*	Fair value changes in mutual funds	Provision for employee benefit	Provision for doubtful debts and advances	Others*	Total
Balance as at 01 April 2019	**-**	**329.15**	**3.09**	**(40.32)**	**(18.35)**	**(16.02)**	**257.55**
Charged/ (credited):							
- to profit or loss	-	131.17	3.26	(12.51)	(1.64)	(11.63)	108.65
- to other comprehensive income	-	-	-	(1.28)	-	-	(1.28)
Balance as at 31 March 2020	**-**	**460.32**	**6.35**	**(54.11)**	**(19.99)**	**(27.65)**	**364.92**

* Opening balance of deferred tax asset on lease liability has been considered Nil due to transition adjustment relating to Ind AS 116. Refer Part B of Annexure VII.

	Carried forward losses	On account of PPE	Fair value changes in mutual funds	Provision for employee benefit	Provision for doubtful debts and advances	Others	Total
Balance as at 01 April 2020	**-**	**460.32**	**6.35**	**(54.11)**	**(19.99)**	**(27.65)**	**364.92**
Charged/ (credited):							
- to profit or loss	-	35.62	(4.99)	(11.67)	(1.72)	(2.98)	14.26
- to other comprehensive income	-	-	-	1.91	-	-	1.91
Balance as at 30 September 2020	**-**	**495.94**	**1.36**	**(63.87)**	**(21.71)**	**(30.65)**	**381.09**

Note 18: Government grants

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Non-current	26.95	28.38	31.34	34.52
Current	2.91	2.96	2.96	2.86
	29.86	**31.34**	**34.30**	**37.38**

Movement of government grants:

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the period/ year	31.34	34.30	37.38	15.92
Add: Received during the period/ year	-	-	-	25.78
Less: Released to statement of profit and loss (refer note 27)	(1.48)	(2.96)	(3.08)	(4.32)
Balance at the end of the period/ year	**29.86**	**31.34**	**34.30**	**37.38**

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

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Note 20: Current borrowings				
Loans repayable on demand from banks				
Secured				
Cash credit and overdraft	-	-	163.65	568.13
Other loans from banks				
Secured				
Working capital demand loans	-	400.00	150.00	375.00
	-	**400.00**	**313.65**	**943.13**

Terms of repayment of current borrowings from banks taken by the Company:

Secured

(i) ICICI Bank:
a) The Company has taken cash credit and working capital demand loan facilities from ICICI Bank, secured by way of pari-passu first charge on the entire stock of inventory and such other movables including book debts, receivables, both present and future and a pari-passu second charge on the fixed assets of the Company which are both movable and immovable in nature (except for the fixed assets funded out of HDFC term loan) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Cash credit carries an interest rate of 9.00% per annum and working capital demand loan carries an interest rate of 7.95% to 8.70% per annum.

b) The Company had taken bank overdraft facility from ICICI Bank, secured by way of pari-passu first charge on the selected investments of the Company in the Mutual Funds and carries an interest rate ranging from 8.00% to 9.00% per annum. This facility was closed during the year ended 31 March 2019.

ii) Standard Chartered Bank (SCB): The Company has taken short-term loan and pre-shipment finance facility from SCB. All these facilities are secured by pari-passu first charge on entire current asset of the Company, second pari-passu charge on entire fixed assets of the Company, both present and future (excepting assets specifically charged to banks) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.70% to 9.00% per annum.

iii) Kotak Mahindra Bank : The Company has taken working capital demand loan facility from Kotak Mahindra Bank, secured by pari-passu first charge on all the current assets of the Company and second pari-passu charge on all the movable fixed assets of the Company including equitable mortgage on the specified property of the Company, both present and future (other than assets exclusively charged to term lenders) and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.80% to 8.35% per annum.

iv) HDFC Bank:
a) The Company has taken cash credit and working capital demand loan facility from HDFC Bank. All these facilities are secured by pari-passu first charge on all the current assets of the Company and second charge on all the fixed assets of the Company other than those financed by ICICI Bank and SCB Bank and personal guarantees furnished by the director of the Company, Mr. Sunil Reddy. Cash credit carries an interest rate of 9.50% to 10.00% per annum and working capital demand loan carries an interest rate of 8.00% to 9.00% per annum.

b) The Group had taken bank overdraft facility from HDFC Bank, secured by way of pari-passu first charge on the selected investments of the Group in the Mutual Funds and carries an interest rate ranging from 8.00% to 9.00% per annum.

v) Hongkong and Shanghai Banking Corporation (HSBC Bank):
a) The Company has taken overdraft and working capital demand loan facility from HSBC Bank. All these facilities are secured by pari-passu hypothecation charge on entire current asset of the Company, second pari-passu charge on the fixed assets of the Company and personal guarantee furnished by the director of the Company, Mr. Sunil Reddy. Interest rate on these facilities ranges from 7.60% to 8.50% per annum.

b) Further the Company had taken additional bank overdraft facility and working capital demand loan facility from HSBC Bank, secured by way of pari-passu first charge on the selected investments of the Company in the Mutual Funds and carries an interest rate ranging from 7.60% to 8.50% per annum. This facility was closed during the year ended 31 March 2019.

Aggregate amount of loans guaranteed by the directors of the Company outstanding as at 30 September 2020 is ₹ Nil (31 March 2020: ₹ 400.00, 31 March 2019: ₹ 313.65, 31 March 2018: ₹ 587.80).

Information about the Group's exposure to interest rate and liquidity risks is included in note 42.

	30 September 2020	31 March 2020	31 March 2019	31 March 2018
Note 21: Trade payables				
Total outstanding dues of micro enterprises and small enterprises (refer note below)	6.50	7.91	2.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises **	712.82	774.25	754.12	624.77
	719.32	**782.16**	**756.86**	**624.77**

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

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

	30 September 2020	31 March 2020	31 March 2019	31 March 2018
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the period/ year:				
- Principal	6.50	7.91	2.74	-
- Interest	-	-	-	-
ii) The amount of interest paid by the Group in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed date during the period/ year	-	-	-	-
iii) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the period/ year) but without adding the interest specified under the MSMED Act.	-	-	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting period/ year.	-	-	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under Section 23 of the MSMED Act.	-	-	-	-
	6.50	**7.91**	**2.74**	**-**

** Includes a part of outstanding balances as disclosed under note 38.

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 42.

	30 September 2020	31 March 2020	31 March 2019	31 March 2018
Note 22: Other financial liabilities				
Current maturities of long term debt from banks (refer note 16)	266.84	233.30	161.86	92.50
Interest accrued but not due on borrowings	3.36	4.14	4.38	2.72
Capital creditors	15.25	28.39	161.57	33.71
Dividend payable	-	67.32	-	-
Employee payables**	128.89	111.48	99.08	91.63
Security deposits	184.17	166.70	141.67	97.26
	598.51	**611.33**	**568.56**	**317.82**

** Includes a part of outstanding balances as disclosed under note 38.

The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 42.

	30 September 2020	31 March 2020	31 March 2019	31 March 2018
Note 23: Current provisions				
Provision for employee benefits				
Compensated absences	26.20	17.88	11.63	9.89
Gratuity (refer note 19)	2.82	3.34	9.19	6.26
Provision for litigations (refer note below)	6.74	6.74	6.74	6.74
	35.76	**27.96**	**27.56**	**22.89**

Note:

Particulars	Opening balance	Created during the period/ year	Utilised during the period/ year	Closing balance
Provision for litigations				
- For the six months period ended 30 September 2020	**6.74**	-	-	**6.74**
- For the year ended 31 March 2020	**6.74**	-	-	**6.74**
- For the year ended 31 March 2019	**6.74**	-	-	**6.74**
- For the year ended 31 March 2018	**6.74**	-	-	**6.74**

Provision for litigations represents provision towards potential liability against an indirect tax case based on Company's internal assessment.

	30 September 2020	31 March 2020	31 March 2019	31 March 2018
Note 24: Current tax liabilities (net)				
Current tax liability	357.28	297.72	178.49	132.74
Dividend distribution tax payable	-	40.17	-	-
Current tax asset	(18.09)	(87.58)	(36.48)	(46.19)
	339.19	**250.31**	**142.01**	**86.55**

Also refer note 34, for tax expense.

	30 September 2020	31 March 2020	31 March 2019	31 March 2018
Note 25: Other current liabilities				
Advance from customers	32.76	33.97	31.08	18.31
Statutory dues	17.60	18.95	28.46	31.94
Other payables	0.15	0.09	-	-
	50.51	**53.01**	**59.54**	**50.25**

(All amounts are in rupees million, unless otherwise stated)

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Note 19: Non-current provisions				
Provision for employee benefits				
Compensated absences	78.76	76.28	64.40	53.32
Gratuity (refer note (ii) below)	14.25	18.63	0.60	15.56
	93.01	**94.91**	**65.00**	**68.88**

(i) Post retirement benefit - Defined contribution plans

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue (refer note 30).

(ii) Post retirement benefit - Defined benefit plans

The Group provides its employees with the benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/ exit, restricted to a sum of ₹ 2.00.

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

	As at 30 September 2020			As at 31 March 2020			As at 31 March 2019			As at 31 March 2018		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
Opening balance (A)	**95.71**	**(73.74)**	**21.97**	**79.00**	**(69.21)**	**9.79**	**57.63**	**(35.81)**	**21.82**	**60.21**	**(22.24)**	**37.97**
Current service cost	7.91	-	7.91	14.84	-	14.84	11.67	-	11.67	14.48	-	14.48
Past service cost	-	-	-	-	-	-	-	-	-	2.78	-	2.78
Interest cost	2.84	-	2.84	5.86	-	5.86	4.41	-	4.41	4.03	-	4.03
Expected returns	-	(2.18)	(2.18)	-	(5.13)	(5.13)	-	(2.72)	(2.72)	-	(1.49)	(1.49)
Total amount recognised in profit or loss (B)	**10.75**	**(2.18)**	**8.57**	**20.70**	**(5.13)**	**15.57**	**16.08**	**(2.72)**	**13.36**	**21.29**	**(1.49)**	**19.80**
Remeasurements												
Gain from change in demographic assumptions	(1.51)	-	(1.51)	(6.63)	-	(6.63)	-	-	-	(3.58)	-	(3.58)
Loss from change in financial assumptions	3.41	-	3.41	10.28	-	10.28	1.08	-	1.08	(20.37)	-	(20.37)
Experience losses/ (gains)	(4.76)	(2.61)	(7.37)	(0.78)	0.79	0.01	1.36	(0.65)	0.71	1.43	(0.88)	0.55
Total amount recognised in other comprehensive income (C)	**(2.86)**	**(2.61)**	**(5.47)**	**2.87**	**0.79**	**3.66**	**2.44**	**(0.65)**	**1.79**	**(22.52)**	**(0.88)**	**(23.40)**
Contributions (D)	-	(8.00)	(8.00)	-	(7.05)	(7.05)	-	(34.06)	(34.06)	-	(12.55)	(12.55)
Benefits paid (E)	(3.74)	3.74	-	(6.86)	6.86	-	(4.03)	4.03	-	(1.35)	1.35	-
Acquisition Adjustment (F)	-	-	-	-	-	-	6.88	-	6.88	-	-	-
Closing balance (A+B+C+D+E+F)	**99.86**	**(82.79)**	**17.07**	**95.71**	**(73.74)**	**21.97**	**79.00**	**(69.21)**	**9.79**	**57.63**	**(35.81)**	**21.82**

b) Significant estimates: actuarial assumptions

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

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Discount rate	5.45%	6.00%	7.40%	7.60%
Salary escalation rate	10.00%	10.00%	10.00%	10.00%
Employee attrition rate	17.00%	16.00%	12.00%	12.00%
Retirement age	58 years	58 years	58 years	58 years

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

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

c) Sensitivity analysis

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

	As at 30 September 2020		As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	94.23	106.17	90.12	101.99	73.59	85.20	53.76	62.07
Salary escalation rate (1% movement)	105.75	94.49	101.60	90.34	84.88	73.76	61.81	53.90
Employee attrition rate (1% movement)	91.13	119.67	87.86	112.92	74.05	88.26	56.96	58.40

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

d) The major categories of plan assets are as follows

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Funds managed by Life Insurance Corporation of India	82.80	73.74	69.21	35.81
Total	**82.80**	**73.74**	**69.21**	**35.81**

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

e) Risk exposure

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

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

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

f) Maturity profile of defined benefit obligation:

As at	As at 30 September 2020	As at 31 March 2020	31 March 2019	As at 31 March 2018
1st following year	16.71	14.73	9.19	6.26
2nd following year	12.41	12.70	10.05	7.11
3rd following year	12.51	11.44	8.72	7.73
4th following year	11.18	10.86	8.10	6.64
5th following year	10.88	10.04	7.79	5.79
Thereafter	81.89	88.74	112.57	81.56

g) The Group expects to contribute a sum of ₹ 31.69 to the plan for the next annual accounting period.

h) The weighted average duration of the defined benefit obligation at the end of the period/ year is 6 years (31 March 2020: 6 years, 31 March 2019: 7 years, 31 March 2018: 7 years)

(iii) Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

(All amounts are in rupees million, unless otherwise stated)

	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 26: Revenue from operations				
Sale of goods				
- Finished goods	8,759.18	20,056.12	16,166.55	15,746.54
- Traded goods	368.27	1,305.52	737.33	145.06
Sale of services				
- Conversion service charges	31.33	24.07	6.14	6.66
Other operating revenue				
- Sale of scrap	4.35	8.02	6.71	6.49
	9,163.13	**21,393.73**	**16,916.73**	**15,904.75**

The Group has adopted Ind AS 115 'Revenue from Contracts with Customers' that replaces Ind AS 18 w.e.f 1 April 2018. It introduces a new five-step approach to measuring and recognising revenue from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for services to a customer.

The Group has opted for the cumulative effect method (modified retrospective application) permitted by Ind AS 115 upon adoption of new standard. Accordingly, the standard has been applied for the year ended 31 March 2019 only (i.e. the initial application period). This method requires the recognition of cumulative impact of adoption of Ind AS 115 on all contracts as at 1 April 2018 ('transition date') in equity.

For the purposes of Restated Consolidated Financial Information, the Group has followed accounting policy as per Ind AS 115 for all the years presented in Restated Consolidated Financial Information. The Management reviewed and assessed the Group's existing policy for recognising the revenue at 1 April 2017 and concluded that, apart from more extensive disclosures for the Group's revenue transactions, the initial application of Ind AS 115 has had no significant impact on the Group's Restated Consolidated Statement of Assets and Liabilities as at 31 March 2018 and its Restated Consolidated Statement of Profit and Loss including other comprehensive income for the year then ended. Consequently, there were no adjustments as at 1 April 2017.

Reconciliation of revenue recognised with the contracted price is as follows:				
Contract price	9,319.49	21,868.89	17,338.34	16,199.48
Less: Discounts and incentives	(156.36)	(475.16)	(421.61)	(294.73)
	9,163.13	21,393.73	16,916.73	15,904.75

Note 27: Other income				
Interest income				
- on deposits	6.04	0.14	0.06	0.03
- on others	0.33	6.73	4.79	3.28
Amortisation of government grants (refer note (i) below and note 18)	1.48	2.96	3.08	4.32
Changes in fair value of biological assets (refer note 3)	3.80	2.08	4.16	9.82
Fair value gain on financial assets measured at fair value through profit and loss	1.87	9.79	7.21	32.51
Dividend income from investment in mutual funds	-	-	-	3.90
Profit on sale of investments in mutual funds, net	0.57	23.68	29.95	0.82
Gain on account of foreign exchange fluctuations, net	-	-	-	1.43
Other non-operating income	5.00	17.38	28.61	9.27
	19.09	**62.76**	**77.86**	**65.38**

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

Note 28: Cost of materials consumed				
Inventory of materials at the beginning of the period/ year	783.16	266.31	233.60	188.25
Add: Purchases	6,172.72	16,346.35	12,456.54	12,789.71
Less: Inventory of materials at the end of the period/ year	227.44	783.16	266.31	233.60
Foreign currency translation adjustment	(0.06)	1.27	1.32	(0.10)
	6,728.38	**15,830.77**	**12,425.15**	**12,744.26**

Note 29: Changes in inventories of finished goods, work-in-progress and stock-in-trade				
a) Finished goods				
Opening stock	212.76	712.88	602.28	394.56
Acquisition from business combination	-	-	6.17	-
Closing stock	(398.37)	(212.76)	(712.88)	(602.28)
	(185.61)	**500.12**	**(104.43)**	**(207.72)**
b) Work-in-progress				
Opening stock	134.29	211.14	456.46	244.57
Acquisition from business combination	-	-	4.12	-
Closing stock	(511.01)	(134.29)	(211.14)	(456.46)
	(376.72)	**76.85**	**249.44**	**(211.89)**
c) Stock-in-trade				
Opening stock	17.09	13.74	8.30	-
Closing stock	(10.46)	(17.09)	(13.74)	(8.30)
	6.63	**(3.35)**	**(5.44)**	**(8.30)**
d) Foreign currency translation adjustment	**2.48**	**1.39**	**1.17**	**0.69**
	(553.22)	**575.01**	**140.74**	**(427.22)**

Note 30: Employee benefits expense				
Salaries, wages and bonus	389.25	814.58	671.73	578.50
Employee share based payment expenses (refer notes 14(e) and 15)	2.08	7.62	18.34	0.60
Contribution to provident and other funds	26.62	58.58	51.70	41.66
Expenses related to post-employment defined benefit plans (refer note 19)	8.57	15.57	13.36	19.80
Staff welfare expense	6.68	14.80	11.48	9.23
	433.20	**911.15**	**766.61**	**649.79**

Note 31: Finance costs				
Interest expense on loan from banks	62.04	142.30	106.51	98.45
Other interest costs	7.87	12.17	8.64	10.43
Other borrowing costs	-	6.92	0.50	0.02
	69.91	**161.39**	**115.65**	**108.90**

Note 32: Depreciation and amortisation expense				
Depreciation on property, plant and equipment (refer note 1)	235.10	453.93	347.24	276.79
Amortisation of intangible assets (refer note 2)	18.84	37.99	23.69	2.48
	253.94	**491.92**	**370.93**	**279.27**

(All amounts are in rupees million, unless otherwise stated)

	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 33: Other expenses				
Power and fuel	192.72	375.42	304.86	279.08
Consumption of stores and spare parts	87.77	181.11	202.27	134.76
Milk procurement expenses	7.95	29.47	14.49	10.96
Freight inward and handling	287.47	427.72	504.23	397.89
Repairs and maintenance:				
- building	6.04	19.78	19.44	23.02
- machinery	6.47	17.18	12.25	21.16
- other assets	4.96	4.73	4.13	3.11
Lease rent	23.63	49.23	43.82	39.86
Rates and taxes	5.50	22.50	19.49	24.43
Communication	5.50	12.03	12.07	10.75
Printing and stationery	6.32	15.21	10.50	7.63
Travelling and conveyance	20.15	76.53	64.83	53.77
Vehicle hire charges	4.56	11.74	8.55	8.66
Bank charges	4.06	8.69	5.85	5.26
Legal and professional fees (refer note (i) below)	29.41	77.41	61.51	49.21
Security expenses	21.72	42.30	34.61	29.41
Bad debts written off	-	0.49	0.70	3.06
Advances written off	-	-	-	2.33
Provision for impairment of receivables	4.26	1.29	0.19	(0.88)
Impairment loss on doubtful advances	(0.25)	(2.70)	(6.17)	0.20
Insurance	12.02	20.18	14.54	12.81
Loss on sale/ retirement of property, plant and equipment, net	1.13	10.23	5.70	6.19
Loss on sale/ discard of biological assets, net	3.22	1.44	1.78	3.67
Corporate social responsibility (refer note 38)	6.30	2.00	0.80	6.19
Carriage outwards	404.71	1,038.79	766.05	592.85
Loss on account of foreign exchange fluctuation, net	6.20	13.23	3.29	-
Share issue expenses written off	-	72.73	-	-
Advertisement	15.18	77.41	92.39	51.36
Miscellaneous	25.66	61.40	40.54	33.99
	1,192.66	**2,667.54**	**2,242.71**	**1,810.73**

Note:

(i) Auditor's remuneration (included in legal and professional fees, excluding tax)*				
Audit fees				
Audit services	2.70	4.30	4.00	5.31
Certification services	-	0.17	0.18	0.18
Other services	-	-	1.18	-
Other auditors	0.47	1.24	1.16	1.39
Out-of-pocket expenses	0.08	0.22	0.32	0.28
	3.25	**5.93**	**6.84**	**7.16**

*During the six months period ended 30 September 2020, the Group has incurred ₹ Nil (31 March 2020: ₹ 1.00, 31 March 2019: ₹ 19.32) towards service received from the auditors of the Company in relation to the proposed Initial Public Offering (IPO). The same was not charged off to the statement of profit and loss and was disclosed in "Other current assets" as it was supposed to be recovered from shareholders or adjusted from securities premium in proportion of shares being offered or fresh shares issued (refer note 13).

Note 34: Income tax expense

(a) Amounts recognised in profit or loss				
Current tax	295.31	211.35	238.15	186.04
Deferred tax	14.26	108.65	67.03	49.82
	309.57	**320.00**	**305.18**	**235.86**
(b) Amounts recognised in other comprehensive income				
Deferred tax (refer note 17)	1.91	(1.28)	(0.63)	8.10
	1.91	**(1.28)**	**(0.63)**	**8.10**

(c) Reconciliation of effective tax rate

	For the six months period ended 30 September 2020		For the year ended 31 March 2020		For the year ended 31 March 2019		For the year ended 31 March 2018	
Profit before tax		**1,057.35**		**818.71**		**932.80**		**804.40**
Tax using the Group's domestic tax rate	34.94%	369.48	34.94%	286.09	34.94%	325.86	34.61%	278.50
Tax effect of:								
Tax exempt income	-4.83%	(51.08)	-1.34%	(10.93)	-2.49%	(23.22)	-1.06%	(8.50)
Lower tax rate in the subsidiary	-0.84%	(8.91)	0.88%	7.20	-0.85%	(7.90)	0.00%	-
Deferred tax asset not recognised in the earlier year in respect of subsidiary	0.00%	-	0.00%	-	0.00%	-	-3.79%	(30.49)
Adjustment for items taxed at a lower rate	-0.30%	(3.16)	-1.18%	(9.65)	-0.06%	(0.53)	0.00%	-
Others	0.30%	3.22	5.78%	47.29	1.18%	10.97	-0.45%	(3.65)
	29.28%	**309.57**	**39.08%**	**320.00**	**32.72%**	**305.18**	**29.31%**	**235.86**

(All amounts are in rupees million, unless otherwise stated)

Note 35: Contingent liabilities

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
i) Claims against the Group not acknowledged as debts :				
Income-tax matters	0.99	0.99	0.99	0.99
Indirect tax matters related to assessment of Central Sales Tax and Customs on import of machinery	113.80	113.80	2.35	6.44

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

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

Note 36: Commitments
Capital commitments:

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account (net of advances)	84.43	170.37	80.58	9.80

Note 37: Earnings per share ('EPS')

	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Earnings				
Profit attributable to equity shareholders (A)	747.78	498.71	627.62	568.54
Shares				
Calculation of weighted average number of equity shares - Basic				
Number of equity shares at the beginning of the period/ year	55,671,991	55,671,991	3,274,823	3,274,823
Add: Effect of bonus issue (refer note 14(d))	-	-	52,397,168	52,397,168
Revised number of equity shares at the beginning of the period/ year	55,671,991	55,671,991	55,671,991	55,671,991
Weighted average number of equity shares outstanding during the period/ year (B)	**55,671,991**	**55,671,991**	**55,671,991**	**55,671,991**
Calculation of weighted average number of equity shares - Diluted				
Number of potential equity shares at the beginning of the period/ year	55,671,991	55,671,991	3,274,823	3,274,823
Add: Effect of bonus issue (refer note 14(d))	-	-	52,397,168	52,397,168
Add: Dilutive effect of employee stock options	-	-	61,690	-
Revised number of potential equity shares at the end of the period/ year	55,671,991	55,671,991	55,733,681	55,671,991
Weighted average number of potential equity shares outstanding during the period/ year (C)	**55,671,991**	**55,671,991**	**55,733,681**	**55,671,991**
Basic earnings per share of face value of ₹10 (A/B) (not annualised)	13.43	8.96	11.27	10.21
Diluted earnings per share of face value of ₹10 (A/C) (not annualised)	13.43	8.96	11.26	10.21

(All amounts are in rupees million, unless otherwise stated)

Note 38: Related parties
I - Disclosure prior to elimination of intra-group transactions:

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

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

Nature of relationship	Name of the party
Entity exercising significant influence over the Company	TPG Dodla Dairy Holdings Pte. Ltd., Singapore (from 20 July 2017)
	Black River Capital Partners Food Fund Holdings (Singapore) Pte. Ltd. (till 20 July 2017)
Associate	Global VetMed Concepts India Private Limited ('GVC')
Key management personnel ('KMP')	Mr. Sunil Reddy, Managing Director
	Mr. B.V.K. Reddy, Chief Executive Officer (CEO)
	Mr. Hemanth Kundavaram, Chief Financial Officer (CFO) (w.e.f. 13 July 2018) (till 31 December 2020)
	Mr. Anjaneyulu Ganji, Chief Financial Officer (CFO) (w.e.f. 25 January 2021)
	Mr. A. Madhusudhana Reddy, Whole-time Director (w.e.f. 03 May 2018)
	Mr. Kishore Hiranand Mirchandani, Independent Director
	Mr. Rampraveen Swaminathan, Independent Director (w.e.f. 13 July 2018)
	Ms. Ponnavolu Divya, Independent Director
	Mr. Tallam Puranam Raman, Independent Director (w.e.f. 13 July 2018)
Relatives of KMP	Mr. Sesha Reddy, Father of Mr. Sunil Reddy
	Mrs. Deepa Reddy, Wife of Mr. Sunil Reddy
	Ms. Girija Reddy, Mother of Mr. Sunil Reddy
	Mr. Subba Reddy, Brother of Mr. Sunil Reddy
	Mrs. Surekha Reddy, Sister of Mr. Sunil Reddy
	Ms. Shilpa Reddy, Daughter of Mr. Sunil Reddy
Enterprise over which KMP have significant influence	Dodla Dairy, Vinjimuru
	Oremus Corporate Services Private Limited (till May 2018)
	D Soft India Private Limited
	Surekha Milk Chilling Centre
	Tropical Bovine Genetics Private Limited (from 20 November 2017)
	Hanslot Pile foundation
	Mylktree Consultants LLP
	Dodla Nutri Feeds LLP (from 29 June 2017)
	Dodla Foundation (from 20 February 2018)
	Dodla Family Trust
	Dodla Sunil Reddy HUF

(ii) Transactions with related parties other than intra-group transactions:

Particulars	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Lease rent				
- Dodla Dairy, Vinjimuru	0.60	1.20	1.20	1.20
- Surekha Milk Chilling Centre	0.47	0.92	0.90	0.90
- Hanslot Pile foundation	0.15	0.30	-	-
Rent paid				
- Dodla Nutri Feeds LLP	0.15	1.14	0.54	0.25
Software maintenance expenses				
- D Soft India Private Limited	0.30	0.60	0.60	0.60
Remuneration paid to Key Managerial Personnel (refer note b below)				
- Short-term employee benefits	26.97	55.65	50.43	74.02
- Post employment benefits	1.50	3.00	2.53	2.14
Sitting fees				
- Mr. B.V.K. Reddy	-	1.86	3.74	0.77
- Mr. Kishore Hiranand Mirchandani	-	0.60	1.20	1.20
- Mr. Rampraveen Swaminathan	0.35	0.80	0.60	-
- Ms. Ponnavolu Divya	0.24	0.50	0.60	0.60
- Mr. Tallam Puranam Raman	0.12	0.30	0.40	-
Purchase of raw material				
- GVC	5.12	10.89	9.74	9.03
- Dodla Nutri Feeds LLP	-	-	-	0.22
Interest income				
- Mr. Sunil Reddy	-	-	-	0.92
Expenditure incurred on behalf of				
- GVC	4.87	8.19	2.05	6.77
Sale of finished goods, (net of discounts)				
- Mr. Sunil Reddy*	-	-	-	0.00
- Mrs. Surekha Reddy*	-	-	-	0.00
Repayment of unsecured loan				
- Mr. Sunil Reddy	-	-	-	12.50
Consultancy expense				
- Oremus Corporate Services Private Limited	-	-	0.99	0.90
- Mr. Sesha Reddy	1.80	3.60	3.60	3.60
- Ms. Shilpa Reddy	0.45	0.85	0.60	0.60
Purchase of goods				
- Tropical Bovine Genetics Private Limited	0.71	1.54	1.02	0.54
Interim dividend paid				
- Dodla Family Trust (Dodla Sesha Reddy)	-	72.31	-	-
- TPG Dodla Dairy Holdings Pte. Ltd.	-	67.32	-	-
- D Sunil Reddy HUF	-	48.57	-	-
- Dodla Sunil Reddy	-	17.97	-	-
- Deepa Reddy Dodla	-	3.79	-	-
- B V K Reddy	-	3.04	-	-
- Surekha Reddy Bomnireddy	-	2.49	-	-
- Sesha Reddy Dodla	-	2.49	-	-
- Dodla Girija Reddy*	-	0.00	-	-
- Dodla Subbareddy*	-	0.00	-	-
- Mylktree Consultants	-	31.35	-	-
Corporate social responsibility expenditure incurred				
- Dodla Foundation	6.30	2.00	0.80	-

* Below rounding off norm adopted by the company. The actual amounts in ₹ are:
Sale of finished goods to Mr. Sunil Reddy - ₹ 1,866
Sale of finished goods to Mrs. Surekha Reddy - ₹ 1,140
Interim dividend paid to Dodla Girija Reddy - ₹ 76
Interim dividend paid to Dodla Subbareddy - ₹ 76

(All amounts are in rupees million, unless otherwise stated)

Note 38: Related parties (continued)

(iii) Transactions within the Group: (these transactions got eliminated in Restated Consolidated Financial Information)

Particulars	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Transactions by the Company with other Group entities:				
i. Orgafeed Private Limited				
- Purchase of goods	124.85	97.27	-	-
- Interest income	9.14	8.83	-	-
- Rental income	0.06	0.07	-	-
- Consultancy income	0.30	-	-	-
ii. Dodla Holdings Pte Limited				
- Consultancy income	0.04	-	-	-
iii. Lakeside Dairy Limited				
- Consultancy income	0.68	-	-	-
iv. Dodla Dairy Kenya Limited				
- Consultancy income	0.23	-	-	-
Transactions by Orgafeed Private Limited:				
i. Dodla Dairy Limited				
- Sale of finished goods, (net of discounts)	124.85	96.80	-	-
- Conversion service charges	-	0.10	-	-
- Other non-operating income	-	0.37	-	-
- Interest expense	9.14	8.83	-	-
- Rental expense	0.06	0.07	-	-
- Legal and professional expense	0.30	-	-	-
Transactions by Lakeside Dairy Limited:				
i. Dodla Dairy Kenya Limited				
- Sale of finished goods, (net of discounts)	310.98	1,211.85	717.47	136.83
ii. Dodla Holdings Pte Limited				
- Interest expense	-	8.26	18.81	18.05
iii. Dodla Dairy Limited				
- Legal and professional expense	0.68	-	-	-
Transactions by Dodla Dairy Kenya Limited:				
i. Lakeside Dairy Limited				
- Purchase of goods	310.75	1,216.46	692.69	139.25
ii. Dodla Dairy Limited				
- Legal and professional expense	0.23	-	-	-
Transactions by Dodla Holdings Pte Limited:				
i. Lakeside Dairy Limited				
- Interest income	-	12.68	19.13	18.33
ii. Dodla Dairy Limited				
- Legal and professional expense	0.04	-	-	-

(iv) The balances receivables from and payable to related parties other than intra-group balances:

Particulars	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Other current and non-current assets				
- GVC – Other advances	44.52	44.80	47.47	55.17
- GVC – Provision for doubtful advances	(44.52)	(44.80)	(47.47)	(53.64)
- Mr. B.V.K. Reddy – Advance given against salary, net	0.01	0.61	2.15	-
- Mr. A. Madhusudhana Reddy – Advance given against salary, net	0.23	0.33	-	-
Other financial liabilities and trade payables				
- Oremus Corporate Services Private Limited – Consultancy fees payable	-	-	0.09	0.08
- Ms. Shilpa Reddy – Consultancy fees payable	0.45	0.07	0.05	-
- Mr. Sunil Reddy - Remuneration payable, net	1.07	0.60	1.27	0.52
- Mr. Sesha Reddy- Consultancy fees payable	0.28	0.27	0.27	-
- Mr. B.V.K Reddy - Remuneration payable, net	0.89	0.96	-	9.28
- Mr. A. Madhusudhana Reddy - Remuneration payable, net	0.14	0.15	0.07	-
- Mr. Hemanth Kundavaram - Remuneration payable	0.40	0.35	0.21	-
- Tropical Bovine Genetics Private Limited	0.34	0.34	0.37	0.08
- Surekha Milk Chilling Centre	0.08	0.07	0.07	0.07
- D Soft India Private Limited	0.05	0.05	0.05	0.05
- Dodla Dairy, Vinjimuru	0.10	0.10	0.10	0.10
- Dodla Nutri Feeds LLP	-	0.15	0.20	-

(All amounts are in rupees million, unless otherwise stated)

Note 38: Related parties (continued)

(v) The balances receivables from and payable within the Group: (these transactions got eliminated in Restated Consolidated Financial Information)

Particulars	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
In the Books of the Company:				
i. Orgafeed Private Limited				
- Loans and advances given	198.01	198.01	-	-
- Trade payables	11.05	2.23	-	-
- Accrued income	0.30	-	-	-
ii. Dodla Holdings Pte Limited				
- Accrued income	0.04	-	-	-
iii. Lakeside Dairy Limited				
- Accrued income	0.68	-	-	-
iv. Dodla Dairy Kenya Limited				
- Accrued income	0.23	-	-	-
In the Books of Orgafeed Private Limited:				
i. Dodla Diary Limited				
- Loans payable	198.01	198.01	-	-
- Trade receivables	11.05	2.23	-	-
- Trade payables	0.30	-	-	-
In the Books of Lakeside Dairy Limited:				
i. Dodla Dairy Kenya Limited				
- Trade receivables	35.98	41.90	61.43	35.24
ii. Dodla Holdings Pte Limited				
- Loans payable	-	-	319.76	353.95
iii. Dodla Diary Limited				
- Trade payables	0.68	-	-	-
In the Books of Dodla Dairy Kenya Limited:				
i. Lakeside Dairy Limited				
- Trade payables	36.18	42.49	61.81	36.88
ii. Dodla Diary Limited				
- Trade payables	0.23	-	-	-
In the Books of Dodla Holdings Pte Limited:				
i. Lakeside Dairy Limited				
- Loans and advances given	-	-	292.02	329.26
- Accrued interest on loans	-	-	31.12	31.90
ii. Dodla Diary Limited				
- Trade payables	0.04	-	-	-

Notes:

a. The borrowings of the Group are secured by personal guarantees given by the director of the Company, Mr. Sunil Reddy as detailed in note 16 and 20.

b. As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above. Share-based compensation expense allocable to key management personnel ₹ 2.08 (31 March 2020: ₹ 7.62, 31 March 2019: ₹ 18.34, 31 March 2018: ₹ 0.60) is also not included in the remuneration disclosed above.

c. During the year 2013-14, the Group has paid share application money pending allotment to Dodla Milk Processing Plc amounting to ₹ 14.74. During the year 2014-15, the Board of directors of the Group has decided to wind up Dodla Milk Processing Plc since it does not intend to pursue the business opportunities in Ethiopia and it stands dissolved on 24 November 2015. Shares of Dodla Milk Processing Plc were not allotted to the Group. Subsequently, the Group had initiated process of settling the dues and repatriating the funds to India and has received ₹ 13.53, which was deposited in nostro account with Authorised dealer. The Group is required to obtain approval from Reserve Bank of India ('RBI') to utilise these funds. Accordingly, the Group had made necessary application with RBI, who in turn has issued a letter to the Group intimating the contravention made by the Group. The Group has filed the requisite applications to the RBI for compounding of the contraventions. During the year 2017-18, RBI had compounded the said offence and accordingly, the Group can now utilise the fund of ₹ 13.53 received from Ethiopia.

II - Disclosure post elimination of intra-group transactions:

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

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

Nature of relationship	Name of the party
Entity exercising significant influence over the Company	TPG Dodla Dairy Holdings Pte. Ltd., Singapore (from 20 July 2017)
	Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd (till 20 July 2017)
Associate	Global VetMed Concepts India Private Limited ('GVC')
Key management personnel ('KMP')	Mr. Sunil Reddy, Managing Director
	Mr. B.V.K. Reddy, Chief Executive Officer (CEO)
	Mr. Hemanth Kundavaram, Chief Financial Officer (CFO) (w.e.f. 13 July 2018) (till 31 December 2020)
	Mr. Anjaneyulu Ganji, Chief Financial Officer (CFO) (w.e.f. 25 January 2021)
	Mr. A. Madhusudhana Reddy, Whole-time Director (w.e.f. 03 May 2018)
	Mr. Kishore Hiranand Mirchandani, Independent Director
	Mr. Rampraveen Swaminathan, Independent Director (w.e.f. 13 July 2018)
	Ms. Ponnavolu Divya, Independent Director
	Mr. Tallam Puranam Raman, Independent Director (w.e.f. 13 July 2018)
Relatives of KMP	Mr. Sesha Reddy, Father of Mr. Sunil Reddy
	Mrs. Deepa Reddy, Wife of Mr. Sunil Reddy
	Ms. Girija Reddy, Mother of Mr. Sunil Reddy
	Mr. Subba Reddy, Brother of Mr. Sunil Reddy
	Mrs. Surekha Reddy, Sister of Mr. Sunil Reddy
	Ms. Shilpa Reddy, Daughter of Mr. Sunil Reddy
Enterprise over which KMP have significant influence	Dodla Dairy, Vinjimuru
	Oremus Corporate Services Private Limited (till May 2018)
	D Soft India Private Limited
	Surekha Milk Chilling Centre
	Tropical Bovine Genetics Private Limited (from November 2017)
	Hanslot Pile foundation
	Mylktree Consultants LLP
	Dodla Nutri Feeds LLP (from 29 June 2017)
	Dodla Foundation (from 20 February 2018)
	Dodla Family Trust
	Dodla Sunil Reddy HUF

(All amounts are in rupees million, unless otherwise stated)

Note 38: Related parties (continued)

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

Particulars	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Lease rent				
- Dodla Dairy, Vinjimuru	0.60	1.20	1.20	1.20
- Surekha Milk Chilling Centre	0.47	0.92	0.90	0.90
- Hanslot Pile foundation	0.15	0.30	-	-
Rent paid				
- Dodla Nutri Feeds LLP	0.15	1.14	0.54	0.25
Software maintenance expenses				
- D Soft India Private Limited	0.30	0.60	0.60	0.60
Remuneration paid to Key Managerial Personnel (refer note b below)				
- Short-term employee benefits	26.97	55.65	50.43	74.02
- Post employment benefits	1.50	3.00	2.53	2.14
Sitting fees				
- Mr. B.V.K. Reddy	-	1.86	3.74	0.77
- Mr. Kishore Hiranand Mirchandani	-	0.60	1.20	1.20
- Mr. Rampraveen Swaminathan	0.35	0.80	0.60	-
- Ms. Ponnavolu Divya	0.24	0.50	0.60	0.60
- Mr. Tallam Puranam Raman	0.12	0.30	0.40	-
Purchase of raw material				
- GVC	5.12	10.89	9.74	9.03
- Dodla Nutri Feeds LLP	-	-	-	0.22
Interest income				
- Mr. Sunil Reddy	-	-	-	0.92
Expenditure incurred on behalf of				
- GVC	4.87	8.19	2.05	6.77
Sale of finished goods, (net of discounts)				
- Mr. Sunil Reddy*	-	-	-	0.00
- Mrs. Surekha Reddy*	-	-	-	0.00
Repayment of unsecured loan				
- Mr. Sunil Reddy	-	-	-	12.50
Consultancy expense				
- Oremus Corporate Services Private Limited	-	-	0.99	0.90
- Mr. Sesha Reddy	1.80	3.60	3.60	3.60
- Ms. Shilpa Reddy	0.45	0.85	0.60	0.60
Purchase of goods				
- Tropical Bovine Genetics Private Limited	0.71	1.54	1.02	0.54
Interim dividend paid				
- Dodla Family Trust (Dodla Sesha Reddy)	-	72.31	-	-
- TPG Dodla Dairy Holdings Pte. Ltd.	-	67.32	-	-
- D Sunil Reddy HUF	-	48.57	-	-
- Dodla Sunil Reddy	-	17.97	-	-
- Deepa Reddy Dodla	-	3.79	-	-
- B V K Reddy	-	3.04	-	-
- Surekha Reddy Bomnireddy	-	2.49	-	-
- Sesha Reddy Dodla	-	2.49	-	-
- Dodla Girija Reddy*	-	0.00	-	-
- Dodla Subbareddy*	-	0.00	-	-
- Mylktree Consultants	-	31.35	-	-
Corporate social responsibility expenditure incurred				
- Dodla Foundation	6.30	2.00	0.80	-

* Below rounding off norm adopted by the company. The actual amounts in ₹ are:
Sale of finished goods to Mr. Sunil Reddy - ₹ 1,866
Sale of finished goods to Mrs. Surekha Reddy - ₹ 1,140
Interim dividend paid to Dodla Girija Reddy - ₹ 76
Interim dividend paid to Dodla Subbareddy - ₹ 76

(iii) Balances with related parties:

Particulars	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Other current and non-current assets				
- GVC – Other advances	44.52	44.80	47.47	55.17
- GVC – Provision for doubtful advances	(44.52)	(44.80)	(47.47)	(53.64)
- Mr. B.V.K. Reddy – Advance given against salary, net	0.01	0.61	2.15	-
- Mr. A. Madhusudhana Reddy – Advance given against salary, net	0.23	0.33	-	-
Other financial liabilities and trade payables				
- Oremus Corporate Services Private Limited – Consultancy fees payable	-	-	0.09	0.08
- Ms. Shilpa Reddy – Consultancy fees payable	0.45	0.07	0.05	-
- Mr. Sunil Reddy - Remuneration payable, net	1.07	0.60	1.27	0.52
- Mr. Sesha Reddy- Consultancy fees payable	0.28	0.27	0.27	-
- Mr. B.V.K Reddy - Remuneration payable, net	0.89	0.96	-	9.28
- Mr. A. Madhusudhana Reddy - Remuneration payable, net	0.14	0.15	0.07	-
- Mr. Hemanth Kundavaram - Remuneration payable	0.40	0.35	0.21	-
- Tropical Bovine Genetics Private Limited	0.34	0.34	0.37	0.08
- Surekha Milk Chilling Centre	0.08	0.07	0.07	0.07
- D Soft India Private Limited	0.05	0.05	0.05	0.05
- Dodla Dairy, Vinjimuru	0.10	0.10	0.10	0.10
- Dodla Nutri Feeds LLP	-	0.15	0.20	-

Notes:

a. The borrowings of the Group are secured by personal guarantees given by the director of the Company, Mr. Sunil Reddy as detailed in note 16 and 20.

b. As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above. Share-based compensation expense allocable to key management personnel ₹ 2.08 (31 March 2020: ₹ 7.62, 31 March 2019: ₹ 18.34, 31 March 2018: ₹ 0.60) is also not included in the remuneration disclosed above.

c. During the year 2013-14, the Group has paid share application money pending allotment to Dodla Milk Processing Plc amounting to ₹ 14.74. During the year 2014-15, the Board of directors of the Group has decided to wind up Dodla Milk Processing Plc since it does not intend to pursue the business opportunities in Ethiopia and it stands dissolved on 24 November 2015. Shares of Dodla Milk Processing Plc were not allotted to the Group. Subsequently, the Group had initiated process of settling the dues and repatriating the funds to India and has received ₹ 13.53, which was deposited in nostro account with Authorised dealer. The Group is required to obtain approval from Reserve Bank of India ('RBI') to utilise these funds. Accordingly, the Group had made necessary application with RBI, who in turn has issued a letter to the Group intimating the contravention made by the Group. The Group has filed the requisite applications to the RBI for compounding of the contraventions. During the year 2017-18, RBI had compounded the said offence and accordingly, the Group can now utilise the fund of ₹ 13.53 received from Ethiopia.

(All amounts are in rupees million, unless otherwise stated)

Note 39: Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance. The Group is in the business of processing and selling milk and milk products. The Group's Chief Executive Officer who is identified as Chief Operating Decision Maker (CODM) reviews the performance of the Group on the basis of economic performance for Liquid Milk, Products and Curd. For the purpose of reporting the operating segments, all the three segments have been aggregated as a single reporting segment under the provisions of Ind AS 108 'Operating Segments' as the nature of products, the production and distribution process, class of customers and the regulatory environment is similar for all the segment. Thus, the segment revenue, segment profit, total segment assets and liabilities are all as reflected in the Restated Consolidated Financial Information as at and for the period/ year ended 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018.

The geographical information analyses the Group’s revenues and non-current assets by the Holding Company’s country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets which have been based on the geographical location of the assets.

(i) Revenues	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
India	8,635.20	19,876.16	15,982.36	15,372.67
Outside India	527.93	1,517.57	934.37	532.08
Total	**9,163.13**	**21,393.73**	**16,916.73**	**15,904.75**

(ii) Non-current assets	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
India	5,303.15	5,211.10	5,108.06	3,503.24
Outside India	369.02	562.86	347.56	305.09
Total	**5,650.57**	**5,773.96**	**5,455.62**	**3,808.33**

Note 40: Transfer pricing

The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The Management is of the opinion that its international transactions are at arm’s length so that the aforesaid legislation will not have any impact on the restated consolidated financial information, particularly on the amount of tax expenses and that of provision for taxation.

Note 41: Details of the loan given under Section 186 of the Companies Act, 2013

i) Pursuant to a scheme approved by the members by a special resolution in their meeting dated 06 July 2015, the Holding company, during the financial year 2015-16, has given an unsecured personal loan to the Managing Director, Mr. Sunil Reddy, carrying an interest rate of 9% p.a. The said loan was repaid during the year ended 31 March 2018.

Movement in the balance is as below:

Particulars	Amount
As at 01 April 2017	**12.50**
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	(12.50)
As at 31 March 2018	**-**
Given during the financial year 2018-19	-
Repaid during the financial year 2018-19	-
As at 31 March 2019	**-**
Given during the financial year 2019-20	-
Repaid during the financial year 2019-20	-
As at 31 March 2020	**-**
Given during the six months period 30 September 2020	-
Repaid during the six months period 30 September 2020	-
As at 30 September 2020	**-**

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

(All amounts are in rupees million, unless otherwise stated)

Note 41: Details of the loan given under Section 186 of the Companies Act, 2013 (continued)

Movement in the balance is as below:

Particulars	Amount
As at 01 April 2017	**-**
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	-
As at 31 March 2018	**-**
Given during the financial year 2018-19	100.00
Repaid during the financial year 2018-19	(100.00)
As at 31 March 2019	**-**
Given during the financial year 2019-20	-
Repaid during the financial year 2019-20	-
As at 31 March 2020	**-**
Given during the six months period 30 September 2020	-
Repaid during the six months period 30 September 2020	-
As at 30 September 2020	**-**

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

Movement in the balance is as below:

Particulars	Amount
As at 01 April 2017	**-**
Given during the financial year 2017-18	-
Repaid during the financial year 2017-18	-
As at 31 March 2018	**-**
Given during the financial year 2018-19	-
Repaid during the financial year 2018-19	-
As at 31 March 2019	**-**
Given during the financial year 2019-20	198.01
Repaid during the financial year 2019-20	-
As at 31 March 2020	**198.01**
Given during the six months period 30 September 2020	10.00
Repaid during the six months period 30 September 2020	(10.00)
As at 30 September 2020	**198.01**

(All amounts are in rupees million, unless otherwise stated)

Note 42: Financial instruments - fair values and risk management

A. Accounting classification and fair values

	As at 30 September 2020		As at 31 March 2020		As at 31 March 2019		As at 31 March 2018		Fair value level
Financial instruments by category	**Amortised Cost**	**FVTPL**	**Amortised Cost**	**FVTPL**	**Amortised Cost**	**FVTPL**	**Amortised Cost**	**FVTPL**	
Financial assets									
Investments in mutual funds (refer note (a) below)	-	52.75	-	118.64	-	259.98	-	669.59	Level 1
Trade receivables	63.74	-	72.03	-	73.23	-	36.05	-	-
Cash and cash equivalents	699.35	-	686.73	-	214.48	-	139.17	-	-
Bank balances other than above	400.24	-	0.34	-	0.82	-	0.70	-	-
Non-current loans	94.21	-	93.73	-	84.95	-	148.24	-	-
Current loans	37.61	-	37.61	-	156.93	-	67.00	-	-
Other non-current financial assets	0.10	-	-	-	-	-	-	-	-
Other current financial assets	4.67	-	6.48	-	2.26	-	1.63	-	-
Total financial assets	**1,299.92**	**52.75**	**896.92**	**118.64**	**532.67**	**259.98**	**392.79**	**669.59**	
Financial liabilities									
Borrowings (current and non-current)	1,006.05	-	1,500.55	-	1,577.89	-	1,258.13	-	-
Lease liabilities	96.27	-	97.14	-	90.95	-	66.55	-	-
Trade payables	719.32	-	782.16	-	756.86	-	624.77	-	-
Interest accrued but not due on borrowings	3.36	-	4.14	-	4.38	-	2.72	-	-
Capital creditors	15.25	-	28.39	-	161.57	-	33.71	-	-
Employee payables	128.89	-	111.48	-	99.08	-	91.63	-	-
Dividend payable	-	-	67.32	-	-	-	-	-	-
Security deposits	184.17	-	166.70	-	141.67	-	97.26	-	-
Total financial liabilities	**2,153.31**	**-**	**2,757.88**	**-**	**2,832.40**	**-**	**2,174.77**	**-**	**-**

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

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

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

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

B. Financial liabilities
1. Non-convertible debentures: The fair values of the Company's interest bearing debentures are determined by using Discounted cash flow ("DCF") method using discount rate that reflects the issuer's coupon rate as at the end of the reporting period. The Company has not disclosed the fair values because its carrying amount is a reasonable approximation of its fair value.

2. Borrowings: It includes term loans from banks, cash credit and overdraft facilities and working capital loans. These borrowings are classified and subsequently measured in the restated consolidated financial information at amortised cost. Considering that the interest rate on the loan is reset on a monthly/ quarterly/ half yearly/ yearly basis, the carrying amount of the loan would be a reasonable approximation of its fair value.

3. Lease liabilities: The fair values of the Group's lease liabilities are determined by discounting the future cashflows at discount rate that reflects the incremental borrowing rate of the Group. The Group has not disclosed the fair value because its carrying amount is a reasonable approximation of its fair value.

4. Trade payables and Other financial liabilities: Fair values of trade payables and other financial liabilities are measured at carrying value, as most of them are settled within a short period and so their fair value are assumed to be almost equal to the carrying values.

(All amounts are in rupees million, unless otherwise stated)

Note 42: Financial instruments - fair values and risk management (continued)

B. Financial risk management

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

Credit risk

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

Trade and other receivables
Credit risk is managed by Head (Sales) of the Group. Usually, the business is carried on cash and carry basis. However, for institutional customers credit is provided after a detailed background check and credit analysis.
The accounts receivable team along with sales team will evaluate all new customers to determine payment terms, and what level of credit will be established. The accounts receivable team and sales team will also periodically review and re-evaluate payment terms and credit lines of existing customers and to support new customer requirements, and do manage risk as financial and business conditions change.
Majority of milk customers are un-registered and multi brand sellers. Billing transaction takes all the 365 days in a year. The credit allowed is monitored as per the approved limits.

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

Reconciliation of expected credit loss- trade receivables

	Amount
Expected credit loss on 01 April 2017	**(1.33)**
Changes in loss allowance	0.88
Expected credit loss on 31 March 2018	**(0.45)**
Changes in loss allowance	(0.19)
Expected credit loss on 31 March 2019	**(0.64)**
Changes in loss allowance	(1.29)
Expected credit loss on 31 March 2020	**(1.93)**
Changes in loss allowance	(4.26)
Expected credit loss on 30 September 2020	**(6.19)**

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

Liquidity risk

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

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

The table below provides details regarding the contractual maturities of significant financial liabilities as at the respective balance sheet dates. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Particulars	**As at 30 September 2020**				
	Carrying value	**Total**	**Less than 1 year**	**1-2 years**	**2 years and above**
Financial liabilities					
Trade payables	719.32	719.32	719.32	-	-
Borrowings	1,006.05	1,187.97	315.73	319.56	552.68
Lease liabilities	96.27	139.93	23.14	20.59	96.20
Other financial liabilities	331.67	331.67	331.67	-	-
	2,153.31	**2,378.89**	**1,389.86**	**340.15**	**648.88**

Particulars	**As at 31 March 2020**				
	Carrying value	**Total**	**Less than 1 year**	**1-2 years**	**2 years and above**
Financial liabilities					
Trade payables	782.16	782.16	782.16	-	-
Borrowings	1,500.55	1,708.92	684.34	384.35	640.23
Lease liabilities	97.14	137.77	22.16	19.50	96.11
Other financial liabilities	378.03	378.03	378.03	-	-
	2,757.88	**3,006.88**	**1,866.69**	**403.85**	**736.34**

Particulars	**As at 31 March 2019**				
	Carrying value	**Total**	**Less than 1 year**	**1-2 years**	**2 years and above**
Financial liabilities					
Trade payables	756.86	756.86	756.86	-	-
Borrowings	1,577.89	1,977.05	587.42	330.19	1,059.44
Lease liabilities	90.95	134.55	23.03	20.37	91.15
Other financial liabilities	406.70	406.70	406.70	-	-
	2,832.40	**3,275.16**	**1,774.01**	**350.56**	**1,150.59**

Particulars	**As at 31 March 2018**				
	Carrying value	**Total**	**Less than 1 year**	**1-2 years**	**2 years and above**
Financial liabilities					
Trade payables	624.77	624.77	624.77	-	-
Borrowings	1,258.13	1,310.69	1,062.04	109.31	139.34
Lease liabilities	66.55	101.00	15.70	15.82	69.48
Other financial liabilities	225.32	225.32	225.32	-	-
	2,174.77	**2,261.78**	**1,927.83**	**125.13**	**208.82**

Note 42: Financial instruments - fair values and risk management (continued)
B. Financial risk management (continued)

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

Interest risk
The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The Group also has variable interest deposit receivable which mitigate the interest rate risk on payables.
The exposure of the Group to interest rate changes at the end of the reporting period are as follows:

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings	1,011.51	1,507.01	1,585.65	1,258.14
Total	**1,011.51**	**1,507.01**	**1,585.65**	**1,258.14**

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

Impact on profit after tax	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest rate - increases by 50 basis points	(5.06)	(7.54)	(7.93)	(6.29)
Interest rate - decreases by 50 basis points	5.06	7.54	7.93	6.29

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

Particulars		As at 30 September 2020		As at 31 March 2020		As at 31 March 2019		As at 31 March 2018	
		Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million	Foreign currency (Absolute figures)	₹ in million
Capital creditors	Euro	-	-	-	-	30,900	2.41	-	-
	USD	-	-	14,745	1.11	-	-	-	-
Cash on hand	USD	-	-	-	-	299,031	20.68	157,272	10.02
	Ringgit	-	-	-	-	687	0.01	-	-
Bank balance	USD	114,596	8.43	995	0.07	-	-	-	-
Fixed Deposit	USD	1,603,421	118.01	-	-	-	-	-	-
Trade and other receivables	USD	708,875	52.17	728,544	54.91	14,260	0.99	567,992	36.19
Trade and other payables	USD	651,425	47.94	908,091	68.44	174,583	12.07	81,882	5.21
	EUR	-	-	4,000	0.33	-	-	-	-
	Ksh	-	-	354,536	0.25	-	-	-	-

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

Impact on profit after tax	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Foreign exchange rate - increases by 5%	6.53	(0.76)	0.36	-*
Foreign exchange rate - decreases by 5%	(6.53)	0.76	(0.36)	-*

* Below rounding off norm adopted by the Group. The actual amount in ₹ terms are as follows:

Impact on profit after tax	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Foreign exchange rate - increases by 5%	-	-	-	1,654
Foreign exchange rate - decreases by 5%	-	-	-	(1,654)

Note 43: Capital management

(a) Risk management
The Group’s policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. In order to maintain the capital structure, the Group monitors the return on capital, as well as the level of dividends to equity shareholders. The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. For this purpose, total debt is defined as total borrowings (including current maturities of long-term borrowings and short-term borrowings). Total equity comprises of issued share capital and all other equity reserves.

The Group monitors capital on the basis of the following:

	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Total debt	1,006.05	1,500.55	1,577.89	1,258.13
Total equity	5,078.89	4,334.96	4,063.73	3,395.32
Total debt to equity ratio	**19.81%**	**34.62%**	**38.83%**	**37.05%**

(b) Dividends
During the six months period ended 30 September 2020, no interim or final dividends have been declared by the Group [31 March 2020: ₹ 249.33 (interim divided of ₹ 5.2 per share), 31 March 2019: Nil, 31 March 2018: Nil)].

Note 44: Business combination

A) Acquisition of Bharathi Feed Mixing Plant during the year ended 31 March 2020:
During the year ended 31 March 2020, the Company has acquired assets under a business transfer agreement from Bharathi Feed Mixing Plant. Refer below for the summary of acquisition.
a. Summary of acquisition

Name and description of the Acquiree	Bharathi Feed Mixing Plant, located in Kadapa District, Andhra Pradesh
Nature of business	Manufacturing of Cattle Feed
Date of control	28 August 2019
Type of Acquisition	Slump sale of assets
Primary reason for business combination	The acquisition was made to internally increase the feed procurement capacity of Dodla Dairy Limited majorly for captive consumption.

For the year ended 31 March 2020, Orgafeed Private Limited (Erstwhile Bharathi Feed Mixing Plant) contributed the revenue of ₹ 97.72 and a loss of ₹ 15.21 to the Group's results. The acquisition took place in August 2019 and management estimates that necessary profit shall be available from the FY 2020-21 onwards. Management estimates that if the acquisition had occurred on 1 April 2019, total revenue and total loss for the year would have been ₹ 146.58 and ₹ 22.82 respectively. Management has determined these amount on the basis of the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2019.

(All amounts are in rupees million, unless otherwise stated)

Note 44: Business combination (continued)

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

(i) Purchase consideration

Particulars	Amount
Purchase consideration	160.00

(ii) Identifiable assets and liabilities acquired

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

Particulars	Amount
Property, plant and equipment	74.00
Trade receivables	1.23
Inventories	26.15
Trade payables	(23.71)
	77.67

(iii) Goodwill

Particulars	Amount
Consideration transferred	160.00
Less: Net identifiable assets acquired	77.67
Goodwill/(Capital Reserve)	82.33

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

c. Measurement of fair values

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

Assets acquired	Valuation technique
Property, plant and equipment	*Sales comparison approach and cost approach:* The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

B) Acquisition of K C Dairy Products Private Limited during the year ended 31 March 2019:

During the year ended 31 March 2019, the Company has acquired assets under a business transfer agreement from K C Dairy Products Private Limited. Refer below for the summary of acquisition.

a. Summary of acquisition

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

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

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

(i) Purchase consideration

Particulars	Amount
Purchase consideration	1,084.16

Acquisition-related cost

The Group has incurred acquisition related cost of ₹ 4.45 that are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows. (Refer Note 33)

(ii) Identifiable assets and liabilities acquired

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

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

(iii) Goodwill

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

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

c. Measurement of fair values

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

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

Dodla Dairy Limited
Annexure VI - Notes to Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Note 45: Additional information pursuant to paragraph 2 of general instructions of Division II of Schedule III to the Companies Act 2013

Name of the Entity	As at and for the six months period ended 30 September 2020							
	Net assets (i.e. total assets minus total liabilities)		Share in profit		Share in other comprehensive income		Total	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Dodla Dairy Limited	91.40%	4,642.08	89.62%	670.20	-60.04%	3.56	90.82%	673.76
Subsidiaries								
Dodla Holdings Pte Limited	8.40%	426.54	-0.09%	(0.65)	-	-	-0.09%	(0.65)
Lakeside Dairy Limited	9.02%	458.31	11.97%	89.52	-	-	12.07%	89.52
Dodla Dairy Kenya Limited	-0.15%	(7.41)	-1.09%	(8.18)	-	-	-1.10%	(8.18)
Orgafeed Private Limited	0.33%	16.89	-1.75%	(13.11)	-	-	-1.77%	(13.11)
Non-controlling interest	-	-	-	-	-	-	-	-
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-9.00%	(457.52)	1.34%	10.00	160.04%	(9.49)	0.07%	0.51
Total	**100.00%**	**5,078.89**	**100.00%**	**747.78**	**100.00%**	**(5.93)**	**100.00%**	**741.85**

Name of the Entity	As at and for the year ended 31 March 2020							
	Net assets (i.e. total assets minus total liabilities)		Share in profit		Share in other comprehensive income		Total	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Dodla Dairy Limited	91.57%	3,969.81	57.09%	284.71	-4.77%	(2.38)	51.48%	282.33
Subsidiaries								
Dodla Holdings Pte Limited	10.07%	436.55	1.07%	5.35	-	-	0.98%	5.35
Lakeside Dairy Limited	8.54%	370.24	54.24%	270.50	-	-	49.32%	270.50
Dodla Dairy Kenya Limited	0.02%	0.69	2.02%	10.05	-	-	1.83%	10.05
Orgafeed Private Limited	0.34%	14.79	-3.05%	(15.21)	-	-	-2.77%	(15.21)
Non-controlling interest	-	-	-	-	-	-	-	-
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-10.54%	(457.12)	-11.37%	(56.69)	104.77%	52.12	-0.83%	(4.57)
Total	**100.00%**	**4,334.96**	**100.00%**	**498.71**	**100.00%**	**49.74**	**100.00%**	**548.45**

Dodla Dairy Limited
Annexure VI - Notes to Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Note 45: Additional information pursuant to paragraph 2 of general instructions of Division II of Schedule III to the Companies Act 2013 (continued)

Name of the Entity	As at and for the year ended 31 March 2019							
	Net assets (i.e. total assets minus total liabilities)		Share in profit		Share in other comprehensive income		Total	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Dodla Dairy Limited	97.57%	3,964.86	83.07%	521.35	-5.17%	(1.16)	80.02%	520.19
Subsidiaries								
Dodla Holdings Pte Limited	11.14%	452.73	2.21%	13.88	-	-	2.14%	13.88
Lakeside Dairy Limited	2.06%	83.57	14.67%	92.06	-	-	14.16%	92.06
Dodla Dairy Kenya Limited	-0.21%	(8.39)	-0.29%	(1.81)	-	-	-0.28%	(1.81)
Non-controlling interest	-	-	-	-	-	-	-	-
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-10.56%	(429.04)	0.34%	2.14	105.17%	23.61	3.96%	25.75
Total	**100.00%**	**4,063.73**	**100.00%**	**627.62**	**100.00%**	**22.45**	**100.00%**	**650.07**

Name of the Entity	As at and for the year ended 31 March 2018							
	Net assets (i.e. total assets minus total liabilities)		Share in profit		Share in other comprehensive income		Total	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Dodla Dairy Limited	100.91%	3,426.33	93.95%	534.08	122.20%	15.30	94.55%	549.38
Subsidiaries								
Dodla Holdings Pte Limited	12.22%	414.75	1.45%	8.25	-	-	1.42%	8.25
Lakeside Dairy Limited	-0.26%	(8.86)	5.73%	32.59	-	-	5.61%	32.59
Dodla Dairy Kenya Limited	-0.20%	(6.69)	-1.44%	(8.19)	-	-	-1.41%	(8.19)
Non-controlling interest	-	-	-0.06%	(0.32)	-	-	-0.06%	(0.32)
Associate								
Global VetMed Concepts Private Limited*	-	-	-	-	-	-	-	-
Adjustment arising out of consolidation	-12.67%	(430.21)	0.37%	2.13	-22.20%	(2.78)	-0.11%	(0.65)
Total	**100.00%**	**3,395.32**	**100.00%**	**568.54**	**100.00%**	**12.52**	**100.00%**	**581.06**

*The group has not recognised any share of losses of the associate as it exceeds the carrying amount of the investment.

Note 46: During the six months period ended 30 September 2020, no material foreseeable losses (year ended 31 March 2020: Nil, 31 March 2019: Nil, 31 March 2018: Nil) was incurred for any long-term contract including derivatives.

(All amounts are in rupees million, unless otherwise stated)

Note 47: Change in significant accounting policies

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. For the purpose of Restated Consolidated Financial Information, the Group has adopted Ind AS 116 'Leases' that replaces Ind AS 17 w.e.f 1 April 2017. The nature and effect of the changes as a result of adoption of Ind AS 116 is described below.

Effective 01 April 2017, the Group adopted Ind AS 116 "Leases" applied to all lease contracts existing on 01 April 2017 using the modified retrospective method and elected to measure the Right of-Use assets at an amount equal to the lease liability as at the date of initial application, on the date of initial application. Also, refer Part B of Annexure VII of the restated consolidated financial information for transition adjustments.

Under Ind AS 116

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

On transition to Ind AS 116, the Company has recognised right-of-use assets amounting to ₹ 98.97 and lease liabilities amounting to ₹ 73.38. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 01 April 2017. The rate applied ranges from 9.00% p.a. to 10.2% p.a.

The following tables summarise the movement in lease liabilities:

	As at 30 September 2020	As at 31 March 2020*	As at 31 March 2019	As at 31 March 2018
Balance at the beginning	97.14	-	66.54	-
Transfer on account of adoption of Ind AS 116	-	107.94	-	73.38
Additions	8.17	-	34.92	-
Interest expenses	4.20	8.66	8.55	6.71
Deletions	(0.88)	-	-	-
Payment of lease liabilities	(12.36)	(19.46)	(19.06)	(13.55)
Balance at the end	**96.27**	**97.14**	**90.95**	**66.54**

* Balance as at 1 April 2019 is considered as Nil. Refer Part B of Annexure VII.

As at balance sheet date, the Group is not exposed to future cashflows for extension / termination options, residual value guarantees and leases not commenced to which lessee is committed.

Maturity analysis – contractual undiscounted cash flows	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Less than one year	23.14	22.16	23.03	15.70
One to two years	20.59	19.50	20.37	15.82
More than two years	96.20	96.11	91.15	69.48
Total	**139.93**	**137.77**	**134.55**	**101.00**

Lease liabilities included in the restated consolidated balance sheet	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Current	14.58	26.45	14.45	9.23
Non-current	81.69	70.69	76.50	57.31
Total	**96.27**	**97.14**	**90.95**	**66.54**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

For the transitional impact of Ind AS 116 and accounting policy, refer significant accounting policies.

The Group has taken certain rented premises on lease with contract terms within one year. These leases are short-term in nature and the Group has elected not to recognise right-of-use-assets and lease liabilities for these assets. The Group has incurred following expenses relating to short-term leases for which the recognition exemption has been applied. (Refer note 33).

	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Expenses relating to short-term leases	23.63	49.23	43.82	39.86

The following are the amounts recognised in restated consolidated statement of profit and loss

	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on Right-of-use assets	9.83	17.27	14.91	10.71
Interest expenses	4.20	8.66	8.55	6.71

The following are the amounts recognised in restated consolidated statement of cash flows

	For the six months period ended 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Total cash outflow for leases	12.36	19.46	19.06	13.55
	12.36	**19.46**	**19.06**	**13.55**

Note 48: Subsequent events

Subsequent to 30 September 2020, the Company has offered and issued 2,652,520 number of Equity Shares of Rs. 10 each at an issue price of Rs. 377 per share to International Finance Corporation ('IFC') through private placement in accordance with the terms and conditions set out in the share subscription agreement dated 02 February 2021 executed between the Company and IFC. The same was approved by Board of Directors of the Company in the meeting dated 02 February 2021 and approved by Shareholders of the Company in the Extraordinary General Meeting dated 03 February 2021.

Note 49: Impact of COVID-19

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

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

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

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

As per our report of even date attached

for B S R & Associates LLP
Chartered Accountants
ICAI Firm registration number: 116231W/ W-100024

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

Hemant Maheshwari
Partner
Membership number: 096537

D. Sesha Reddy
Chairman
DIN: 00520448

D. Sunil Reddy
Managing Director
DIN: 00794889

B.V.K. Reddy
Chief Executive Officer

Place: Hyderabad
Date: 04 February 2021

Place: Hyderabad
Date: 04 February 2021

Anjaneyulu Ganji
Chief Financial Officer

Ruchita Malpani
Company Secretary
M. No. F10677

Dodla Dairy Limited
Annexure VII - Statement of Adjustments to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Part A: Statement of restatement adjustments

Summarised below are the restatement adjustments made to the equity of the Audited Consolidated Financial Statements of the Group for the period/ years ended 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018 and their consequential impact on the equity of the Group:

		Notes	As at 30 September 2020	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
A	**Total Equity as per Audited Consolidated Financial Statements**		**5,078.89**	**4,334.96**	**4,068.39**	**3,397.59**
B	**Adjustments:**					
	Material restatement Adjustments:					
	(i) Audit qualifications	1	-	-	-	-
	Total		**-**	**-**	**-**	**-**
	(ii) Adjustments due to prior period items / other adjustments					
	Adjustments on account of adoption of Ind AS 116	3 (a)		-	(7.15)	(3.33)
	Total		**-**	**-**	**(7.15)**	**(3.33)**
	(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable					
	Deferred tax impact on restatement adjustments	3 (b)	-	-	2.49	1.05
	Total		**-**	**-**	**2.49**	**1.05**
C	**Total impact of adjustments (i + ii + iii)**		**-**	**-**	**(4.66)**	**(2.28)**
D	**Total equity as per Restated Consolidated Financial Information (A+C)**		**5,078.89**	**4,334.96**	**4,063.73**	**3,395.31**

Summarised below are the restatement adjustments made to the net profit of the Audited Consolidated Financial Statements of the Group for the period/ year ended 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018 and their consequential impact on the profit/ (loss) of the Group:

		Note	For the period from 01 April 2020 to 30 September 2020	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
A	**Net profit after tax as per Audited Consolidated Financial Statements**		**747.78**	**498.71**	**630.01**	**570.81**
B	**Adjustments:**					
	Material restatement Adjustment:					
	(i) Audit qualifications	1	-	-	-	-
	Total		**-**	**-**	**-**	**-**
	(ii) Adjustments due to prior period items / other adjustments					
	Adjustments on account of adoption of Ind AS 116	3 (a)	-	-	(3.82)	(3.32)
	Total		**-**	**-**	**(3.82)**	**(3.32)**
	(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable					
	Deferred tax impact on restatement adjustments	3 (b)	-	-	1.43	1.05
	Total		**-**	**-**	**1.43**	**1.05**
C	**Total impact of adjustments (i + ii - iii)**		**-**	**-**	**(2.39)**	**(2.27)**
D	**Net profit after tax as per Restated Consolidated Financial Information (A+C)**		**747.78**	**498.71**	**627.62**	**568.54**

Notes:
1. **Adjustments for audit qualification:** None
2. **Material regrouping:** None
Appropriate adjustments have been made in the Restated Consolidated Financial Information, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the Division II - Ind AS Schedule III of the Companies Act, 2013 ('the Act') and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended). Accordingly, the Group has presented the Restated Consolidated Financial Information as at and for the period / year ended 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018 following the requirements of Schedule III of the Act.

3. **Material restatement adjustments:**

(a) **Recognition of Right-of-use assets and lease liability:**
A new lease standard i.e., Ind AS 116 has been notified to be effective w.e.f. 01 April 2019 which provide guidelines for the accounting of the lease contracts entered in the capacity of a lessee and a lessor.

The Group has entered into various operating lease contracts in the capacity of a lessee and lessor and in lines with the accounting principles laid down in Ind AS 116, is required to make the following adjustments:-

i) The Group is required to recognise a right-of-use asset and a corresponding lease liability in respect of all the operating leases on the transition date.
ii) The Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, incremental borrowing rate shall be substituted.
iii) The lease payments included in the measurement of the lease liability comprise the payments for the right to use the underlying asset during the lease term that are not paid at the commencement date and includes the following:
(a) fixed payments (including in-substance fixed payments as described in paragraph B42 of Ind AS 116), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (as described in paragraph 28 of Ind AS 116).
iv) The asset recognised in lines with the provisions of Ind AS 116 is required to be depreciated as per Ind AS 16, Property plant and equipment.

The Group has applied 'modified retrospective approach' as mentioned in Ind AS 116 to all lease contracts existing on 1 April 2017 and elected to measure the right-of-use assets at an amount equal to the lease liability as at the date of initial application, on the date of initial application i.e., at 1 April 2017. Also refer Part B of this Annexure below.

(b) **Deferred tax assets (net):**
Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the Restated Consolidated Financial Information.

Dodla Dairy Limited
Annexure VII - Statement of Adjustments to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Part B: Reconciliation of total equity as per audited financial statements with total equity as per restated financial statements

The Company has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on 01 April 2019 for transition to Ind AS 116, while preparing the Restated consolidated financial information for each of the period/ year ended 30 September 2020, 31 March 2020, 31 March 2019 and 31 March 2018. As specified in the Guidance Note, the equity balance computed under restated consolidated financial information for the year ended 31 March 2019 and equity balance computed on transition (using modified retrospective approach) to Ind AS 116 on 01 April 2019, differs due to restatement adjustments made for each of the year ended 31 March 2019 and 31 March 2018. Accordingly, the closing equity balance as at 31 March 2019 of the restated financial statements has not been carried forward to opening Balance sheet as at 1 April 2019. The reconciliation of the same is as follows:

Particulars	Amount
Other equity	
Retained earnings	
Restated balance as at 31 March 2019	2,955.11
Add: Adjustment on account of transition to Ind AS 116 (including corresponding deferred tax)	4.66
Balance as at 01 April 2019 as per audited financial statements for the year ended 31 March 2020	**2,959.77**

Part C: Non-adjusting items

(a) Audit Qualifications in Annexure to Auditors' Report, which do not require any corrective adjustments in the Consolidated Restated Financial Information:
In addition to the audit opinion on the consolidated financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government of India under sub-section (11) of Section 143 of Companies Act, 2013 on the standalone financial statements as at and for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 respectively. Certain statements/comments included in the CARO in the standalone financial statements, which do not require any adjustments in the Restated Consolidated Financial Information are reproduced below in respect of the financial statements presented.

Dodla Dairy Limited

<u>**Financial year 2017-18**</u>

Clause (i) (b) of CARO 2016 Order
The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year, except for certain assets which are in the possession of vendors. The Company has obtained confirmation of these assets from the vendors. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

Clause (ii) of CARO 2016 Order
The inventories, except goods-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

Clause (vii) (a) of CARO 2016 Order

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Goods and Service tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. Professional tax have not generally been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Goods and Service tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable, except as mentioned below:

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

Clause (vii) (b) of CARO 2016 Order
According to the information and explanations given to us, there are no dues of Goods and Service tax, Service tax, Duty of Excise and Sales tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income tax, Duty of Customs and Value added tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the dues	Amount in ₹*	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income tax and interest thereon	1,683,215 (689,893)	Assessment Year 2008-09	Deputy Commissioner of Income-tax, Hyderabad Circle 1(2)
Income-tax Act, 1961	Income tax and interest thereon	2,866,620 (2,866,620)	Assessment Year 2010-11	Commissioner of Income-Tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	6,417,854 (6,417,854)	Assessment Year 2011-12	Commissioner of Income-Tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	30,367,280 (30,322,382)	Assessment Year 2012-13	Commissioner of Income-Tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	25,364,150 (25,364,150)	Assessment Year 2013-14	Commissioner of Income-Tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	9,247,720 (9,247,720)	Assessment Year 2014-15	Commissioner of Income-Tax (Appeals) V
Customs Act, 1962	Custom duty and penalty thereon	3,792,623 (104,450)	Financial year 2015-16	High Court of Karnataka
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	4,090,740	Financial year 2012-13 and 2013-14	Deputy Commissioner

* Amount in parenthesis represents amounts paid under protest.

Dodla Dairy Limited
Annexure VII - Statement of Adjustments to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Part C: Non-adjusting items (continued)

Financial year 2018-19

Clause (i) (b) of CARO 2016 Order
The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year, except for certain assets which are in the possession of vendors. The Company has obtained confirmation of these assets from the vendors. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

Clause (ii) of CARO 2016 Order
The inventories, except goods-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

Clause (vii) (a) of CARO 2016 Order
According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a delay in few cases. Professional tax have not generally been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases. As explained to us, the Company did not have any dues on account of Sales-tax, Service tax, Duty of excise and Value added tax. Refer note 27 to the standalone financial statements relating to provident fund contribution.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable, except as mentioned below:

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

Clause (vii) (b) of CARO 2016 Order

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

Name of the statute	Nature of the dues	Amount in ₹*	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income tax and interest thereon	1,683,215 (689,893)	Assessment Year 2008-09	Deputy Commissioner of Income-tax, Hyderabad Circle 1(2)
Income-tax Act, 1961	Income tax and interest thereon	2,866,620 (2,866,620)	Assessment Year 2010-11	Income Tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income tax and interest thereon	6,417,854 (6,417,854)	Assessment Year 2011-12	Commissioner of Income-Tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	32,381,867 (32,381,867)	Assessment Year 2012-13	
Income-tax Act, 1961	Income tax and interest thereon	25,364,150 (25,364,150)	Assessment Year 2013-14	
Income-tax Act, 1961	Income tax and interest thereon	9,247,720 (9,247,720)	Assessment Year 2014-15	
Customs Act, 1962	Custom duty and penalty thereon	3,792,623 (104,450)	Financial year 2015-16	High Court of Karnataka

* Amount in parenthesis represents amounts paid under protest.

Financial year 2019-20

Clause (i) (b) of CARO 2016 Order
The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year, except for assets which are in the possession of vendors. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the program, the Management commenced the physical verification of the assets which could not be completed at some of the locations due to COVID-19. However, no material discrepancies were noted on the verifications completed.

Clause (ii) of CARO 2016 Order
The inventories, except goods-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

Clause (vii) (a) of CARO 2016 Order
According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities except for tax deducted at source for which there has been slight delays in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Goods and Service tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any undisputed statutory dues on account of Sales tax, Service tax, Duty of excise and Value added tax. Also refer note 38 to the standalone financial statements relating to provident fund contribution.

Dodla Dairy Limited
Annexure VII - Statement of Adjustments to the Restated Consolidated Financial Information
(All amounts are in rupees million, unless otherwise stated)

Part C: Non-adjusting items (continued)

Clause (vii) (b) of CARO 2016 Order

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

Name of the statute	Nature of the dues	Amount in ₹*	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income tax and interest thereon	1,683,215 (689,893)	Assessment Year 2008-09	Deputy Commissioner of Income-tax, Hyderabad Circle 1(2)
Income-tax Act, 1961	Income tax and interest thereon	2,866,620 (2,866,620)	Assessment Year 2010-11	Income Tax Appellate Tribunal, Hyderabad
Income-tax Act, 1961	Income tax and interest thereon	6,417,854 (6,417,854)	Assessment Year 2011-12	Commissioner of Income-Tax (Appeals) V
Income-tax Act, 1961	Income tax and interest thereon	32,381,867 (32,381,867)	Assessment Year 2012-13	
Income-tax Act, 1961	Income tax and interest thereon	25,364,150 (25,364,150)	Assessment Year 2013-14	
Income-tax Act, 1961	Income tax and interest thereon	9,247,720 (9,247,720)	Assessment Year 2014-15	
Income-tax Act, 1961	Income tax and interest thereon	26,325,240	Assessment Year 2017-18	Assessing Officer
Customs Act, 1962	Custom duty and penalty thereon	3,792,623 (104,450)	Financial year 2015-16	High Court of Karnataka
CST Act, 1956	Sales tax and penalty thereon	77,514,174	Financial year 2016-17	Commercial Taxes Department, Nellore
CST Act, 1956	Sales tax and penalty thereon	32,599,089	Financial year 2013-14 2017-18	Commercial Taxes Department, Tamil Nadu

* Amount in parenthesis represents amounts paid under protest.

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As at September 30, 2020 (not annualized)	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
Basic earnings per share (in ₹)	13.43	8.96	11.27	10.21
Diluted earnings per share (in ₹)	13.43	8.96	11.26	10.21
Return on net worth (%)	14.72	11.50	15.44	16.74
Net asset value per share (in ₹)	91.23	77.87	72.99	60.99
EBITDA (in ₹ million)	1,362.11	1,409.26	1,341.52	1,127.19

Notes: *The ratios have been computed as under:*

1. *Basic EPS: Basic Earning per share= Profit attributable to equity shareholders/weighted average number of equity shares outstanding during the period/ year*
2. *Diluted EPS: Diluted Earnings per share = Profit attributable to equity shareholders/weighted average number of potential equity shares outstanding during the period/ year*
3. *Return on net worth %: Return on Equity = (Profit after tax (PAT)/ Equity attributable to owners of the company at the period/year end)*100*
4. *Net worth = Equity Share capital and other equity (including capital redemption reserve, debenture redemption reserve and share options outstanding account)*
5. *Net assets value per share (in ₹): Total assets – total liabilities / number of equity shares outstanding as at the period end*
6. *EBITDA = Profit Before Tax + Finance costs + Depreciation and amortisation expense-other income.*
7. *Accounting and other ratios are derived from the Restated Consolidated Financial Information*

In accordance with the SEBI ICDR Regulations, the audited financial information of our Company for Financial Years 2018, 2019 and 2020 ("**Audited Financial Statements**") are available on our website at https://www.dodladairy.com/financial_statement. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements should not be construed to be part of the information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "Entities") and should not be relied upon or used as a basis for any investment decision. None of the Entities nor or any of its advisors, nor any of the Book Running Lead Managers or the Promoter Selling Shareholder, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey management's perspective on our financial condition and results of operations for the six months period ended September 30, 2020 and the Fiscals ended March 31, 2020, 2019 and 2018. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Restated Financial Information and the sections entitled "Summary of Financial Information" and "Financial Statements" on pages 46 and 177, respectively. This discussion contains forward-looking statements and reflects our current views with respect to future events and our financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 18. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the section entitled "Forward-Looking Statements" on page 17. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Financial Information. Unless noted otherwise, some of the industry related information in this section is obtained or extracted from CRISIL Report (which was commissioned by us).

Our fiscal year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular fiscal year are to the 12-month period ended March 31 of that year.

Overview

We are an integrated dairy company based in south India primarily deriving all of our revenue for Fiscal 2020 and for the six months period ended September 30, 2020 from the sale of milk and dairy based VAPs in the branded consumer market. Amongst private dairy players with a significant presence in the southern region of India, we are the third highest in terms of milk procurement per day *(Source: CRISIL Report)* with an average procurement of 1.02 million litres of raw milk per day ("**MLPD**") as of December 31, 2020 and second highest in terms of market presence across all of India amongst private dairy players with a significant presence in the southern region of India *(Source: CRISIL Report)*. Our operations in India are primarily across the five Indian states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu and Maharashtra. Our overseas operations are based in Uganda and Kenya. Our Indian operations are undertaken under our brands "Dodla Dairy", "Dodla" and "KC+". Our overseas operations are undertaken under our brands "Dodla Dairy", "Dairy Top" and "Dodla+". We process and sell retail milk (full cream, standardised, toned and double toned) and produce dairy based value added products ("**VAPs**") such as curd, Ultra-High Temperature processed ("**UHT**") milk, ghee, butter, flavoured milk and ice cream amongst others. We also manufacture and sell cattle feed to farmers through our procurement network. Our revenue from sale of milk and dairy based VAPs constituted 72.81% and 27.18% respectively, of our revenue in Fiscal 2020 and 74.45% and 25.55% respectively, for the six months period ended September 30, 2020.

Our integrated business model in India consists of procurement, processing, distribution and marketing operations. Our procurement operations are spread across the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra. These consist of an average procurement of 1.02 MLPD as of December 31, 2020 from approximately 114,920 farmers through 6,624 Village Level Collection Centres ("**VLCCs**"), 254 dairy farms (farmers rearing multiple cattle for supplying raw milk in bulk quantities) and third party suppliers as of December 31, 2020. The raw milk collected is then transported to our chilling centres and thereafter to our processing plants. Our chilling centres are strategically placed in close proximity to our raw milk procurement locations in order to maintain the freshness of the raw milk. Our total average raw milk procurement increased from 1.02 MLPD in Fiscal 2018 to 1.13 MLPD in Fiscal 2020. Our total average raw milk procurement for the nine months period ended December 31, 2020 was 1.02 MLPD. Further, our dependence on third party suppliers has reduced from 13.58% in Fiscal 2018 to 2.83% of our total average raw milk procurement as of December 31, 2020. As of December 31, 2020 our procurement operations consisted of 6,624 VLCCs, 254 village dairy farms and third party suppliers and 90 chilling centres. The number of our VLCCs has consistently increased from 3,544 to 6,285 from March 31, 2018 to March 31, 2020 respectively.

Our processing operations consist of processing of the collected raw milk into packaged milk and manufacturing of other dairy based VAPs by 13 processing plants with an aggregate installed capacity of 1.70 MLPD. These include the Vedasandur and Batlagundu processing plants which were acquired by our Company pursuant to a business transfer agreement dated February 8, 2019 with KC Dairy Products Private Limited and its shareholders ("**BTA**"), for further details of the BTA, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years*" on page 149. Our aggregate installed capacity increased from 1.29 MLPD in Fiscal 2018 to 1.70 MLPD in Fiscal 2020. Additionally, we have commissioned a UHT milk processing plant in Rajahmundry in April, 2019 to support our operations. Our distribution and marketing operations consist of distribution of our milk and dairy based VAPs through 40 sales offices, 3,336 distribution agents, 863 milk distributors and 449 milk product distributors across 11 states in India. Additionally, as of December 31, 2020, our milk and dairy based VAPs are also available through 371 "Dodla Retail Parlours" which commenced operations in 2016 and are spread across the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. Our processing plants are in close proximity to our milk procurement operations and our target market which enables us to optimise transportation and raw milk handling costs. For further details on our processing plants, see "*Our Business – Our Facilities*" on page 128. In Fiscal 2019 we acquired a cattle feed and mixing plant with a capacity of 80 MTPD in Andhra Pradesh for the purpose of manufacturing and selling cattle feed to farmers through our procurement network. We have successfully integrated our cattle feed operations with our existing procurement network through our subsidiary OPL.

We commenced our overseas operations in Fiscal 2015 through the acquisition of the operations of Hillside Dairy and Agriculture Limited through our Subsidiary Lakeside Dairy Limited in Africa. For our overseas operations, we procure raw milk from cooperative societies and follow a similar integrated business model as our India operations. Packaged milk and dairy based VAPs for retail are produced from our processing plant in Uganda and are distributed in Uganda and Kenya. Our distribution operations in Uganda are conducted through our African Subsidiary Lakeside Dairy Limited. and include distribution of our milk and dairy based VAPs as of December 31, 2020 through 22 distributors and 18 "Dodla Retail Parlours". Our distribution operations in Kenya are conducted through our African Subsidiary Dodla Dairy Kenya Limited and include distribution of our milk and dairy based VAPs as of December 31, 2020 through 57 distribution agents and 53 distributors.

We place significant emphasis on quality control across our integrated business model and have obtained several quality control certifications and registrations for our operations. The raw milk procured by us is tested by electronic milk analysers which tests for the fat and solid not fat (SNF) content of the raw milk and undergo further tests during the procurement stage. Our milk and dairy based VAPs have received certifications from the FSSAI. Quality food safety forms a part of our policy and we believe is one of the main drivers of our business. We have well defined documented quality system which is monitored at various stages of procurement and processing. Our processing plants at Nellore, Palamaner, Penemuru, Badvel and Dharmapuri are ISO 22000:2018 certified for food management system. Our Nellore and Palamner processing plants are ISO 50001:2011 certified for energy management system. Our Nellore processing plant is export inspection certified and BIS certified for SMP. Our products have received certifications from FSSAI. Our processing plant at Hyderabad has received a FSSC V 4 certification and has received food safety system certification 22000. Additionally, our processing plants situated at Nellore and Hyderabad, for producing ghee, are AGMARK registered. Further, our Uganda Unit has obtained various quality certification including, *inter alia*, UNBS permits for producing plain yogurt, vanilla yogurt, chocolate yogurt and UHT milk. Additionally, our processing plant situated at Hyderabad is equipped with FT-1 Milko-scanner which allows us to conduct 26 adulterant related tests in milk automatically.

Our Company is promoted by Dodla Sesha Reddy and Dodla Sunil Reddy, who each have over 22 years of experience in dairy industry which have been instrumental in the growth of our Company. Further our CEO, Venkat Krishna Reddy Busireddy, has over 35 years of experience in the dairy industry. We have also been awarded a number of industry awards including the HMTV Business Excellence Award, 2018, Best Practices In Cold Storage (Large Segment). For further details see "*History and Certain Corporate Matters*" on page 146. The RISE Fund, which is a social impact fund of TPG Growth, through TPG Dodla Dairy Holdings Pte. Ltd. is invested in our Company. APIDC-Venture Capital and BR CPF (Mauritius) Limited were our shareholders in the past. The International Finance Corporation is currently our lender and a shareholder.

Significant Factors Affecting Our Results of Operations

Our business and results of operations are affected by a number of important factors that we believe will continue to affect our business and results of operations in the future. These factors include the following:

Availability of large quantities of raw milk at viable prices

Our Indian operations are dependent on the supply of large amounts of raw milk, which is the primary raw material used in the manufacture of all our dairy products. As of December 31, 2020, our supply chain network consisted of an average procurement of 1.02 MLPD from approximately 114,920 farmers through 6,624 Village Level Collection Centres ("**VLCCs**"), 254 dairy farms (farmers rearing multiple cattle for supplying raw milk in bulk quantities) and third party suppliers. Our average daily milk procurement for the Fiscal 2020, 2019 and 2018 was approximately 1.13 MLPD, 1.05 MLPD and 1.02 MLPD, respectively. Our total average raw milk procurement for the six months period ended September 30, 2020 was 1.03 MLPD. We do not have any formal arrangements with farmers and therefore they are not obligated to supply their milk to us. Our ability to operate our production facilities at optimal capacities is dependent on adequate and timely supply of raw milk.

While our processing plants, chilling centres and VLCCs are strategically located to enable us to minimise the transportation and handling costs, without any loss in quality or nutritional value, the availability and price of raw milk is subject to a number of factors beyond our control including seasonal factors, environmental factors, general health of cattle in the regions in which we operate and Government policies and regulations. For instance, the volume and quality of milk produced by cows and buffalos is dependent upon the quality of nourishment provided by the cattle feed which in turn is dependent on the weather conditions. Also, any disease or epidemic affecting the health of cows and buffalos in India, especially within our procurement regions, could significantly affect our ability to procure adequate amount of raw milk. Further, availability of raw milk is linked to the policies of the Government or the respective State Governments where our operations are based, including those affecting the use or ownership of agricultural land or the dairy industry in general.

Seasonality of business

The supply of raw milk is subject to seasonal factors. Cows and buffalos generally produce more milk in temperate weather, and extreme cold or hot weather could lead to lower than expected production. Our raw milk procurement and production is therefore higher in the second half of the financial year during the winter months with temperate climate in our primary milk procurement region. In contrast, the demand for our products such as curd is higher in the first half of the financial year during summer months and the demand for *ghee* is higher during festive seasons. As a result, comparisons of our sales and operating results over different quarterly periods during the same financial year may not necessarily be meaningful.

Dependence on third parties for distribution of our products

We sell our products to retail customers through 40 sales offices, 3,336 distribution agents, 863 milk distributors and 449 milk product distributors across 11 states in India as of December 31, 2020. Additionally, as of December 31, 2020, our products are also available through 371 "Dodla Retail Parlours" which are operated on a franchise model and spread across the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. Our distribution operations in Uganda are conducted through our African Subsidiary Lakeside Dairy Limited and includes distribution of our products through 22 distributors and 18 Dodla Retail Parlours as of December 31, 2020. Our distribution operations in Kenya are conducted through our African Subsidiary Dodla Dairy Kenya Limited and includes distribution of our products as of December 31, 2020 57 agents and 53 distributors of December 31, 2020.

We constantly seek to grow our product reach to under-penetrated geographies, increase the penetration of our products in markets in which we are currently present and widen the portfolio of our products available in those markets by growing our distribution network. Our success is dependent on our ability to successfully appoint new distributors to expand our network and effectively manage our existing distribution network. Further, we may also face disruptions in the delivery of our products for reasons beyond our control, including poor handling by distributors of our products, transportation bottlenecks, natural disasters and labour issues, which could lead to delayed or lost deliveries.

Competition

The dairy products industry in India is highly competitive, especially the markets for pasteurized milk, UHT milk, flavoured milk, curd and ice cream. These products are experiencing rapid development and increasing competition. We currently compete, and in the future will continue to compete, with large multinational companies as well as regional and local companies and dairy co-operatives in each of the regions in which we operate. We compete not only with widely advertised and established branded products, but also with non-premium dairy producers as well as private and economy brand products that are generally sold at lower prices. Many of our competitors may have substantially greater financial and other resources and may be better established with greater brand recognition than us.

The expansion of our retail consumer business in existing and new markets is dependent on our ability to introduce distinctive brands, packaging and products that differentiate us from our competitors. Some of our competitors have used, and we expect them to continue to use, greater amounts of incentives and subsidies for distributors and retailers and more advanced processes and technologies. In addition, significant increase in advertising expenditures and promotional activities by our competitors may require us to similarly increase our marketing expenditure for our growing retail consumer business and engage in effective pricing strategies.

Changing consumer preferences

The dairy industry in India is evolving and consumers may be tempted to shift their choices and preferences when new products are launched or various marketing and pricing campaigns of different brands are introduced. Our future growth depends on our ability to continue to increase our revenue and margins from our dairy based value added products ("**VAPs**"). While we believe our current VAPs are in line with changing consumer preferences, our growth would be dependent on our ability to respond to such changing consumer preferences more effectively and successfully. The success of our VAPs depend on our ability to accurately anticipate the tastes and dietary habits of consumers and to offer products that appeal to their preferences and fall within a price range acceptable to them.

Impact of the novel coronavirus disease (COVID-19

In the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. Our Company and its results of operations were also affected by the COVID-19 disease. We witnessed a decrease in sales of our products such as processed milk, ice cream, curd and butter milk in the metro cities of Bengaluru and Chennai. This was primarily because of the migration of our retail customers to their base home town. Additionally, the reduction in the consumption of our products led to a decrease in the production at certain of our processing plants such as Nellore and Palamner. We have also faced increased risks emanating from process changes being implemented, such as increased reliance on technology. Inspite of this, our Company improved its technological systems to enable us to develop a framework to ensure safety and productivity of our employees at our facilities.

Our Critical Accounting Policies (as per our Restated Financial Information)-

Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognised from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*Non - controlling interests (“**NCI**”)*

NCI are measured at their proportionate share of the acquiree’s net identifiable assets at the date of acquisition.

Changes in the Group’s equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the special purpose consolidated financial statements include the Group’s share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost which includes transaction costs and adjusted thereafter to recognise the Group’s share of the post- acquisition profits or losses of the investee in profit and loss, and the Group’s share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Transactions eliminated on consolidation

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associate companies considered in the Restated Consolidated Financial Information:

Name of the Company	Country of incorporation	Ownership interest (in %)			
		September 30, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Subsidiary companies:					
Dodla Holdings Pte Limited	Singapore	100.00	100.00	100.00	100.00
Lakeside Dairy Limited	Uganda	100.00	100.00	100.00	100.00
Dodla Dairy Kenya Limited	Kenya	99.90	99.90	99.90	80.00
Orgafeed Private Limited	India	99.99	99.99	-	-
Associates:					
Global VetMed Concepts Private Limited	India	47.94	47.94	47.94	47.94

Principles of consolidation

These consolidated financial statements have been prepared by consolidation of the financial statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-company transactions.

Significant Accounting Policies

(a) Property, plant and equipment

(1) ***Recognition and measurement***

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

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

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

(2) ***Subsequent expenditure***

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

(3) ***Depreciation***

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

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

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

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

Depreciation on additions/ disposals is provided on a pro-rata basis, i.e., from/ upto the date on which asset is ready for use/ disposed off.

(4) ***Capital work-in-progress***

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

(b) Biological assets

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

(c) Impairment

*(1) **Financial assets***

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

*(2) **Non -financial assets***

The group's non-financial assets, other than biological assets, inventories and deferred tax assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, assets that do not generate independent cash inflows are grouped together into cash- generating units (CGUs). Each CGU represents the smallest group of assets that generates cash infows that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

(d) Inventories

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

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

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

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

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

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

(e) Revenue recognition

The Group is engaged in sale of milk and milk products. Revenue from the sale of goods is recognised when control of the goods has transferred to the buyer which coincides with the time when the goods are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of goods. Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

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

(f) Earnings per share

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

(g) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rates, are recognised in profit or loss as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign Operations

The assets and liabilities of foreign subsidiaries are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign subsidiaries are translated into functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

(h) Government grants

Grants from the government are recognised initially as deferred income at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current/ 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.

(i) Income tax

Income-tax expense for the year comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

(1) ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

(2) ***Deferred tax***

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction or;

- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(j) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

(k) **Provisions and contingent liabilities**

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(1) ***Contingent liabilities***

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

(2) ***Onerous contracts***

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

(l) Employee benefits

(1) ***Short-term employee benefits***

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

(2) ***Share-based payment transactions***

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

(3) ***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in profit or loss in the periods during which the related services are rendered by employees.

(4) ***Defined benefit plans***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(5) ***Other long-term employee benefits***

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

(m) Cash and cash equivalents

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

(n) Cash flow statement

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

(o) Recent accounting pronouncements

There are no new accounting pronouncements that are applicable from October 1, 2020.

Ind AS 115, Revenue from Contracts with Customers

The Group has adopted Ind AS 115 effective April 1, 2018. For the purpose of preparation of restated financial statements, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 115 for each of the year ended March 31, 2020, 2019 and 2018. No material adjustments were identified for the purpose of restatement.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company has completed an initial assessment of the potential impact of the amendment on the financial statements. There is no material impact of adoption of clarification on the financial statements.

Principal Components of our Statement of Profit and Loss

The following descriptions set forth information with respect to the key components of our Restated Consolidated Financial Information.

Our Income

Revenue from Operations

Our revenue from operations primarily consists of sale of goods which consists of sale of finished goods and sale of traded goods.

Sale of finished goods consists of sale of processed milk and our dairy based VAPs. Sale of traded goods consists of (i) sale of UHT milk which was manufactured on our behalf by third party manufacturers and sold by us for our Indian operations till fiscal 2016; and (ii) sale of processed milk and our dairy based value added products by DDKL to it's customers. Our revenue from operations also includes (i) sale of services which consists of conversion service charges for SMP; and (ii) other operating income which consists of sale of feed, sale of scrap of film, cans, crates and other plastic items.

Other Income

The key components of our other income are profit on sale of investments in mutual funds, net fair value gain on financial assets measured at fair value through profit and loss, changes in fair value of biological assets, interest on others and amortization of government grant etc.

Our Expenditure

Our expenses primarily consist of the following:

- *Cost of materials consumed* primarily consists of purchase of raw milk, SMP, flavor and packing materials etc;

- *Changes in inventories of finished goods, stock-in-trade and work-in-progress* are an adjustment of the opening and closing stock of finished goods, work-in-progress and stock-in-trade at the end of the fiscal;

- *Employee benefits expense* consists of salary, wages and bonus, employee share based payment expenses, contribution to provident and other funds, expenses related to post-employment defined benefit plans and staff welfare expenses;

- *Depreciation and amortisation expense* comprises of depreciation expenses for depreciation property, plant and equipment. Amortisation expenses primarily includes amortisation of intangible assets;

- *Finance costs* includes interest expense on loan from banks, other interest costs and other borrowing costs; and

- *Other expenses* primarily includes expenses on power and fuel, consumption of stores and spares, freight inward and handling, carriage outwards, advertisements, legal and professional fee, travelling and conveyance, IPO expenses written off, rent, security expenses, milk procurement expenses, repairs and maintenance etc.

Our Income Tax Expenses

Elements of our income tax expenses are as follows:

- *Current tax:* Our current tax is the amount of tax payable based on the taxable profit for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961

- *Deferred tax:* Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Other Comprehensive Income

The other comprehensive income consists of (i) all the items of income and expense that will be reclassified subsequently to the statement of profit or loss which consists of foreign currency translation reserves; and (ii) items that will not be reclassified subsequently to the statement of profit or loss which consists of remeasurement of the net defined benefit obligation and income tax relating to items.

Total Comprehensive Income for the period / year

Total comprehensive income for the period / year consists of profit for the period / year and total other comprehensive income for the period / year.

Our Results of Operations

The following table sets forth a breakdown of our restated consolidated results of operations for fiscal 2020, fiscal 2019 and fiscal 2018 and for the six months period ended September 30, 2020 and each item as a percentage of our total income for the periods indicated

Particulars	**For the six months period ended September 30, 2020**		**Fiscal 2020**		**Fiscal 2019**		**Fiscal 2018**	
	₹ in million	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**
Revenue from operations	9,163.13	99.79	21,393.73	99.71	16,916.73	99.54	15,904.75	99.59
Other income	19.09	0.21	62.76	0.29	77.86	0.46	65.38	0.41
Total income	**9,182.22**	**100.00**	**21,456.49**	**100.00**	**16,994.59**	**100.00**	**15,970.13**	**100.00**
Expenses								
Cost of materials consumed	6,728.38	73.28	15,830.77	73.78	12,425.15	73.11	12,744.26	79.80
Change in inventories of finished goods, stock in trade and work in progress	(553.22)	(6.02)	575.01	2.68	140.74	0.83	(427.22)	(2.68)
Employee benefits expense	433.20	4.72	911.15	4.25	766.61	4.51	649.79	4.07
Finance costs	69.91	0.76	161.39	0.75	115.65	0.68	108.90	0.68

Particulars	For the six months period ended September 30, 2020		Fiscal 2020		Fiscal 2019		Fiscal 2018	
	₹ in million	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**	**₹ in million**	**(%) of Total Income**
Depreciation and amortisation expense	253.94	2.77	491.92	2.29	370.93	2.18	279.27	1.75
Other expenses	1,192.66	12.99	2,667.54	12.43	2,242.71	13.20	1810.73	11.34
Total expenses	**8,124.87**	**88.48**	**20,637.78**	**96.18**	**16,061.79**	**94.51**	**15,165.73**	**94.96**
Profit before tax	**1,057.35**	**11.52**	**818.71**	**3.82**	**932.80**	**5.49**	**804.40**	**5.04**
Income tax expense								
(i) Current tax	295.31	3.22	211.35	0.99	238.15	1.40	186.04	1.16
(ii) Deferred tax	14.26	0.16	108.65	0.51	67.03	0.39	49.82	0.31
Total tax expense	309.57	3.37	**320.00**	1.49	**305.18**	1.80	**235.86**	1.48
Profit for the period / year (A)	**747.78**	**8.14**	**498.71**	**2.32**	**627.62**	**3.69**	**568.54**	**3.56**
Other Comprehensive Income								
Items that will be reclassified subsequently to the statement of profit or loss								
Exchange differences in translating financial statements of foreign operations	(9.49)	(0.10)	52.12	0.24	23.61	0.14	(2.78)	(0.02)
Items that will not be reclassified subsequently to the statement of profit or loss								
Remeasurement of the net defined benefit obligation	5.47	0.06	(3.66)	(0.02)	(1.79)	(0.01)	23.40	0.15
Income tax relating to these items	(1.91)	(0.02)	1.28	0.01	0.63	0.00	(8.10)	(0.05)
Other comprehensive income for the period / year (B)	**(5.93)**	**(0.06)**	**49.74**	**0.23**	**22.45**	**0.13**	**12.52**	**0.08**
Total comprehensive income for the period / year (A) + (B)	**741.85**	**8.08**	**548.45**	**2.56**	**650.07**	**3.83**	**581.06**	**3.64**

Six months period ended September 30, 2020

Total income: We had total income of ₹9,182.22 million for the six months period ended September 30, 2020. Our total income comprised of the following:

- *Revenue from operations:* Our revenue from operations for the six months period ended September 30, 2020 was ₹9,163.13 million. This primarily comprised of the following:

  - Our revenue from sale of finished goods for the six months period ended September 30, 2020 was ₹8,759.18 million. The following is a region and product wise break up of our revenue from sale of finished goods:

    India

    - Our revenue from sale of processed milk for the six months period ended September 30, 2020 was ₹6,270.56 million. This was primarily attributable to sales of (i) full cream milk amounting to ₹2,731.99 million; (ii) standard milk amounting to ₹1,508.24 million; (iii) toned milk amounting to ₹1,955.76 million and; (iv) extended shelf-life milk amounting to ₹74.57 million; and

    - Our revenue from sale of dairy based VAPs six months period ended September 30, 2020 was ₹2,236.84 million. This was primarily attributable to sales of (i) curd amounting to ₹1,712.99 million; (ii) ghee amounting to ₹233.47 million and; (iii) sterilized flavored milk and other amounting to ₹119.07 million

    Africa

    Our revenue from sale of finished goods for the six months period ended September 30, 2020 was ₹526.01 million which was primarily attributable to sales of (i) extended shelf-life milk amounting to ₹445.17 million and; (ii) yogurt amounting to ₹66.42 million.

- *Other income:* Our other income for the six months period ended September 30, 2020 was ₹19.09 million. This primarily consisted of interest income of ₹6.37 million, changes in fair value of biological assets of ₹3.80 million and fair value gain on financial assets measured at fair value through profit and loss of ₹1.87 million.

Total expenses: Our total expenses for the six months period ended September 30, 2020 was ₹ 8,124.87 million which consisted of the following:

- *Cost of materials consumed:* Our cost of materials consumed for the six months period ended September 30, 2020 totaled ₹6,728.38 million. This primarily consisted of inventory of materials at the beginning of the period/ year amounting to ₹783.16 million, purchases of ₹6,172.72 million which was offset by inventory of materials at the end of the period/ year amounting to ₹227.44 million and was primarily attributable to (i) cow milk procurement amounting to ₹4,852.01 million; (ii) buffalo milk procurement amounting to ₹535.10 million along with buffalo milk tieup amounting to ₹206.46 millon and; (iii) consumption and purchase of SMP and butter.

- *Change in inventories of finished goods, stock-in-trade and work-in-progress:* Change in inventories of finished goods, stock-in-trade and work-in-progress for the six months period ended September 30, 2020 was ₹(553.22)million. This was primarily consisted of opening stock of finished goods amounting to ₹212.76 million which was offset by finished goods amounting to ₹(185.61) million and was primarily attributable to build up in the stocks of skim milk powder and butter.

- *Employee benefits expense*: Our employee benefit expense for the six months period ended September 30, 2020 was ₹433.20 million. This primarily consisted of salaries, wages and bonus and contribution to provident and other fund and was primarily attributable to ₹389.25 million paid towards salaries, wages and bonus and ₹26.62 million towards contribution for provident and other fund.

- *Finance cost*: Our finance cost for the six months period ended September 30, 2020 was ₹69.91 million. This primarily consisted of interest expense on loan from banks amounting to ₹62.04 million.

- *Depreciation and amortisation expense*: Our depreciation and amortisation expenses for the six months period ended September 30, 2020 was ₹253.94 million. This primarily consisted of depreciation on property, plant and equipment amounting to ₹235.10 million and amortization of intangible assets amounting to ₹18.84 million and was primarily attributable to (i) ₹110.36 million towards plant and equipment; (ii) ₹57.69 million towards laboratory equipment; (ii) ₹30.63 million towards buildings and; (iii) ₹9.83 million towards right-of-use assets.

- *Other expenses:* Our other expenses for the six months period ended September 30, 2020 was ₹1,192.66 million. This primarily consisted of freight inward and handling amounting to ₹287.47 million, power and fuel amounting to ₹192.72 million, consumption of store and spare parts amounting to ₹87.77 million and legal and professional fees amounting to ₹29.41 million and carriage outwards amounting to ₹404.71 million.

Profit before tax: As a result of the factors outlined above, our profit before tax for the six months period ended September 30, 2020 was ₹1,057.35 million.

Income Tax expense.

- *Current tax:* We recorded a current tax of ₹295.31million for the six months period ended September 30, 2020.

- *Deferred tax:* We recorded a deferred tax of ₹14.26 million for the six months period ended September 30, 2020.

Profit for the year: As a result of the factors outlined above, our profit for the six months period ended September 30, 2020 was ₹747.78 million.

Other Comprehensive Income: We recorded a total other comprehensive loss of ₹5.93 million for the six months period ended September 30, 2020. This was primarily due to effects of foreign currency translation reserve which will be subsequently reclassified to the statement of profit and loss and re-measurement of the net defined benefit obligation.

Total comprehensive income for the year: As a result of the factors outlined above, our total comprehensive income for the six months period ended September 30, 2020 was ₹741.85 million.

Fiscal 2020 compared to Fiscal 2019

Total income: We had total income of ₹21,456.49 million in Fiscal 2020, an increase of 26.25% over our total income of ₹16,994.59 million in Fiscal 2019. This increase was mainly due to the following:

- *Revenue from operations:* Our revenue from operations increased by 26.46% from ₹16,916.73 million in Fiscal 2019 to ₹21,393.73 million in Fiscal 2020. This increase was primarily due to the following factors:

    - Our revenue from sale of finished goods increased by 24.06% from ₹16,166.55 million in Fiscal 2019 to ₹20,056.12 million in Fiscal 2020. The following is a region and product wise break up of our revenue from sale of finished goods:

      India

      Our revenue from sale of finished goods increased by 24.27% from ₹15,969.82 million in Fiscal 2019 to ₹19,844.97 million in Fiscal 2020. This increase was due to the following:

        - Our revenue from sale of processed milk increased by 22.04% from ₹11,593.64 million in Fiscal 2019 to ₹14,148.31 million in Fiscal 2020. This was primarily due to an increase in (i) commencement of operations from the Batlagundu and Vedasandur processing plants; (ii) sales volume driven by new distributors and distribution agents; (iii) the number of Dodla Retail Parlours from 278 as of March 31, 2019 to 290 as of March 31, 2020; and (iv) upward revision in the prices of our products; and

        - Our revenue from sale of dairy based VAPs increased by 26.72% from ₹ 4,452,03 million in Fiscal 2019 to ₹ 5,641.47 million in Fiscal 2020. This was primarily due to (i) sale of curd by 23.89% from ₹3,421.76 million in Fiscal 2019 to ₹4,239.17 million in Fiscal 2020; (ii) increase in sales of butter by 297.88% from ₹50.07 million in Fiscal 2019 to ₹199.21 million in Fiscal 2020 due to increase in bulk sales of butter in Fiscal 2020; (iii) increase in sale of butter milk by 53.91% from ₹70.04 million in Fiscal 2019 to ₹107.80 million in Fiscal 2020 and; (iv) upward revision in the prices of our products.

      The increase in revenue is also due to an increase in: (i) the number of distributors and distribution agents to whom our products are sold increased from 4,975 as of March 31, 2019 to 6,241 as of March 31, 2020; (ii) an increase in the number of Dodla Retail Parlours from 278 as of March 31, 2019 to 290 as of March 31, 2020 and; (iii) commencement of operations from the Batlagundu and Vedasandur processing plants.

      Africa

      Our revenue from sale of finished goods increased by 62.37% from ₹934.37 million in Fiscal 2019 to ₹1,517.15 million in Fiscal 2020. This increase was primarily due to setting up of two new sales offices in Kenya. There was an overall increase in sales of UHT milk by 69.32% from ₹806.81 million in fiscal 2019 to ₹1,366.09 million in fiscal 2020 and yogurt by 18.65% from ₹116.76 million in fiscal 2019 to ₹138.54 million in fiscal 2020.

- *Other income:* Our other income decreased by 19.39% from ₹77.86 million in fiscal 2019 to ₹62.76 million in fiscal 2020. This decrease was primarily due to a decrease in profit on sale of investments in mutual funds, net from ₹29.95 million in fiscal 2019 to ₹23.68 million in fiscal 2020 which was partially offset by an increase in fair value gain on financial assets measured at fair value through profit and loss from ₹7.21 million in fiscal 2019 to ₹9.79 million in fiscal 2020.

Total expenses: Our total expenses were ₹20,637.78 million in fiscal 2020, an increase of 28.49% over our total expenses of ₹16,061.79 million in fiscal 2019. This increase was mainly due to the following factors:

- *Cost of materials consumed:* Our cost of materials consumed totaled to ₹15,830.77 million in fiscal 2020, an increase of 27.41% over ₹12,425.15 million in fiscal 2019. The increase was due to an increase in (i) production of processed milk and dairy based VAPs; (ii) price of procurement of raw milk; and (iii) cost of packing materials.

- *Change in inventories of finished goods, stock-in-trade and work-in-progress:* Change in inventories of finished goods, stock-in-trade and work-in-progress was ₹575.01 million in fiscal 2020, as compared to ₹140.74 million in fiscal 2019. This was primarily due to an increase in the consumption of butter and decrease skim milk powder consumption due to increased purchase of milk powder.

- *Employee benefits expense*: Our employee benefit expense totaled ₹911.15 million in fiscal 2020, an increase of 18.85% over ₹766.61 million in fiscal 2019. This increase was primarily due to a 21.27% increase in salaries, wages and bonus from ₹671.73 million in fiscal 2019 to ₹814.58 million in fiscal 2020. This was due to an increase in employees in the corresponding period primarily due to commencement of operations at the Batlagundu and Vedasandur processing plants and at the Rajahmundry processing plant and due to a revision in salaries, wages and bonus.

- *Finance cost*: Our finance cost totaled ₹161.39 million in fiscal 2020, an increase of 39.55% over our finance cost of ₹115.65 million in fiscal 2019. This increase was primarily due to an increase in interest expense on loan from banks from ₹106.51 million in fiscal 2019 to ₹142.30 million in fiscal 2020. This was primarily due to (i) increase in interest on long term loan from ₹33.44 million in fiscal 2019 to ₹61.22 million in fiscal 2020; (ii) increase in interest on loan taken from IFC from ₹5.31 million in fiscal 2019 to ₹53.54 million in fiscal 2020; (iii) increase in interest on others from ₹0.47 million in fiscal 2019 to ₹12.10 million in fiscal 2020 and; (iv) decrease in interest on short term loan from ₹67.73 million in fiscal 2019 to ₹27.17 million in fiscal 2020.

- *Depreciation and amortisation expense*: Our depreciation and amortisation expenses totaled ₹491.92 million in fiscal 2020, an increase of 32.62% over depreciation and amortisation expenses of ₹370.93 million in fiscal 2019. This increase was primarily due to an increase in our property, plant and equipment base consequent to the (i) acquisition of Batlagundu and Vedasandur processing plants in March 2019 and impact of deprecation amounting to ₹67.03 million; (ii) capital expenditure towards plant and machinery for our processing plants at Rajahmundry and Indragi; and (iii) purchase of milk analysers.

- *Other expenses:* Our other expenses totaled ₹2,667.54 million in fiscal 2020, an increase of 18.94% over other expenses of ₹2,242.71 million in fiscal 2019. This increase was primarily due to an increase in (i) carriage outwards from ₹766.05 million in fiscal 2019 to ₹1,038.79 million in fiscal 2020; (ii) power and fuel from ₹304.86 million in fiscal 2019 to ₹375.42 million in fiscal 2020; (iii) IPO expenses written off from nil in fiscal 2019 to ₹72.73 million in fiscal 2020; and (iv) legal and professional fee from ₹61.51 million in fiscal 2019 to ₹77.41 million in fiscal 2020. The increase in other expenses was due to an increase in our installed capacity and capacity utilization.

Profit before tax: As a result of the factors outlined above, our profit before tax decreased by 12.23% from ₹932.80 million in fiscal 2019 to ₹818.71 million in fiscal 2020.

Income Tax expense.

- *Current tax:* We recorded a current tax of ₹211.35 million for fiscal 2020, a decrease of 11.25% from ₹238.15 million for fiscal 2019. This decrease was primarily due to increase in cost of raw material consumption, change in inventory and increase in carriage outwards expenses result in reduction in profit before tax.

- *Deferred tax:* We recorded a deferred tax of ₹108.65 million for fiscal 2020, an increase of 62.10% from ₹67.03 million for fiscal 2019. This increase was primarily due to an increase in depreciation charge to profit and loss account.

Profit for the year: As a result of the factors outlined above, our profit for the year decreased by 20.54% from ₹627.62 million in fiscal 2019 to ₹498.71 million in fiscal 2020.

Other Comprehensive Income: We recorded a other comprehensive income of ₹49.74 million in fiscal 2020 as compared to a other comprehensive income of ₹22.45 million in fiscal 2019. This was primarily due to the effects of foreign currency translation reserve which will be subsequently reclassified to the statement of profit or loss and re-measurement of the net defined benefit obligation.

Total comprehensive income for the period/ year: As a result of the factors outlined above, our total comprehensive income for the period/ year decreased by 15.63% from ₹650.07 million in fiscal 2019 to ₹548.45 million in fiscal 2020.

Fiscal 2019 compared to Fiscal 2018

Total income: We had total income of ₹16,994.59 million in fiscal 2019, an increase of 6.41% over our total income of ₹15,970.13 million in fiscal 2018. This increase was mainly due to the following:

- *Revenue from operations:* Our revenue from operations increased by 6.36% from ₹15,904.75 million in fiscal 2018 to ₹16,916.73 million in fiscal 2019. This increase was primarily due to the following factors:

  - Our revenue from sale of finished goods increased by 2.67% from ₹15,746.54 million in fiscal 2018 to ₹16,166.55 million in fiscal 2019. The following is a region and product wise break up of our revenue from sale of finished goods:

    <u>India</u>

    Our revenue from sale of finished goods increased by 3.97% from ₹15,359.62 million in fiscal 2018 to ₹15,969.82 million in fiscal 2019. This increase was due to the following:

    - Our revenue from sale of processed milk increased by 5.32% from ₹11,008.43 million in fiscal 2018 to ₹11,593.64 million in fiscal 2019. This was primarily due to an increase in (i) sales volume driven by new distributors and distribution agents; and (ii) increase in the number of Dodla Retail Parlours from 192 as of March 31, 2018 to 278 as of March 31, 2019; and

- Our revenue from sale of dairy based VAPs decreased by 1.07% from ₹4,404.83 million in fiscal 2018 to ₹4,452.03 million in fiscal 2019. This was primarily due to (i) an increase in our revenue from sale of curd by 12.90% from ₹3,030.92 million in fiscal 2018 to ₹3,421.36 million in fiscal 2019; (ii) a decrease in the sale of butter by 80.33% from ₹254.58 million in fiscal 2018 to ₹50.07 million in fiscal 2019; (iii) a decrease in the sale of ghee by 18.40% from ₹784.95 million in fiscal 2018 to ₹640.54 million in fiscal 2019 due to an increase in ghee prices caused by implementation of GST.

The increase in revenue is also due to an increase in the number of distributors and distribution agents to whom our products are sold from 4,447 as of March 31, 2018 to 4,975 as of March 31, 2019 and an increase in the number of Dodla Retail Parlours from 192 as of March 31, 2018 to 278 as of March 31, 2019.

Africa

Our revenue from sale of finished goods increased by 75.60% from ₹532.10 million in fiscal 2018 to ₹934.37 million in fiscal 2019. This increase was primarily due to an increase in sale of UHT milk by 85.54% from ₹434.85 in fiscal 2018 to ₹806.81 million in fiscal 2019 and an increase in sale of yogurt by 33.96% from ₹87.16 in fiscal 2018 to ₹116.76 million in fiscal 2019.

- *Other income:* Our other income increased by 19.09% from ₹65.38 million in fiscal 2018 to ₹77.86 million in fiscal 2019. This increase was primarily due to a increase in profit on sale of investments in mutual funds, net from ₹0.82 million in fiscal 2018 to ₹29.95 million in fiscal 2019 which was partially offset by an decrease in fair value gain on financial assets measured at fair value through profit and loss from ₹32.51 million in fiscal 2018 to ₹7.21 million in fiscal 2019.

Total expenses: Our total expenses were ₹16,061.79 million in fiscal 2019, an increase of 5.91% over our total expenses of ₹15,165.73 million in fiscal 2018. This increase was mainly due to the following factors:

- *Cost of materials consumed:* Our cost of materials consumed totaled to ₹12,425.15 million in fiscal 2019, an decrease of 2.50% over ₹12,744.26 million in fiscal 2018. The increase was due to an increase in (i) production of processed milk and dairy based VAPs; (ii) the price of procurement of raw milk; and (iii) cost of packing materials.

- *Change in inventories of finished goods, stock-in-trade and work-in-progress:* Change in inventories of finished goods, stock-in-trade and work-in-progress was ₹140.74 million in fiscal 2019, as compared to ₹(427.22) million in fiscal 2018. This was primarily due to (i) an increase in skim milk powder consumption; and (ii) a decrease in butter build - up in our stock.

- *Employee benefits expense*: Our employee benefit expense totaled ₹766.61 million in fiscal 2019, an increase of 17.98% over ₹649.79 million in fiscal 2018. This increase was primarily due to a 16.12% increase in salaries, wages and bonus from ₹578.50 million in fiscal 2018 to ₹671.73 million in fiscal 2019. This was due to an increase in employees in the corresponding period primarily due to increase in the number of chilling centres and a revision in salaries, wages and bonus.

- *Finance cost*: Our finance cost totaled ₹115.65 million in fiscal 2019, an increase of 6.20% over our finance cost of ₹108.90 million in fiscal 2018. This increase was primarily due to an increase in interest expense on loan from banks from ₹98.45 million in fiscal 2018 to ₹106.51 million in fiscal 2019. This was primarily due to an increase in interest on long term loan from ₹30.63 million in fiscal 2018 to ₹33.44 million in fiscal 2019 and also due to an increase in interest on loan taken from IFC amounting to ₹5.31 million in fiscal 2019.

- *Depreciation and amortisation expense*: Our depreciation and amortisation expenses totaled ₹370.93 million in fiscal 2019, an increase of 32.82% over depreciation and amortisation expenses of ₹279.27 million in fiscal 2018. This increase was primarily due to (i) capital expenditure of ₹974.49 million incurred at our processing plant at Rajahmundry, setting up of new chilling centers, setting up of new milk analyzers andcapital expenditure incurred for automation of existing processing plants.

- *Other expenses:* Our other expenses totaled ₹2,242.71 million in fiscal 2019, an increase of 23.86% over other expenses of ₹1,810.73 million in fiscal 2019. This increase was primarily due to an increase in (i) carriage outwards from ₹592.85 million in fiscal 2018 to ₹766.05 million in fiscal 2019; (ii) power and fuel from ₹279.08 million in fiscal 2018 to ₹304.86 million in fiscal 2019; (iii) security expenses from ₹29.41 million in fiscal 2018 to ₹34.61 million in fiscal 2019; and (iv) legal and professional fee from ₹49.21 million in fiscal 2018 to ₹61.51 million in fiscal 2019. The increase in other expenses was primarily due to an increase in our installed capacities and capacity utilization.

Profit before tax: As a result of the factors outlined above, our profit before tax increased by 15.96% from ₹804.40 million in fiscal 2018 to ₹932.80 million in fiscal 2019.

Income Tax expense.

- *Current tax:* We recorded a current tax of ₹238.15 million for fiscal 2019, an increase of 28.01% from ₹186.04 million for fiscal 2018. This increase was primarily due to (i) an increase in our revenue; (ii) a decrease in raw material consumption, changes in inventories of finished goods, stock-in-trade and work-in-progress resulting in an increase in profit before tax and; (iii) deduction claimed u/s 80IB of Income tax Act 1961.

- *Deferred tax:* We recorded a deferred tax of ₹67.03 million for fiscal 2019, an increase of 34.55% from ₹49.82 million for fiscal 2018. This increase was primarily due to increase in depreciation charge to the profit and loss account.

Profit for the year: As a result of the factors outlined above, our profit for the year increased by 10.39% from ₹568.54 million in fiscal 2018 to ₹627.62 million in fiscal 2019.

Other Comprehensive Income: We recorded a other comprehensive income of ₹22.45 million in fiscal 2019 as compared to a other comprehensive income of ₹12.52 million in fiscal 2018. This was primarily due to effects of foreign currency translation reserve which will be subsequently reclassified to the statement of profit or loss and a re-measurement of the net defined benefit obligation.

Total comprehensive income for the period/ year: As a result of the factors outlined above, our total comprehensive income for the period/ year increased by 11.88% from ₹581.06 million in fiscal 2018 to ₹650.07 million in fiscal 2019.

Liquidity and Capital Resources

Capital Requirements

For fiscals 2018, 2019 and 2020 and for the six months period ended September 30, 2020, we met our funding requirements, including capital expenditure, satisfaction of debt obligations, investments, taxes, working capital requirements and other cash outlays, principally with funds generated from operations and optimisation of operating working capital, with the balance principally met using external borrowings from

The following table sets forth information on cash and cash equivalents as at the dates indicated:

Particulars	As at September 30, 2020	As at March 31		
		2020	2019	2018
	(in ₹ million)			
Cash and cash equivalents	699.35	686.73	214.48	139.17

The following table sets forth certain information concerning our cash flows for the periods indicated:

Particulars	For the six months period ended September 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
	(in ₹million)			
Net cash generated from operating activities	1,231.60	1,655.81	1,355.94	874.51
Net cash used in investing activities	(541.09)	(769.88)	(1,477.28)	(657.43)
Net cash (used in) / generated from financing activities	(672.38)	(256.62)	599.83	(414.08)

Net Cash Flow Generated From / (Used in) Operating Activities

For the six months period ended September 30, 2020, our net cash flow generated from operating activities was ₹1,231.60 million which primarily comprised of (i) profit before income tax of ₹1,057.35 million which was adjusted for, primarily among other things, depreciation and amortisation expense of ₹253.94 million, finance costs of ₹69.91 million offset by fair value loss on financial assets measured at fair value through profit and loss, net of ₹(1.87) million; (ii) changes in operating assets and liabilities; and (iii) income taxes paid, net. Changes in operating assets and liabilities primarily included, inter-alia, decrease in trade payables and other financial liabilities of ₹(21.58) million due to (i) decrease in other current and non-current assets of ₹42.62 million due to a decrease in TDS and GST receivables amounting to ₹28.83 million; and (ii) an increase in inventories of ₹(2.73) million due to increase in raw materials. Net cash used in operating activities also included income taxes paid, net of ₹(174.13) million.

For fiscal 2020, our net cash flow generated from operating activities was ₹1,655.81 million which primarily comprised of (i) profit before income tax of ₹818.71 million which was adjusted for, primarily among other things, depreciation and amortisation expense of ₹491.92 million, finance costs of ₹161.39 million offset by fair value loss on financial assets measured at fair value through profit and loss, net of ₹(9.79) million; (ii) changes in operating assets and liabilities; and (iii) income taxes paid, net.

Changes in operating assets and liabilities primarily included, inter-alia, decrease in trade receivables of ₹4.19 million due to increased sales, decrease in inventories of ₹51.14 million due to increase in sale of bulk butter, increase in trade payables and other financial liabilities of ₹158.03 million due to decrease in capital creditors amounting to ₹(133.18) million. Net cash used in operating activities also included income taxes paid, net of ₹(115.22) million.

For fiscal 2019, our net cash flow generated from operating activities was ₹1,355.94 million which primarily comprised of (i) profit before income tax of ₹932.80 million which was adjusted for, primarily among other things, depreciation and amortisation expense of ₹370.93 million, finance costs of ₹115.65 million offset by fair value loss on financial assets measured at fair value through profit and loss, net of ₹(7.21) million; (ii) changes in operating assets and liabilities; and (iii) income taxes paid, net. Changes in operating assets and liabilities primarily included, inter-alia, increase in trade receivables of ₹(32.07) million due to increased sales, decrease in inventories of ₹144.58 million due to a decrease in skim milk powder which is stood at ₹259.28 million due to a lesser procurement, an increase in the stock of butter and an increase in trade payables and other financial liabilities of ₹140.25 million due to an increase in other current and non-current financials liabilities amounting to ₹9.29 million, and an increase in capital creditors amounting to ₹127.86 million. Net cash used in operating activities also included income taxes paid, net of ₹(185.40) million.

For fiscal 2018, our net cash flow generated from operating activities was ₹874.51 million which primarily comprised of (i) profit before income tax of ₹804.40 million which was adjusted for, primarily among other things, depreciation and amortisation expense of ₹279.27 million, finance costs of ₹108.90 million offset by fair value loss on financial assets measured at fair value through profit and loss, net of ₹(32.51) million; (ii) changes in operating assets and liabilities; and (iii) income taxes paid, net. Changes in operating assets and liabilities primarily included, inter-alia, increase in trade receivables of ₹(21.75) million due to increased sales, increase in inventories of ₹(488.92) million due to an increase in our inventories as the stocks of butter and ghee increased due to implementation of GST, an increase in trade payables and other financial liabilities amounting to ₹169.48 million due to an increase in other current financial liabilities amounting to ₹73.05 million, an increase in sundry creditors procurement amounting to ₹51.91million and an increase in sundry creditors goods amounting to ₹29.84 million. Net cash used in operating activities also included income taxes paid, net of ₹(169.74) million.

Net Cash Used In Investing Activities

For the six months period ended September 30, 2020, our net cash used in investing activities was ₹541.09 million which primarily comprised of payments for property, plant and equipment and intangible assets of ₹(228.60) million (primarily comprising of capital expenditure incurred at our processing plant at Nellore amounting to ₹122.30 million, purchase of chilling centers and milk analyzers amounting to ₹31.89 million, capital expenditure incurred at our processing plants at Rajahmundry and Batlagundu and deposits (placed)/ redeemed (having original maturity of more than 3 months) of ₹(399.90) million which was offset by the proceeds from the sale of mutual funds of ₹68.33 million.

For fiscal 2020, our net cash used in investing activities was ₹769.88 million which primarily comprised of payments for property, plant and equipment and intangible assets of ₹(953.04) million (primarily comprising of capital expenditure incurred at our processing plant at Rajahmundry amounting to ₹217.66 million, automation of existing plants amounting to ₹354.80 million, acquisition of cattle feed plant amounting to ₹195.78 million, purchase of chilling centers and milk analyzers amounting to ₹73.73 million and further development of our processing plant in Uganda amounting to ₹76.00 million and purchase of mutual funds of ₹(740.00) million which was offset by the proceeds from the sale of mutual funds of ₹914.81 million.

For fiscal 2019, our net cash used in investing activities was ₹1,477.28 million which primarily comprised of payments for property, plant and equipment and intangible assets of ₹(974.49) million (primarily comprising of capital expenditure incurred at our processing plant at Rajahmundry amounting to ₹414.75 million, automation of existing plants amounting to ₹251.79 million, setting up of chilling centers and milk analyzers amounting to ₹168.39 million, further development of our processing plant in Uganda amounting to 46.31 million and expenditures on information technology amounting to ₹39.32 million and purchase of mutual funds of ₹(1431.29) million which was offset by the proceeds from the sale of mutual funds of ₹1,878.06 million.

For fiscal 2018, our net cash used in investing activities was ₹657.43 million which primarily comprised of payments for property, plant and equipment and intangible assets of ₹(717.33) million (primarily comprising of capital expenditure incurred at our processing plant at Rajahmundry amounting to ₹142.35 million, automation of existing plants amounting to ₹270.73 million, setting up of chilling centers and purchase of milk analyzers amounting to ₹191.01 million and expenditures on information technology amounting to ₹41.88 million and purchase of mutual funds of ₹(445.57) million which was offset by the proceeds from the sale of mutual funds of ₹492.85 million.

Net Cash (Used in) / Generated from Financing Activities

For the six months period ended September 30, 2020, our net cash used in financing activities was ₹672.38 million which primarily comprised of repayment of long term borrowings to banks of ₹(94.50) million and (repayment)/ receipt of short term borrowings, net of ₹(400) million.

For fiscal 2020, our net cash used in financing activities was ₹256.62 million which primarily comprised of repayment of long term borrowings to banks of ₹(163.69) million, payment of dividend ₹(182.01) million, finance costs paid of ₹(141.46) million offset by receipt of short term borrowings, net of ₹250.00 million.

For fiscal 2019, our net cash generated from financing activities was ₹(599.83) million which primarily comprised of receipt of long term borrowings from banks of ₹499.50 million, receipt of long term borrowing from issue of debentures of ₹550.00 million, offset by repayment of short term borrowings, net of ₹(225.00) million.

For fiscal 2018, our net cash used in financing activities was ₹414.08 million which primarily comprised of repayment of long term borrowings to banks of ₹(72.82) million, repayment of short term borrowings, net of ₹(250.00) million, finance costs paid of ₹(103.81) million offset by receipt of government grant of ₹25.78 million.

Capital Expenditure

The table below provides details of our net cash outflow on capital expenditure for the periods stated on a restated consolidated basis.

Particulars	For the six months period ended September 30, 2020	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
	(in ₹ million)			
Acquisition of property, plant and equipment and intangible assets	(228.60)	(953.04)	(974.49)	(717.33)

Planned Capital Expenditure

Our planned capital expenditure for fiscal 2021 to be used for our current processing plants, chilling centres and purchase of GPRS analysers. We estimate our planned capital expenditure to be approximately ₹540.89 million.

The anticipated source of funding for our planned capital expenditure is combination of cash from our operations and financial assistance from scheduled commercial banks and financial institutions. For further information see "*Objects of the Offer*" on page 69

Indebtedness

As of December 31, 2020, we had fund and non-fund based borrowings. For further details see "*Financial Indebtedness*" on page 253 and disclosure of our borrowings as at September 30, 2020 as required by Schedule III of Companies Act, 2013, see "*Restated Financial Statements – Annexure VI – Note ii*" beginning on page 200

Contractual Obligations (FRM)

The table below sets forth, as of September 30, 2020, we had contractual obligations with definitive payment terms. These obligations primarily relate to contracts entered into for the expansion of our installed capacities.

Particulars	As at September 30, 2020				
	Carrying value	Total	Less than 1 year	1-2 years	2 years and above
	(in ₹ million)				
Trade payables	719.32	719.32	719.32	Nil	Nil
Borrowings	1,006.05	1,187.97	315.73	319.56	522.68
Lease Liabilities	96.27	139.93	23.14	20.59	96.20
Other financial liabilities	331.67	331.67	331.67	Nil	Nil
Total	2,153.31	2,378.89	1,389.86	340.15	648.88

Contingent Liabilities

As of September 30, 2020, we had the following contingent liabilities that had not been provided for:

Particulars	As at September 30, 2020
	(in ₹ Million)
Income tax matters	0.99

Particulars	As at September 30, 2020
	(in ₹ Million)
Indirect tax matters	113.80
Total	114.79

Our contingent liabilities may materialize. In the event that any of our contingent liabilities become non-contingent, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

Off-Balance Sheet Transactions

We have not entered into any off balance sheet transactions.

Market Risks

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.

Commodity Price Risk

We are exposed to fluctuations in the price of raw milk, processed milk and our dairy based value added products. The market price of these commodities fluctuate due to certain factors and level of demand and supply in the market. Therefore, fluctuations in the prices of raw milk, processed milk and our dairy based value added products may have an effect on our business, results of operations and financial condition.

Interest Rate Risk

The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The Group also has variable interest deposit receivable which mitigate the interest rate risk on payables.

Exchange Rate Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. We transact business primarily in Indian Rupees, U.S. dollars and Euro. We have foreign currency trade payables and receivables in relation to our overseas operations and are therefore exposed to foreign exchange risk. Certain of our transactions act as a natural hedge as a portion of both our assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk we adopt a policy of selective hedging based on the risk perception of our management.

Liquidity risk

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

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

Credit risk

Credit risk is managed by Head (Sales) of the Group. Usually, the business is carried on cash and carry basis. However, for institutional customers credit is provided after a detailed background check and credit analysis. The accounts receivable team along with sales team will evaluate all new customers to determine payment terms, and what level of credit will be established. The accounts receivable team and sales team will also periodically review and re-evaluate payment terms and credit lines of existing customers and to support new customer requirements, and do manage risk as financial and business conditions change. Majority of milk customers are un-registered and multi brand sellers. Billing transaction takes all the 365 days in a year. The credit allowed is monitored as per the approved limits.

Inflation Risk

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Total turnover of each major industry segment in which our Company operated

We are engaged in the business of processing and selling milk and dairy based VAPs. We review the economic performance of processed milk and dairy based VAPs. For the purpose of reporting the operating segments, all the two segments have been aggregated as a single reporting segment under the provisions of Ind AS 108 'Operating Segments' as the nature of products, the production and distribution process, class of customers and the regulatory environment is similar for all the segments.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, there have been no events or transactions to our knowledge that have in the past or may in the future affect our business operations or financial performance which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in "*Risk Factors*" and this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 18 and 231, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenue or income from continuing operations.

Future Relationships Between Expenditure and Income

Other than as described in "*Risk Factors*" on page 18 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 231, to our knowledge there are no known factors which we expect will have a material adverse impact on our operations or finances.

New Product or Business Segments

Other than as described in "*Our Business*" on page 121, there are no new products or business segments in which we operate / intend to diversify.

Competitive Conditions

We expect competitive conditions in our industry to further intensify as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products. For further details, please refer to "*Risk Factors*" and "*Our Business*" beginning on pages 18 and 121, respectively.

Significant Developments after September 30, 2020

To our knowledge, except as stated below and as otherwise disclosed in this Draft Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

Our Company, Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Subba Reddy, Dodla Girija Reddy, Dodla Deepa Reddy, D Padmavathamma and TDDHPL had entered into a shareholders agreement dated May 2, 2017, as amended, which granted certain rights to our Company and TDDHPL and imposed certain obligations upon our Company and TDDHPL ("**Existing SHA**"). Pursuant to subscription agreement dated February 2, 2021, International Finance Corporation has agreed to subscribe to 2,652,520 Equity Shares of our Company (representing 4.55% of the Equity Share capital of our Company) as on such date in accordance with the terms and conditions which have been set forth therein. In furtherance of the Subscription Agreement, an amended and restated shareholders agreement dated February 2, 2021 has been entered into between TDDHPL, International Finance Corporation, our Company, Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Family Trust, Mlyktree Consultants LLP and Dodla Deepa Reddy which supersedes in entirety the Existing SHA any amendments thereto. See "*History and Certain Corporate Matters- Key terms of subsisting shareholders' agreements*" beginning on page 151.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2020, derived from Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors*" on pages 231 and 18, respectively.

Particulars	**As at September 30, 2020**	**Post Offer**
Borrowings:		
Non current Borrowings	739.21	[●]
Current borrowings	0.00	[●]
Current maturities of long term debts from banks	266.84	[●]
Borrowing (current and non-current) (A)	1,006.05	[●]
Shareholders Funds:		
Equity share capital	556.72	[●]
Other equity		
Capital redemption reserve	12.00	[●]
Securities premium	568.28	[●]
Debenture Redemption Reserve	55.00	[●]
Foreign currency translation reserve	(7.99)	[●]
Share options outstanding account	28.64	[●]
Retained earnings	3,866.24	[●]
Total Shareholders Funds (B)	5,078.89	[●]
Total Borrowings/ Shareholder Funds (A/B)	0.20	[●]

Notes: The corresponding post Offer capitalisation data in the above table is not determinable at this stage pending the completion of the Book Building Process and hence the same has not been provided in the above statement.

Subsequent to the Restated Financial Information, our Company, the Promoters and IFC executed the subscription agreement dated February 2, 2021 ("**Subscription Agreement**") pursuant to which IFC has subscribed and paid for 2,652,520 Equity Shares, at a price of ₹ 377 per Equity Share, for an aggregate amount of ₹1,000,000,040. Upon successful share subscription, IFC holds 4.55% of the Equity Shares of our Company. In furtherance of the Subscription Agreement, an amended and restated shareholders agreement dated February 2, 2021 has been entered into between TDDHPL, International Finance Corporation, our Company, Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Family Trust, Mylktree Consultants LLP and Dodla Deepa Reddy which supersedes in entirety the Existing SHA any amendments thereto. See "*History and Certain Corporate Matters-Key terms of subsisting shareholders' agreements*" beginning on page 151.

FINANCIAL INDEBTEDNESS

Our Company has availed loans in the ordinary course of business for the purposes of meeting working capital requirements, reimbursement of capital expenditures and for fresh capital expenditures such as setting up chilling centres, bulk coolers, packaging stations, setting up of new processing plants, and expanding manufacturing infrastructure by purchasing new equipment for certain processing plants. Our individual Promoter, Dodla Sunil Reddy has provided personal guarantees in relation to these loans.

Set forth below is a brief summary of our consolidated outstanding borrowings as of December 31, 2020:

Category of borrowing	Sanctioned Amount (in ₹million)	Outstanding amount (in ₹million) as on December 31, 2020
Term loans		
Secured	1,150.00	413.76
Unsecured	Nil	Nil
Working Capital Facilities	1,225.00	Nil
NCDs	1,100.00	550.00
Total	**3,475.00**	**963.76**

**As certified by A Ramachandra Rao & Co pursuant to its certificate dated February 15, 2021*
#Term loan dated December 2, 2015 amounting to ₹150 million availed from HDFC Bank Limited is closed as on January 18, 2021.

The above statement does not include (a) inter-group borrowings; and (b) bank guarantee liability as per Ind AS 109 disclosed under financial liability in the Restated Financial Statements. For disclosure of our borrowings as at September 30, 2020 as required by Schedule III of Companies Act, 2013, see "*Restated Financial Statements – Annexure IV – Note ii*" beginning on page 186.

Principal terms of the borrowings availed by us:

1. ***Interest:*** While the NCDs have a rate of interest of 225 basis points over IFC's cost of funding in INR, in accordance with terms of the loans availed by the Company, all our other financing arrangements typically have base rate (which could be MCLR, repo rate, MIBOR or LIBOR) plus basis points (spread) as specified by a given lender, which ranges from 8.60% per annum to 9.00% per annum

2. ***Tenor:*** The tenor of the term loans availed by us typically ranges from three years to eight years and the tenor of the working capital facilities availed by is typically either on demand or ranges from 30 days to twelve months. Overdraft limits and cash credit limits have a tenor of one year.

3. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to:

a) create exclusive charges in favour of a lender on our fixed assets, create charges on our current assets and book debts, entire stock and receivables in favour of the lender and create security by way of hypothecation of our present and future fixed assets;

b) create pari-passu charges on some of our properties and plants and machinery;

c) create an exclusive charge on the movable and immovable assets acquired using the term loan;

d) create equitable mortgage over some of our properties;

e) pari-passu second charge on current / fixed assets of the Company; and

f) first charge on the entire stock and book debts, receivables of the Company.

Additionally, in certain cases the facilities may also require our individual Promoters to provide personal guarantees as security.

The details above are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. ***Re-payment:*** The working capital facilities are typically repayable on demand or before the expiry of the tenure of the working capital facility. However, in certain cases, our lenders may have a right to modify or cancel the facilities without prior notice and require immediate repayment of all outstanding amounts. The term loan facilities availed by us are typically repayable in 10 to 18 equal monthly or quarterly instalments or semi-annually.

5. ***Penalty:*** The loans availed by us contain provisions prescribing penalties for delayed payment or default in the repayment obligations or for diversion of short term funds to long term funds. These penalties typically range upto 2% p.a.

6. *Prepayment:* Our Company may prepay part or full amount with notice and certain pre-payment charges as may be applicable in accordance with the terms and conditions agreed upon with a specific lender. The prepayment charge is typically up to 2% of the amount being prepaid.

7. *Restrictive Covenants:* Several of our financing arrangements entail various restrictive covenants and conditions restraining certain corporate actions, and we are required to take the lender's prior written consent and/ or intimate the respective lender before carrying out such actions, including for:

   a. enter into any scheme of merger, amalgamation, compromise or reconstruction;

   b. any change in the ownership or control of our Company;

   c. any amendments in the Company's Memorandum of Association or Articles of Association;

   d. any changes in the shareholding pattern and management control of our Company;

   e. undertaking any further capex except being funded by company's own resources;

   f. resort to any additional borrowing in our Company;

   g. repay subordinated loans availed from our Directors or Group Companies;

   h. sell, assign, mortgage or otherwise dispose off any fixed assets.

   i. effect any change in capital structure of our Company.

   In addition to such restrictive covenants, the borrowing arrangements entered into by our Company contains certain additional covenants including:

   a. utilization of the loan for the purpose for which it was availed;

   b. obtaining comprehensive insurance cover in accordance with good industry practice;

   c. maximum debt equity ratio for the project should not exceed a specified ratio during the tenor of the loan;

   d. debt service coverage ratio for the project for each year of operation to be maintained at a minimum specified ratio before declaration of dividend;

   e. maintaining security in good and habitable condition and make all necessary repairs, additions and improvements;

   f. diversification into non-core areas i.e. business other than current business;

   g. absence of any material adverse change in the condition of the Company;

   h. compliance of all laws and obligations thereunder;

   i. in respect of term loans, the cost overruns are funded by our Company;

   j. adoption and implementation of appropriate hedging policy with the approval of the Board of Directors; and

   k. rating of our Company to be got done by an approved credit rating agency

   Please note that the abovementioned list is only indicative and there may be additional covenants and conditions whereby we may be required to take prior written consent or intimate the respective lender under the various borrowing arrangements entered into by us.

8. *Events of Default:* Borrowing arrangements entered into by our Company typically contain standard events of default, including:

   a) any untrue representations or statements made by our Company;

   b) failure or inability to make any payment of instalment principal or interest when due and payable;

   c) default (other than payment default) in performance of any covenant, condition or agreement;

   d) bankruptcy, insolvency or dissolution of our Company;

e) security for loan not created or perfected or security for the loan is in jeopardy or ceases to have any effect;

f) expropriation event by any government, governmental authority, agency or official;

g) change in company's shareholding structure;

h) any material change in the management of its business;

i) any change in the ownership or control of our Company which may change the effective beneficial ownership or control of our Company;

j) change or amendment to the constitutional documents without the prior approval of the lender;

k) any change from the date of the agreement in the general nature or scope of our Company's business, operations, management or ownership of our Company, which, in the opinion of the lender, that could have a material adverse effect;

l) creation of any further charge on the fixed assets of our Company without prior approval of the lender;

m) cancellation or revocation of any permission, approval, consent or sanction by any government authority;

n) inability to pay debts or suspension of business of our Company or the Company ceasing or threatening to cease to carry on its business;

o) a material adverse change in the constitution of our Company and its financial position; and

p) Non submission of stock statements, non-coverage of insurance, non-submission of other financial information, overdraw of accounts.

The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

9. ***Consequences of occurrence of events of default:*** In terms of our borrowing arrangements, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:

a) terminate and cancel either whole or part of the facility;

b) suspend further access/ drawals, either in whole or in part, of the facility;

c) on-demand payment either whole or part of the facilities, together with accrued interest and all other amounts due under transaction documents;

d) accelerate repayments/ initiate recall of the loans;

e) appoint a nominee director;

f) disclosure of details of borrowings and default to regulators / third parties;

g) in case of foreign currency loans, conversion of principal / interest thereon to be converted into INR as per the conversion rates on the due date or subsequent date; and

h) application of penal rate of interest / penal charges over and above the agreed rates..

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there are no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claim related to direct and indirect taxes; and (iv) other pending litigation as determined to be material by our Board pursuant to the policy on materiality ("**Materiality Policy**") approved by the Board of Directors, in each case involving our Company, Promoters, Directors and Subsidiaries ("**Relevant Parties**"). Further, except as disclosed in this section, there are (i) no disciplinary actions including penalties imposed by the SEBI or the stock exchanges against our Promoters in the last five Financial Years including any outstanding action; or (ii) pending litigation involving our Group Companies which may have a material impact on our Company.*

For the purpose of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation to be disclosed by our Company in this Draft Red Herring Prospectus pursuant to Board resolution dated February 4, 2021

In terms of the Materiality Policy, all outstanding litigation involving the Relevant Parties, other than (I) outstanding criminal proceedings, outstanding actions by regulatory authorities and statutory authorities, and outstanding claims related to direct and indirect tax matters; and (II) disciplinary action including penalty imposed by SEBI or Stock Exchanges against the Promoters in the last five financial years, would be considered 'material' if (i) the monetary amount of claim by or against the Relevant Party in any such pending proceeding is in excess of 1% of the consolidated profit after tax of the Company, for the financial year ended March 31, 2020; or (ii) the monetary liability is not quantifiable, the outcome of any such pending proceedings may have a material bearing on the business operations, performance, prospects or reputation of the Company.

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board has pursuant to board resolution dated February 4, 2021, considered and adopted a policy of materiality for identification of material outstanding dues to creditors ("**Outstanding Dues Materiality Policy**"). Further, in terms of the Outstanding Dues Materiality Policy, outstanding dues to any creditor of our Company having monetary value which exceeds ₹7.19 million, being 1% of the total outstanding dues of creditors other than micro, small or medium enterprise ("**MSME**") as at September 30, 2020 (which is the latest Restated Financial Information of the Company disclosed in this DRHP and offer documents), shall be considered 'material'. For outstanding dues to any party which is a MSME, the disclosure will be based on information available with the Company regarding status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder, as has been relied upon by its Statutory Auditor.*

It is clarified that for the purposes of the above, pre-litigation notices from third parties (other than show cause notices issued by statutory/ regulatory/ tax authorities or notices threatening criminal action) received by any of the Relevant Parties shall, unless otherwise decided by our Board, not be deemed as material until such time that the Relevant Parties, as the case may be, are impleaded as a defendants in proceedings before any judicial/ arbitral forum.

Litigation involving our Company

Litigation against our Company

Criminal Litigation

1. An intimation for the testing of our curd sample and results of the testing were received from the Office of the Designated Officer, District Health and Family Welfare Office, Chickaballapura District dated October 6, 2015 at our processing plant situated at Nadimidoddi Palli, Morom Post, Palamaner, Chittor District ("**Palamaner Unit**"). The test report indicated that our curd had a lesser fat content than as prescribed under the provisions of the FSSA. Our Company filed a reply to the test report on October 28, 2015 wherein we requested for a re-analysis of the curd sample. Subsequently an order dated December 6, 2016 was passed by the Additional District Officer, Chikkaballapura District levying a penalty of ₹0.2 million on the manager of our Palamaner Unit, an employee of our Company, for the aforestated violations of the FSSA ("**Penalty Order**"). Our Company has filed a writ petition number 8489/2020 before the High Court of Karnataka at Bengaluru for quashing of the Penalty Order and have also prayed for granting an interim stay on the Penalty Order. The matter is currently pending.

2. A criminal complaint bearing number CC 515/2010 was filed by Food Inspector, SPSR Nellore District, Nellore before the Court of IV Additional Judicial First Class Magistrate, Nellore against an ex-manager of our Nellore processing plant and our Company alleging that flavoured milk being sold by our Company does not conform to the standards prescribed under the Prevention of Food Adulteration Act, 1954 is being adulterated. The matter has been stayed pursuant to a petition filed by the public prosecutor dated February 6, 2018 and is currently pending.

3. A complaint bearing CC no. 1439/2018 has been filed before the Civil Judge and Judicial Magistrate, First Class, Koppal ("**JMFC**") against, *inter alia*, our Company and our Chairman and non-executive Director, Dodla Sesha Reddy, our Managing Director, Dodla Sunil Reddy, our erstwhile Directors Deepak Malik and James David Sayre by the Labour

Inspector, Koppal, for violations under Section 22 (A) of the Minimum Wages Act, 1948 and the Karnataka Minimum Wages Rules, 1958. The matter is currently pending.

4. A complaint bearing CC No 1440/2018 has been filed before the Civil Judge and JMFC at Koppal against, *inter alia*, our Company and our Chairman and non-executive Director, Dodla Sesha Reddy, our Managing Director, Dodla Sunil Reddy, our erstwhile Directors Deepak Malik and James David Sayre by the Labour Inspector, Koppal, for violations under Section 22 (A) of the Minimum Wages Act, 1948 and the Karnataka Minimum Wages Rules, 1958. The matter is currently pending.

Civil Litigation

1. Y. Shoba and Rallabandi Viijaya Laxmi (**"Petitioners"**) filed a suit dated November 1, 2014 bearing OS No 120/2014 before the Principal District Judge, Nalgonda, Telangana against Anumula Raju, Anumula Sunitha, Anumula Anitha ("**Defendants No. 1 to 3**") and G. Ramulu, a representative of our Company ("**Defendant No. 4**"), (collectively the "**Defendants**") alleging that certain portion of land are not partitioned by metre and bounds between the Petitioner and Defendants No. 1 to 3. Defendants No. 1 to 3 had transferred pursuant to a sale deed, certain portion of agricultural land aggregating to 0.56 guntas situated at Gunnrampally village of Chityal Mandal, Nalgonda District in favour of Defendant No. 4**,** representative of our Company without the knowledge of the Petitioners. Defendant No 4 has filed a written statement denying the allegations made by the Petitioner and submitting that Defendant No. 4 is a bona fide purchaser of the land. The matter is currently pending.

2. A. Srinivas (the **"Petitioner"**) filed a suit dated April 25, 2017 bearing OS No. 93/2017 before the Principal District Judge, Nalgonda, Telangana against Anumula Anthaiah, Anumula Ravinder, Katakamoju Vimala, T Manjula Vani, Yerroju Padmavathi, Veegoju Sadalaxmi, Kankal Sathyam ("**Defendant No. 1 to 7**") and Galla Ramulu, a representative of our Company ("**Defendant No. 8**"), (collectively the "**Defendants**") for equitable and final partition of the properties between the Petitioner and the Defendant No. 1 to 7 in relation to certain portion of land and a house located at Gundrampally Village, Nalgonda district.. Further, the Defendant No. 1 was not willing to undertake the partition of the properties with the Petitioner and subsequently was negotiating to dispose the properties to Defendant No. 7 and 8. The Petitioner has demanded equitable distribution of the property among the Defendant No. 1 to 7 by the Court. The matter is currently pending.

Actions by regulatory/ statutory authorities

1. During the course of our business operations, we have received certain notices and intimations from various statutory and regulatory authorities such as office of a district collector for collection of data for registered manufacturing establishments, deputy electrical inspector for payment of inspection charges, designated food inspector under the FSSA (i) declaring our products to be substandard or not conforming to the specifications mentioned in the packaging; (ii) for collection of samples of our products from us, our distributors or points of sales; (iii) furnishing of information and documents; and (iv) alleging misbranding or deficient packaging of our products, gram panchayat for payment of gram panchayat tax, labour department to comply with Minimum Wages Act, 1948, the Karnataka Rules of Minimum Wages, 1958, Equal Remuneration Act, 1976, the Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Bonus Act, 1965 and rules made thereunder, Karnataka Industrial Establishments (National and Festival Holidays) Act, 1963 and the rules made thereunder and the Maternity Benefits Act, 1961, the assistant director of mines and geology for payment of environmental impact fee and the pollution control boards for (i) not obtaining or delay in obtaining the consent to operate for some of our processing plants; (ii) closure directions for non-compliance with environmental laws; (iii) collection of samples of air discharged and effluent water; and (iv) non-compliance in relation to discharging of untreated effluents, non-provision of flow and energy meters or compliance with guidelines prescribed. Additionally, we have also received notices and intimations for the renewal of the BIS certifications, from the Department of Boilers for the examination of our boilers and payment of inspection and renewal fees for licenses of our boilers, from the deputy electrical inspector for the payment of electrical inspection fees, inspector of export inspection agency for the renewal of export certifications, various inspector of factories providing directions during inspections including submission of revised plans, presentation of registers, compliance with safety norms and presentation of annual returns, department of employment and training for training of apprentices in the industry, fire department for rectification of safety deficiencies, from labour inspectors requiring us to (i) submit documents; (ii) apply for standing orders; and (iii) selection of workmen committee members, from National Highways Authority of India requiring us to remove encroachments for one of our processing plants, from pollution control boards (i) for renewal of consent to operate; (ii) for payment of water cess, certain arrears and other fees; (iii) for non-compliance in relation establishment of boiler and development of green belt for disposal of treated water; and (iv) requiring us to comply with new plastic waste management rules, various statistical departments requiring us to submit details for annual survey of industries, annual returns, balance sheets and details of employees, relevant tax authorities for payment of professional tax and revenue officers for inspection of the boundaries of one of our processing plants. As of date of this Draft Red Herring Prospectus, we have received 34 such notices and intimations to which we have replied or are in the process of replying.

Litigation by our Company

Criminal Litigation

1. A criminal complaint bearing reference number criminal petition SR No. 5101/2015 ("**Complaint**") has been filed by our Company before the Court of the IIIrd Additional Chief Metropolitan Magistrate at Hyderabad ("**Court**") against Mr. M. Ananth Reddy, a land agent, under *inter alia*, Sections 409 and 420 of the Indian Penal Code, 1860 for misappropriation and cheating. This Complaint alleges that the land agent violated the terms of a memorandum of understanding entered into between our Company and the land agent and for not returning ₹5 million paid to him. The Court subsequently dismissed the Complaint. Aggrieved by the order of the Court, our Company filed a criminal appeal bearing CRL. RP no. 270 of 2018 in the Court of the Metropolitan Sessions Judge, Nampally, Hyderabad. The Metropolitan Sessions Judge dismissed the appeal. Our Company has filed criminal petition No. 7471/2019 before the High Court of Telangana to quash the order of the Court dated July 25, 2019 in Criminal Revision Petition No. 270/2018. The matter is currently pending.

2. Our Company has filed a criminal complaint SR 4439/2014 ("**Complaint**") before the Metropolitan Magistrate at Cyberabad, Medchal, under Section 138 of the Negotiable Instruments Act, 1881 against one of our distributors in relation to dishonour of cheque, of an amount of ₹0.18 million, submitted by him for the purchase of milk products from our Company. The matter is currently pending.

3. An FIR bearing No. 197/2020 has been filed at the police station, Chityal, Nalgonda by Rapolu Giridhar, plant manager of our Company against Munagoti Amrutha Mariya Prasad and Shivmuni Singh under *inter alia*, Sections 420 and 406 of the Indian Penal Code, 1860 for cheating, dishonesty and misappropriation. The matter is currently pending.

4. An FIR bearing No. 540/2020 has been filed at the police station, Palamaner Urban, Chittoor by Veeresh D Giridhar, plant manager of our Company against Ravi Krishna, an employee of our Company, under *inter alia*, Sections 408, 464, 468 and 420 of the Indian Penal Code, 1860 for cheating, forgery and misappropriation. The matter is currently pending.

Civil Litigation `

1. Our Company, along with other private dairies has filed a plaint 529/2017 on July 4, 2017 before the High Court of Madras, wherein our Company has claimed ₹10 million as damages suffered as a direct consequence of the defendant, K. T. Rajenthra Bhalaji's statement made on various TV channels and other media against our Company and its milk products. The Company has also prayed for a permanent injunction against K. T. Rajenthra Bhalaji from making any remarks disparaging our Company or our Company's products. The matter is currently pending.

Litigation involving our Promoters

Criminal Litigation

1. A complaint bearing CC no. 1439/2018 has been filed before the Civil Judge and Judicial Magistrate of First Class ("**JMFC**") against, *inter alia*, our Company and our Chairman and non-executive Director, Dodla Sesha Reddy, our Managing Director, Dodla Sunil Reddy, our erstwhile Directors Deepak Malik and James David Sayre by the Labour Inspector, Koppal, for violations under Section 22 (A) of the Minimum Wages Act, 1948 and the Karnataka Minimum Wages Rules, 1958. The matter is currently pending.

2. A complaint bearing CC No 1440/2018 has been filed before the Civil Judge and JMFC at Koppal against, *inter alia*, our Company and our Chairman and non-executive Director, Dodla Sesha Reddy, our Managing Director, Dodla Sunil Reddy, our erstwhile Directors Deepak Malik and James David Sayre by the Labour Inspector, Koppal, for violations under Section 22 (A) of the Minimum Wages Act, 1948 and the Karnataka Minimum Wages Rules, 1958. The matter is currently pending.

Litigation involving our Directors

Litigation against our Directors

Criminal Litigation

1. For details of litigation involving Dodla Sunil Reddy, see "*Litigation involving our Promoters*" on page 258.

2. For details of litigation involving Dodla Sesha Reddy and Dodla Sunil Reddy, see "-*Litigation involving our Promoters*" on page 258.

3. For details in relation to litigation commenced in furtherance of complaint bearing CC No 1439/2018 filed by the Labour Inspector, Koppal, before the Civil Judge and Judicial Magistrate of First Class ("**JMFC**") against, *inter alia*, our Company and our Chairman, and non-executive Director Dodla Sesha Reddy, our Managing Director, Dodla Sunil Reddy, our erstwhile Directors Deepak Malik and James David Sayre, see "- *Litigation against our Company – Criminal Litigation*" on page 256.

4. For details in relation to litigation commenced in furtherance of complaint bearing CC No 1440/2018 filed by the Labour Inspector, Koppal, before the Civil Judge and Judicial Magistrate of First Class ("**JMFC**") against, *inter alia*, our

Company and our Chairman and non-executive Director, Dodla Sesha Reddy, our Managing Director, Dodla Sunil Reddy, our erstwhile Directors Deepak Malik and James David Sayre, see "- *Litigation against our Company – Criminal Litigation*" on page 256.

Litigation involving our Subsidiaries

Nil

Tax Proceedings

Except as disclosed, there are no outstanding tax proceedings involving our Company, Subsidiaries, Directors or Promoters:

Nature of case	Number of cases	Amount involved (in ₹ million)
Company		
Direct Tax	6	185.71
Indirect Tax	4	121.19
Directors		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Promoters		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Subsidiaries		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

Outstanding dues to Creditors

As of September 30, 2020, the total number of creditors of our Company was 127,536, and the total outstanding dues to these creditors by our Company was ₹734.55 million. As of September 30, 2020, our Company owes an amount of ₹6.5 million to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

As per the Outstanding Dues Materiality Policy, creditors of our Company to whom an amount having a monetary value which exceeds 1% of the total outstanding dues of creditors other than MSME as on the date of the latest Restated Financial Information as at September 30, 2020, shall be considered as 'material' i.e. creditors of our Company to whom our Company owes an amount exceeding ₹7.19 million. As of September 30, 2020, there are three material creditors to whom our Company owes an aggregate amount of ₹29.14 million.

Based on the above, details of outstanding dues owed to MSMEs, material and other creditors as of September 30, 2020 is set out below:

Types of Creditors	Number of creditors	Amount involved (in ₹ million)
MSMEs	37	6.50
Material creditors	3	29.14
Other creditors	127,496	698.91
Total Outstanding Dues	127,536	734.55

The details pertaining to the outstanding dues towards our material creditors as of September 30, 2020, along with the name and amount involved for each such material creditor, are available on the website of our Company at https://www.dodladairy.com/static/downloads/material-vendor-listing.pdf. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus.

Material Developments

Other than as stated in "*Management's Discussion and Analysis of Financial Condition and Results Of Operations*" on page 231, there have not arisen, since the date of the Restated Financial Information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of approvals, consents, licences and permissions obtained by our Company and our Subsidiaries from various governmental and regulatory authorities which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, our Company can undertake this Offer, and our Company and our Subsidiaries can undertake their respective business activities. Other than as stated below, no further material approvals from any regulatory authority are required to undertake the Offer or continue such business activities. In addition, certain of our key approvals may have expired or may expire in the ordinary course of business, from time to time and our Company or our Subsidiaries, as the case may be, have either already made an application to the appropriate authorities for renewal of such key approvals or are in the process of making such renewal applications. For details in connection with the applicable regulatory and legal framework, see "Key Regulations and Policies" on page 137.

I. Incorporation details

(i) Certificate of incorporation dated May 15, 1995 issued by the RoC to our Company in the name of Dodla Dairy Limited.

(ii) Certificate of commencement of business issued by the RoC to our Company on May 23, 1995.

(iii) Our Company was allotted a corporate identity number U15209TG1995PLC020324.

II. Approvals in relation to the Offer

For details regarding the approvals and authorisations obtained by our Company in relation to the Offer, see "*Other Regulatory and Statutory Disclosures - Authority for the Offer*" on page 263.

III. Key approvals in relation to our Company

A. Material approvals in relation to our Company's processing plants:

In order to operate our processing plants, chilling centers, sales offices and our Company requires various approvals and/or licenses under various laws, rules and regulations. We are required to obtain licenses and approvals under the following laws and regulations:

(i) Factory plan approval under the Factories Act, 1948;
(ii) License to work a factory under the Factories Act, 1948;
(iii) Fire NOC from the relevant fire department;
(iv) Certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970;
(v) Certifications under the Industrial Employment (Standing Orders) Act, 1946;
(vi) Registration under the Employees State Insurance Act, 1948;
(vii) Registration under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
(viii) Consent for operation and consent to operate under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
(ix) Approval of Electrical Inspector under the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010;
(x) Approval for processing and packing of milk products for export under the Export of Milk Products Quality Inspection and Monitoring Rules, 2000;
(xi) Certificate of authorisation for grading and marking of 'Ghee' under the Agricultural Produce (Grading and Marking) Act, 1937;
(xii) License under the Bureau of Indian Standards Act, 1986;
(xiii) FSSAI licenses under the FSSA;
(xiv) Certificate of registration under the Legal Metrology Act, 2009;
(xv) Certificate for use of a boiler under the Indian Boilers Act, 1923;
(xvi) Certificate of importer-exporter code;
(xvii) Certificate of registration for operation of food safety program which complied with HACCP Code, 2003 and
(xviii) NOC from the local Gram Panchayat

B. Material approvals in relation to our Company's chilling centres:

In order to operate our chilling centres, our Company requires various approvals and/or licenses under various laws, rules and regulations. We are required to obtain licenses and approvals under the following laws and regulations:

(i) Factory plan approval under the Factories Act, 1948;
(ii) License to work a factory under the Factories Act, 1948;
(iii) Registration under the Employees State Insurance Act, 1948;
(iv) Registration under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952**;**
(v) Consent for operation and consent to operate under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
(vi) Approval of Electrical Inspector under the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010;
(vii) FSSAI licenses under the FSSA;
(viii) Certificate of registration under the Legal Metrology Act, 2009;
(ix) Certificate of registration for operation of food safety program in compliance with HACCP Code, 2003.

C. Foreign trade related approvals

Our Company has obtained the required registrations issued by the Export Inspection Agency, under the Ministry of Commerce and Industry, Government of India for approval of Nellore plant as an establishment for processing and packing of milk products for export as required under the Export of Milk Products (Quality Control, Inspection and Monitoring) Rules, 2000.

D. Tax related approvals

We are required to register under various national tax laws and state specific tax laws such as the IT Act , Central Sales Tax, 1956, state specific sales tax, goods and services tax, excise and value added tax legislations. We are also required to pay service tax and state specific professional tax. We have also obtained the importer exporter code for our operations. We have obtained the necessary licenses and approvals from the appropriate regulatory and governing authorities in relation to such tax laws.

IV. Approvals applied for but not received

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, there are no approvals that have been applied for by our Company but not received.

Sattenapalle Processing Plant

Application for consent under the Water (Prevention and Control of Pollution) Act, 1974 for the Sattenapalle processing plant dated February 2, 2021 has been made with the Member Secretary, Andhra Pradesh Pollution Control Board, Kasturibaipet, Vijayawada.

Vedasandur Processing Plant

Application for obtaining certification under the Industrial Employment (Standing Orders) Act, 1946 for the Vedasandur processing plant dated October 8, 2020 has been made with the Joint Commissioner of Labour – Standing Order, Melapudur, Trichy.

Batlagundu Processing Plant

1. Application for obtaining certification under the Industrial Employment (Standing Orders) Act, 1946 for the Batlagundu processing plant dated October 8, 2020 has been made with the Joint Commissioner of Labour – Standing Order, Melapudur, Trichy.

2. Application for obtaining the certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970 for the Batlagundu processing plant dated January 20, 2021 has been made with the Joint Director of Industrial Safety and Health, Dindigul.

Tumkur Processing Plant

Application for renewal of Fire NOC for the Tumkur processing plant dated February 5, 2021 has been made with the Fire Department, Tumkur.

Cattle Feed and Mixing Plant operated by Orgafeed Private Limited

Application for Fire NOC for the Cattle Feed and Mixing Plant dated February 10, 2021 has been made with the District Fire Officer, State Disaster Response and Fire Services Department, Kadapa.

V. Approvals expired and renewal to be applied for

Palamaneru Processing Plant

The Fire NOC for the Palamaneru processing plant has expired and renewal is to be applied for.

Penumur Processing Plant

The Fire NOC for the Penumur processing plant has expired and renewal is to be applied for.

Indragi Processing Plant

The Fire NOC for the Indragi processing plant has expired and renewal is to be applied for.

Sattenapalle Processing Plant

The Fire NOC for the Sattenapalli processing plant has expired and renewal is to be applied for.

Kurnool Processing Plant

The Fire NOC for the Kurnool processing plant has expired and renewal is to be applied for.

VI. Intellectual property

For information about the intellectual property of the Company, see "*Our Business*" on page 121.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Fresh Issue pursuant to the resolution passed at its meeting held on February 2, 2021 and our Shareholders have approved the Fresh Issue pursuant to a resolution dated February 3, 2021 in terms of Section 62(1)(c) of the Companies Act, 2013. This Draft Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on February 15, 2021.

Each of the Selling Shareholders have, severally and not jointly, confirmed and approved its participation in the Offer for Sale in relation to its portion of Offered Shares. For details, see "*The Offer*" on page 45.

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, Promoters, members of the Promoter Group, Directors, persons in control of our Company and the persons in control of our Promoters are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

None of our Directors are associated with securities market related business, in any manner and there has been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

Each Selling Shareholder, severally and not jointly, confirms that it has not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other governmental authority in India or any securities market regulator in any other jurisdiction or any other authority/court.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters, members of the Promoter Group, and each of the Selling Shareholders, severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has an average operating profit of at least ₹150 million, calculated on a restated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated basis; and
- Our Company has not changed its name in the last one year.

Our Company's operating profit, net worth and net tangible assets derived from the Restated Financial Information included in this Draft Red Herring Prospectus as at, and for the last three Financial Years are set forth below:

As per Restated Financial Information

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Net Tangible Assets*, as restated and consolidated (A) *(Rs. in million)*	3,794.60	3,570.68	3,388.71
Operating Profit**, as restated and consolidated (B) *(Rs. in million)*	917.34	970.59	847.92
Net Worth***, as restated and consolidated (C) *(Rs. in million)*	4,334.96	4,063.73	3,395.32
Monetary Assets#, as restated and consolidated (D) *(Rs. in million)*	687.07	215.30	139.87
Monetary Assets, as restated and consolidated as a % of Net Tangible Assets##, as restated and consolidated (E)=(D)/(A) (in %)	18.11%	6.03%	4.13%

** Net Tangible Assets, restated and consolidated, mean the sum of all net assets of the Company and excluding intangible assets, each on restated basis and as defined in Indian Accounting Standard 38.*
***Restated and consolidated Operating Profit has been calculated as restated and consolidated net profit before tax excluding other income and finance cost each on a restated and consolidated basis.*
****Restated and consolidated Net Worth has been defined as the aggregate of share capital and other equity (including capital redemption reserve, debenture redemption reserve and share options outstanding account) on restated basis.*
 # Restated and consolidated Monetary Assets = Cash on hand + balance with bank in current accounts + balance with bank in deposit accounts + other bank balances on restated basis.
'Monetary Assets as restated as a percentage of the Net Tangible Assets' means monetary assets as restated divided by net tangible assets, as restated, expressed as a percentage.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, the Promoters, members of the Promoter Group, the Selling Shareholders and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoters or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoters, or Directors have been identified as a wilful defaulter (as defined in the SEBI ICDR Regulations);

(iv) None of our Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) Except employee stock options granted pursuant to the ESOP Plan, there are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company along with the Registrar to our Company, has entered into tripartite agreements dated October 18, 2012 and May 4, 2018 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

(vii) The Equity Shares of our Company held by our Promoters are in the dematerialised form; and

(viii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus

(ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, BEING ICICI SECURITIES LIMITED AND AXIS CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 15, 2021 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company, our Directors, the Selling Shareholders and BRLMs

Our Company, our Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.dodladairy.com, or the respective websites of our Promoters, Promoter Group or any affiliate of our Company would be doing so at his or her own risk. The Investor Selling Shareholder, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those specifically made or confirmed by it in relation to itself as a Selling Shareholder and its proportion of the Offered Shares

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, our Promoters, their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, the Promoters, and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Hyderabad only.

Neither the delivery of this Draft Red Herring Prospectus nor the Offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or any of the Selling Shareholders since the date of this Draft Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of: (a) each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our CFO, Banker(s) to the Company, Statutory Auditor, legal counsels appointed for the Offer, legal counsel to the Selling Shareholders as to Indian law, the BRLMs, the Registrar to the Offer, in their respective capacities, have been obtained; (b) Experts to the Offer has been obtained, and (c) the Syndicate Members, the Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s), Sponsor Bank and Banker to the Company, to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Expert to the Offer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated February 15, 2021 from our Statutory Auditors namely, B S R & Associates LLP, Chartered Accountants to include their name as an "expert" as defined under Section 2(38) of the Companies Act in relation to the Restated Financial Information, the examination report dated February 4, 2021 on the Restated Financial Information, and the statement of special tax benefits dated February 15, 2021 included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent from Servel Krishna Engineers Private Limited, chartered engineer to include their name as an "expert" as defined under section 2(38) of the Companies Act in respect of the certificate dated February 12, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from M/s A Ramachandra Rao & Co, independent chartered accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act in respect of the certificate dated February 15, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years

Other than as disclosed in "*Capital Structure*" on page 57, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. Our Subsidiaries or Associate Company have not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. Further, our Company does not have any listed Group Companies

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries of our Company

The securities of our Subsidiaries are not listed on any stock exchange.

Price information of past issues handled by the BRLMs

A. ICICI Securities Limited

1. Price information of past issues handled by ICICI Securities Limited

S. No.	Issue name	Issue size (in ₹ million)	Issue Price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/ % change in closing benchmark]- 180th calendar days from listing
1.	Rossari Biotech Limited	4,962.50	425.00	July 23, 2020	669.25	+87.25%,[+1.39%]	+86.59%,[+6.08%]	+100.79%,[+27.34%]
2.	Happiest Minds Technologies Limited	7,020.20	166.00	September 17, 2020	350.00	+96.05%,[+2.14%]	+93.25%,[+17.82%]	NA*
3.	Route Mobile Limited	6,000.00	350.00	September 21, 2020	717.00	+105.81%,[+5.74%]	+231.04%,[+22.31%]	NA*
4.	Computer Age Management Services Limited	22,421.05	1,230.00(1)	October 1, 2020	1,518.00	+5.52%,[+1.97%]	+49.25%,[+22.03%]	NA*
5.	Angel Broking Limited	6,000.00	306.00	October 5, 2020	275.00	-2.32%,[+2.70%]	+10.02%,[+21.86%]	NA*
6.	UTI Asset Management Company Limited	21,598.84	554.00	October 12, 2020	500.00	-10.43%,[+5.87%]	-0.60%,[+20.25%]	NA*
7.	Mrs. Bectors Food Specialities Limited	5,405.40	288.00(2)	December 24, 2020	500.00	+37.69%,[+4.53%]	NA*	NA*
8.	Indian Railway Finance Corporation Limited	46,333.79	26.00	January 29, 2021	24.90	NA*	NA*	NA*
9.	Indigo Paints Limited	11,691.24	1,490.00(3)	February 2, 2021	2,607.50	NA*	NA*	NA*
10.	Home First Finance Company India Limited	11,537.19	518.00	February 3, 2021	618.80	NA*	NA*	NA*

**Data not available*

(1) Discount of Rs.122 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 1,230.00 per equity share
(2) Discount of Rs.15 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 288.00 per equity share.
(3) *Discount of Rs. 148 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 1,490.00 per equity share.*

Notes:
1. All data sourced from www.nseindia.com, except for Computer Age Management Services Limited for which the data is sourced from www.bseindia.com
2. Benchmark index considered is NIFTY
3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day

2. Summary statement of price information of past issues handled by ICICI Securities Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2020-21*	10	1,42,970.21	-	-	2	3	1	1	-	-	-	1	-	-
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1
2018-19	4	60,843.16	-	-	2	1	-	1	-	-	2	-	1	1

Notes:
** This data covers issues upto YTD*

B. Axis Capital Limited

1. Price information of past issues handled by Axis Capital Limited

S. No.	Issue name	Issue size (in ₹ million)	Issue Price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/ % change in closing benchmark]- 180th calendar days from listing
1.	Home First Finance Company India Limited	11,537.19	518.00	February 3, 2021	618.80	-	-	-
2.	UTI Asset Management Company Limited	21,598.84	554.00	October 12, 2020	500.00	-10.43%, [+5.87%]	-0.60%, [+20.25%]	-
3.	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	+18.90%, [+5.87%]	+52.90%, [+20.25%]	-
4.	Route Mobile Limited	6,000.00	350.00	September 21, 2020	717.00	+105.81%, [+5.74%]	+231.04%, [+22.31%]	-
5.	Rossari Biotech Limited	4,962.50	425.00	July 23, 2020	669.25	+87.25%, [+1.39%]	+86.59%, [+6.08%]	+100.79%, [+27.34%]
6.	SBI Cards and Payment Services Limited	103,407.88	755.00@	March 16, 2020	661.00	-33.05%, [-2.21%]	-21.79%, [+8.43%]	+12.50%, [+24.65%]
7.	CSB Bank Limited	4,096.77	195.00	December 4, 2019	275.00	+8.36%, [+2.03%]	-12.18%, [-7.51%]	-36.95%, [-20.41%]
8.	Sterling And Wilson Solar Limited	28,809.42	780.00	August 20, 2019	706.00	-21.88%, [-1.60%]	-48.63%, [+7.97%]	-64.78%, [+9.95%]
9.	Spandana Sphoorty Financial Limited	12,009.36	856.00	August 19, 2019	825.00	-0.56%, [-2.14%]	+52.76%, [+7.61%]	+17.32%, [+9.59%]
10.	Polycab India Limited	13,452.60	538.00^	April 16, 2019	633.00	+15.36%, [-5.35%]	+14.70%, [-1.99%]	+23.76%, [-4.09%]

Source: www.nseindia.com
@ Offer Price was ₹ 680.00 per equity share to Eligible Employees

^Offer Price was ₹485.00 per equity share to Eligible Employees

Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.
b. The CNX NIFTY is considered as the Benchmark Index.
c. Price on NSE is considered for all of the above calculations.
d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. Summary statement of price information of past issues handled by Axis Capital Limited

Financial Year	**Total no. of IPOs**	**Total amount of funds raised (₹ in million)**	**No. of IPOs trading at discount as on 30th calendar day from listing date**			**No. of IPOs trading at premium as on 30th calendar day from listing date**			**No. of IPOs trading at discount as on 180th calendar day from listing date**			**No. of IPOs trading at premium as on 180th calendar day from listing date**		
			Over 50%	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**
2020-2021*	5	48,535.39	-	-	1	2	-	1	-	-	-	1	-	-
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3
2018-2019	4	54,206.94	-	1	-	1	-	2	-	-	2	-	-	2

*Notes: * The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as set forth in the table below:

Sr. No.	Name of the Book Running Lead Manager	Website
1.	ICICI Securities Limited	www.icicisecurities.com
2.	Axis Capital Limited	www.axiscapital.co.in

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with our Company for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company will obtain authentication on the SCORES in compliance with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be five Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ruchita Malpani, as the Company Secretary and Compliance Officer for the Offer and she may be contacted in case of any pre-Offer or post-Offer related problems. For details, see "*General Information*" on page 51.

Our Company has also constituted a Stakeholders' Relationship Committee comprising of Raman Tallam Puranam (*Chairman*), Akshay Tanna and Dodla Sunil Reddy as members, to review and redress shareholder and investor grievances. For details, see "*Our Management*" on page 154.

As on the date of this Draft Red Herring Prospectus, there are no pending investor complaints. Our Company has not received any investor complaint in the three years prior to the filing of this Draft Red Herring Prospectus.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, SEBI Listing Regulations, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, Offer for Sale and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

Ranking of Equity Shares

The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association, the SEBI Listing Regulations and shall rank pari passu with the existing Equity Shares in all respects including dividends. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 296.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" beginning on pages 176 and 296, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price at Floor Price is ₹[●] per Equity Share and at Cap Price is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band, the minimum Bid Lot size will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Telugu national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located) each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time, there shall be only one denomination for the Equity Shares.

The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 74.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Shareholders

Subject to applicable laws, rules, regulations and guidelines and the AoA, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;

- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the AoA of our Company and other applicable laws.

For a detailed description of the main provisions of the AoA of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 296.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations and the SEBI Listing Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been entered into amongst our Company, the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated October 18, 2012 amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated May 4, 2018 amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in dematerialised form and in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For the method of basis of allotment, see "*Offer Procedure*" on page 280.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination/ cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Withdrawal of the Offer

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared, and the Stock Exchanges will also be informed promptly.

If our Company or the Selling Shareholder withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/ Offer Programme

BID/ OFFER OPENS ON	[●][(1)]
BID/ OFFER CLOSES ON	**[●]**[(2)]

(1) Our Company and the Selling Shareholders in consultation with the BRLMs may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations

(2) Our Company and the Selling Shareholders in consultation with the BRLMs may consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

**In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.*

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, the Selling Shareholders, or the BRLMs.

Whilst the Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date, or such other period as may be prescribed by the SEBI, the timetable may be extended due to various factors, such as extension of the Bid/ Offer Period by our Company and the Selling Shareholders in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges, and delay in respect of final certificates from SCSBs. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")
Bid/ Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs

On Bid/ Offer Closing Date, extension of time will be granted by the Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs and the Sponsor Bank would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date, and in any case no later than 3:00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days, during the Bid/ Offer Period. Bids will be accepted only during Monday to Friday (excluding any public holiday), during the Bid/Offer period. Bids and revisions shall not be accepted on Saturdays and public holidays. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges.

Neither the Selling Shareholders, nor our Company, nor any member of the Syndicate are liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to revise the Price Band during the Bid/ Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly but the Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price.

In case of revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, strike or similar circumstances, our Company, the Selling Shareholders in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries. In case of revision of price band, the Bid lot shall remain the same.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations. However, if our Company does not make the minimum Allotment as specified under terms of the Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date; or subscription level falls below aforesaid minimum subscription after the Bid/Offer Closing Date due to withdrawal of Bids or technical rejections or any other reason, including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Offer Closing Date, the Selling Shareholders, to the extent applicable, and our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders, to the extent applicable and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

In the event of an undersubscription in the Offer, Equity Shares the Equity Shares will be Allotted in the following order:

i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed;

ii) upon (i), all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by each Selling Shareholder); and

iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion.

No liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of its portion of the Offered Shares.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 57 and except as provided under the AoA, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the AoA. For details, see "*Description of Equity Shares and terms of Articles of Association*" beginning on page 296.

OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating to ₹[●] million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹500 million by our Company and an Offer for Sale of up to 10,085,444 Equity Shares aggregating up to ₹[●] million comprising of up to 8,300,000 Equity Shares aggregating up to ₹[●] million by the Investor Selling Shareholder, up to 416,604 Equity Shares aggregating up to ₹[●] million by Dodla Sunil Reddy and up to 1,041,509 Equity Shares aggregating up to ₹[●] million by Dodla Family Trust and up to 327,331 Equity Shares aggregating up to ₹[●] million by the Promoter Group Selling Shareholder. The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The face value of the equity shares is ₹10 each.

The Offer is being made through the Book Building Process.

Particulars	**QIBs(1)**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares available for Allotment/ allocation (2)	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not more than 50% of the Offer shall be available for allocation to QIBs. However, up to 5% of the Net QIB Portion (i.e. excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the Net QIB Portion (i.e. excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not less than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders will be available for allocation	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	Proportionate	Allotment to each Retail Individual Bidder shall not be less than the maximum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares is any, shall be allotted on a proportionate basis. For details see, "*Offer Procedure*" on page 287

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Net Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Net Offer (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can apply[(3) (4)]	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.	Resident Indian individuals, Eligible NRIs on a non-repatriable basis, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)] **In case of all other Bidders**: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for RIBs using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).		

* *Assuming full subscription in the Offer*

(1) *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion*

(2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(1) of the SEBI ICDR Regulations*

(3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.*

(4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.

(5) Bids by FPIs with certain structures as described under "Offer Procedure - Bids by FPIs" on page 284 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

(6) Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion, the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 272.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the Abridged Prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders/Applicants; (v)Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form,) designated date, disposal of applications and electronic registration of bids; (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) interest in case of delay in allotment or refund; and (xii) disposal of application.

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time.*

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Company, the Selling Shareholders and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs, and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories. In case of an undersubscription in the Offer, the Equity Shares proposed for sale by each Selling Shareholder shall be in proportion to the Offered Shares by such Selling Shareholder.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, bank account details, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. RIBs are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (including Bidders using UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue
Anchor Investors	White

* *Excluding electronic Bid cum Application Forms*

Notes:

(1) Electronic Bid cum Application forms and the Abridged Prospectus will also be available for download on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com).

(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer shall provide the audit trail to the Book Running Lead Managers for analysing the same and fixing liability.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the Book Running Lead Managers in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, core banking system data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds.

The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/ Issue Closing Date ("Cut-Off Time"). Accordingly, RIBs should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

Participation by Promoters and members of Promoter Group of the Company, the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor; (ii) any "person related to the Promoters/ Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoters or Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

Except to the extent of participation in the Offer for Sale by Dodla Deepa Reddy, the Promoter Group will not participate in the Offer.

Electronic registration of Bids

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Draft Red Herring Prospectus

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 12:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period afterwhich the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Elgible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circulars) to apply in the Offer**.** Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non- Resident External ("**NRE**") accounts (including UPI ID, if activated), or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB to block their Non-Resident Ordinary ("**NRO**") accounts or confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Participation of Eligible NRIs in the Offer shall be subjected to the FEMA

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 295.

Bids by HUFs

Bids by HUFs Hindu Undivided Families or HUFs, are required to be made in the individual name of the *karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

Bids by FPIs

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Non-Debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer were advised to use the Bid cum Application Form for non-residents.

Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Bids by SEBI registered VCFs, AIFs and FVCIs

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 ("**SEBI VCF Regulations**") as amended, *inter alia* prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended ("**SEBI FVCI Regulations**") prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by Anchor Investors

Except for Mutual Funds, AIFs or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, no BRLM or its respective associates can apply in the Issue under the Anchor Investor Portion. Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason. The investment limit for banking companies in non-financial services companies shall be in accordance with the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended. Bids by banking companies should not exceed the investment limits prescribed for them under the applicable laws.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company and the Selling Shareholders in consultation with the BRLMs may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the

BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and the Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

***Do's*:**

1. Check if you are eligible to apply as per the terms of this Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only

5. Ensure that you (other than Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form;

6. RIBs using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form;

7. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;

8. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

9. RIBs submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only UPI ID is included in the Field for payment details in the Bid cum Application Form;

10. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

12. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;

13. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

14. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

15. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms. PAN of the First Bidder is required to be specified in case of joint Bids;

16. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

17. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

18. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

19. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

20. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

21. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

22. Ensure that the Demographic Details are updated, true and correct in all respects;

23. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

24. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form;

25. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents, including a copy of the power of attorney, are submitted;

26. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

27. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

28. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the mobile application and the UPI handle being used for making the application in the Offer is also appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website;

29. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

30. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

31. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

32. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, were required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids are liable to be rejected;

33. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

34. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in) or such other websites as updated from time to time;

35. RIBs using the UPI Mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form; and

36. Bids by Eligible NRIs and HUFs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Portion, and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Portion, for the purposes of allocation in the Offer

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

20. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;

21. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

22. Do not Bid for Equity Shares in excess of what is specified for each category;

23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

26. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

27. Do not Bid if you are an OCB;

28. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;

29. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;

30. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and

31. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to our Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information*" on page 51.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Offer Document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], a widely circulated English national daily newspaper; (ii) [●] editions of [●], a Hindi national daily newspaper; and (iii) [●] editions of [●], a widely circulated Telugu national daily newspaper, Telugu also being the regional language of Telangana, where our Registered Office is located).

In the pre-Offer advertisement, we shall state the Bid/ Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"Any person who:

a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

Undertakings by our Company

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/ Offer Closing Date or any other period as may be prescribed, will be taken;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- if Allotment is not made within the prescribed time period under applicable laws, the entire subscription amount received will be refunded/ unblocked within the time prescribed under applicable laws. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- that details of all monies utilised out of the Fresh Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which monies have been utilised. Further, details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet, indicating the form in which such amounts have been invested;

- that we shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;
- except for allotment of Equity Shares pursuant to exercise of options under the ESOP Scheme, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms by Bidders.

Undertakings by the Investor Selling Shareholder

The Investor Selling Shareholder, with respect to itself only (and not in respect of any other person), undertakes that:

- its portion of the Offered Shares have been held by it for a continuous period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI or have been issued or received in accordance with Regulation 8 of the SEBI ICDR Regulations;
- It shall not access the funds raised in the Offer until receipt of final listing and trading approvals from the Stock Exchanges;
- it shall not during the period commencing from the date of the offer agreement and ending on the date, earlier of offer, transfer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or grant any option, right or warrant to purchase, lend, or otherwise transfer, dispose of or create any Encumbrances on its portion of the Offered Shares, in relation to any Equity Shares or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Equity Shares;
- except for listing fees which shall be solely borne by our Company, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale. However, in the event that the Offer is withdrawn by our Company or not completed for any reason whatsoever, all the Offer related expenses will be solely borne by our Company;
- it shall comply with, the terms and conditions of such approvals and consents, and all Applicable Laws in relation to the Offer or any other matter incidental thereto, including, without limitation, the Securities and Exchange Board of India Act, 1992, the SCRA, the SCRR, the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the foreign direct investment policy and the foreign investment regulations in India, and the guidelines, instructions, rules, communications, circulars and regulations, as amended from time to time, issued by the GoI, the Registrar of Companies, SEBI, the RBI, the Stock Exchanges, the erstwhile FIPB or by any other governmental, regulatory or statutory authority or any court or tribunal.

Undertakings by the Promoter Selling Shareholders

The Promoter Selling Shareholders, with respect to themselves only (and not in respect of any other person), undertakes that:

- the Equity Shares offered by them in the Offer have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with the SEBI;
- they shall not have any recourse to the proceeds of the Offer until final listing and trading approvals have been received from the Stock Exchanges;
- they shall take all steps to provide all reasonable assistance to our Company and the BRLMs, as may be required for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date, failing which it shall forthwith repay without interest all monies received from Bidders. In case of delay, interest as per applicable laws shall be paid by the Selling Shareholders in proportion to the Offered Shares;
- they shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Offered Shares being offered pursuant to the Offer until such time that the lock-in remains effective save and except as may be permitted under the SEBI ICDR Regulations;
- they shall provide all reasonable assistance to our Company and the BRLMs to ensure that the Equity Shares being offered by it pursuant to the Offer shall be transferred to the successful Bidders within the time specified under applicable laws;

- they shall reimburse our Company for expenses incurred in relation to the Offer in the manner agreed to amongst the Selling Shareholders and our Company, in accordance with applicable laws;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Selling Shareholders; and

- they shall comply with all applicable laws, including but not limited to the SEBI ICDR Regulations and the Companies Act 2013, and the rules and regulations made thereunder, in relation to the Offer.

Undertakings by the Promoter Group Selling Shareholder

- the Equity Shares offered by it in the Offer have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with the SEBI;

- it shall not have any recourse to the proceeds of the Offer until final listing and trading approvals have been received from the Stock Exchanges;

- it shall take all steps to provide all reasonable assistance to our Company and the BRLMs, as may be required for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date, failing which it shall forthwith repay without interest all monies received from Bidders. In case of delay, interest as per applicable laws shall be paid by the Selling Shareholders in proportion to the Offered Shares;

- it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Offered Shares being offered pursuant to the Offer until such time that the lock-in remains effective save and except as may be permitted under the SEBI ICDR Regulations;

- it shall provide all reasonable assistance to our Company and the BRLMs to ensure that the Equity Shares being offered by it pursuant to the Offer shall be transferred to the successful Bidders within the time specified under applicable laws;

- it shall reimburse our Company for expenses incurred in relation to the Offer in the manner agreed to amongst the Selling Shareholders and our Company, in accordance with applicable laws;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Selling Shareholders; and

- it shall comply with all applicable laws, including but not limited to the SEBI ICDR Regulations and the Companies Act 2013, and the rules and regulations made thereunder, in relation to the Offer.

Utilisation of Offer Proceeds

Our Company and the Selling Shareholders, severally and not jointly, specifically confirm that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised. Additionally, details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) ("**DPIIT**"), issued the FDI Policy, which is effect from October 15, 2020, which subsumes and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. For details, see "*Key Regulations and Policies*" on page 137.

Under the current FDI Policy, 100% foreign direct investment is permitted in manufacturing sector, under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For details, see "*Offer Procedure*" on page 280.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Instruments Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Instruments Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

The Equity Shares offered in the Offer have not been and will not be registered under the Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In case of any conflict, inconsistency or contradiction between Part I and Part II, the provisions of Part II shall prevail and override. However, Part II shall automatically terminate and cease to have any force and effect (save and except as expressly set out therein) from the date of Listing of Equity Shares of the Company on a Recognized Stock Exchange (as defined in Part II) without any further action, including any corporate action, by the Company or by the Shareholders.

Authorised Share Capital

The authorized share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the MoA or as altered from time to time, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company

Alteration of Capital

Power to sub-divide, consolidate and cancel share certificate.

The Company may, by Ordinary Resolution, from time to time, alter the conditions of MoA as follows:

a. increase its Share Capital by such amount as it thinks expedient;

b. Consolidate and divide all or any its share capital into shares of larger amount than its existing shares; *Provided* that no consolidation and division which results in changes in the voting percentage of Shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;

c. Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by MoA;

d. cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any Person, and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.; and

e. Convert all or any one its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

Allotment of Shares

Subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person the option or right to call for any shares either at par or premium during such time and for such consideration as the Board think fit, and with the sanction of the Company in General Meeting give to any person the option or right to call for any shares either at par or at a premium during such time and for such consideration as the Board thinks fit.

Forfeiture and Lien

The Company shall subject to applicable law have a first and paramount lien on every share (not being a fully paid share), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share Provided that the Board may, at any time, declare any shares wholly or in part to be exempt from the provisions of this Article. For the purpose of enforcing such lien, the Board may sell the shares, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their Shareholders to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale..

Certificate

Every Shareholder shall be entitled, without payment, to one or more certificates, in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, or within 1 (one) month of the receipt of instrument of transfer, transmission, sub-division, consolidation or renewal of its shares as the case may be. Every certificate of shares shall be in the form and manner as specified in the Articles and in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to the first named joint holders shall be sufficient delivery to all such holders. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding rupees two.

Every certificate of shares shall be under the seal of the Company and shall specify the shares to which it relates and the amount paid-up thereon.

If any certificate be defaced, mutilated, torn or old, decrepit, worn- out or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

No fee shall be charged for sub-division and consolidation of share / debenture certificates and for sub-division of letters of allotment, split and consolidation.

Transfer of Shares

In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

Transmission of shares

The executors or administrators or the holders of a succession certificate issued in respect of the shares of a deceased Member and not being one of several joint holders shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such Members and in case of the death of one or more of the joint holders of any registered share, the survivor or survivors shall be entitled to the title or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation as the case may be from a competent court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production of the probate or letter of administration or a secession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.

Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

Borrowing Powers

The Board may, from time to time and at its discretion, raise or borrow or secure the payment of any sums or sum of money for the purposes of the Company in such manner and upon such terms and conditions in all respects as it thinks fit.

Issue of Bonus Shares

The Company in its General Meeting may resolve to issue the bonus shares to its shareholders subject to the applicable provisions of the Act and other laws as may be applicable in this behalf from time to time.

General Meetings

All General Meetings of the Company other than the Annual General Meeting shall be called an Extra-ordinary General Meeting. The notice of a General Meeting shall be given to the Members of the Company, the persons entitled to a share in consequence of the death or insolvency of a Member, the Directors of the Company and the auditors for the time being of the Company.

Meetings of Directors

The Board of Directors shall meet at least once in every three months with a maximum gap of four months between two meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four such meetings shall be held in every year. Notice of at least seven days, in writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad. The notice shall include the time, venue and agenda of such meeting.

The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher and the participation of the Directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum. If within half an hour from the time appointed for a meeting of the Board, a quorum is not present, the meeting, shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.

Managing Directors

Subject to the provision of the Act, the Board may, from time to time, appoint one or more Directors to be managing director or managing directors of the Company and may, from time to time. The managing director shall not be liable to retirement by rotation as long as he holds office as managing director.

Appointment of Directors

a. Unless otherwise determined by General Meeting, the number of Directors shall not be less than three (3) and not more than fifteen (15), and at least one (1) Director shall be resident of India in the previous year. Provided that the Company may appoint more than fifteen (15) directors after passing a Special Resolution.

b. Subject to approval of the Shareholders post listing of the Equity Shares, TPG shall have the right to nominate 1 (one) director on the Board of the Company, if shareholding of TPG in the Company is 5% or more of the paid up Equity Share capital of the Company on a fully diluted basis.

Votes of Members

On a show of hands every Member present in person and being a holder of Equity Shares shall have one vote and every person present either as a Proxy on behalf of a holder of Equity Shares or as a duly authorized representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.

On a poll, the voting rights of holder of Equity Shares shall be in proportion to his share in the paid-up Equity Share capital of the Company. A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

A person becoming entitled to a share shall not before being registered as Member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to meeting of the Company.

No Member shall be entitled to exercise any voting rights either personally or by Proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right or lien.

Dividend

The Company in General Meeting may declare the dividends, but no dividend shall exceed the amount recommended by the Board. The Board may from time to time pay to the Members such interim dividends of such amount on such class of shares and at such times as it may think fit.

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

No dividend shall bear interest against the Company.

Unpaid or Unclaimed Dividend

Any dividend remaining unpaid or unclaimed after having been declared shall be dealt in accordance with the provisions of the applicable law.

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within seven days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank and transfer to such account, the total amount of the dividend which remains unpaid or in relation to which no divided warrant has been posted.

Any money transferred to the said special account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as "Investor Education and Protection Fund" established under the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law and the Company shall comply with the provisions of the applicable laws in respect of such dividend.

Winding Up

Subject to the provisions of applicable law, the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application, such assets shall be distributed among the Members according to their rights and interests in the Company.

Indemnity

Subject to the provisions the Act, the Company shall indemnify every Director and Officer of the Company against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted or in which relief is granted to them by the court or the tribunal. However, such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, willful misconduct or bad faith acts or omissions of such Director.

PART II

Part II of these Articles includes the rights and obligations of the shareholders of the Company.

In the event of any inconsistency between Part I and Part II of these Articles, the provisions of Part II of these Articles shall prevail. Part II of these Articles shall automatically terminate and cease to have any force and effect and deemed to fall away on and from the date of listing of the Equity Shares on a stock exchange in India, subsequent to an initial public offering of the Equity Shares, without any further action by the Company or its shareholders

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus and the Prospectus, as applicable, which will be delivered to the RoC for filing. Copies of the abovementioned documents and contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

A. Material Contracts for the Offer

1. Offer Agreement dated February 15, 2021 among our Company, the Selling Shareholders and the BRLMs.
2. Registrar Agreement dated February 15, 2021 among our Company, the Selling Shareholders and the Registrar to the Offer.
3. Escrow and Sponsor Bank Agreement dated [●] among our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Sponsor Bank, the Escrow Collection Bank(s) and the Refund Bank(s).
4. Share Escrow Agreement dated [●] among the Selling Shareholders, our Company and the Share Escrow Agent.
5. Syndicate Agreement dated [●] among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar.
6. Underwriting Agreement dated [●] among our Company, the Selling Shareholders and the Underwriters.

B. **Material Documents**

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company each as amended from time to time.
2. Certificate of incorporation dated May 15, 1995 issued by the Registrar of Companies, Andhra Pradesh at Hyderabad to our Company, in the name of Dodla Dairy Limited.
3. Certificate of commencement of business dated May 23, 1995 Andhra Pradesh at Hyderabad to our Company.
4. Resolutions of the Board of Directors dated February 2, 2021, in relation to the Offer and other related matters.
5. Shareholders' resolution dated February 3, 2021, in relation to the Fresh Issue and other related matters.
6. Resolution by the board of directors of Investor Selling Shareholder dated February 12, 2021 authorising their participation in the Offer for Sale.
7. Dodla Dairy Limited Employees Stock Option Plan 2018.
8. Copies of the annual reports of our Company for the Fiscals 2020, 2019 and 2018.
9. Report titled "Assessment of the Indian Dairy Industry" dated January, 2021 prepared and issued by CRISIL Limited.
10. Written consent dated February 5, 2021 issued by CRISIL Limited with respect to the report titled "Assessment of the Indian Dairy Industry" dated January, 2021.
11. The examination report of the Statutory Auditor dated February 4, 2021, on the Restated Financial Information, included in this Draft Red Herring Prospectus and consent from auditors for inclusion of the Restated Financial Information.
12. The statement of special tax benefits dated February 15, 2021 from the Statutory Auditors.
13. Chartered engineer consent dated February 15, 2021.
14. Written consent dated February 15, 2021 from our Statutory Auditors namely, B S R & Associates LLP, Chartered Accountants to include their name as an "expert" as defined under Section 2(38) of the Companies Act.

15. Written consent of the Selling Shareholders, Directors, the BRLMs, independent chartered accountant, the Syndicate Members, Domestic Legal Counsel to our Company, Legal Counsel to the BRLMs as to Indian Law, Registrar to the Offer, Escrow Collection Bank(s), Public Offer Bank(s), Refund Bank(s), Sponsor Bank, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.

16. Consent letter dated February 15, 2021 issued by the Investor Selling Shareholder consenting to the inclusion of its portion of the Equity Shares in the Offer for Sale.

17. Consent letter dated February 13, 2021 issued by the Dodla Sunil Reddy, a Promoter Selling Shareholder consenting to the inclusion of his portion of the Equity Shares in the Offer for Sale.

18. Consent letter dated February 13, 2021 issued by the Dodla Family Trust, a Promoter Selling Shareholder consenting to the inclusion of its portion of the Equity Shares in the Offer for Sale.

19. Consent letter dated February 13, 2021 issued by the Promoter Group Selling Shareholder consenting to the inclusion of its portion of the Equity Shares in the Offer for Sale.

20. Due Diligence Certificate dated February 15, 2021, addressed to SEBI from the BRLMs.

21. In principle listing approvals dated [●] and [●], issued by BSE and NSE, respectively.

22. Tripartite agreement dated October 18, 2012, between our Company, NSDL and the Registrar to the Offer.

23. Tripartite agreement dated May 4, 2018, between our Company, CDSL and the Registrar to the Offer.

24. SEBI observation letter dated bearing reference number [●], dated [●].

25. Board resolution dated December July 15, 2020 and shareholders' resolution dated September 30, 2020, for the payment of a consultancy fee for a period of five years from January 1, 2021 to our Chairman, Dodla Sesha Reddy.

26. Amended and Restated Shareholders Agreement dated February 2, 2021 entered into between our Company, TPG Dodla Dairy Holdings Pte. Ltd, International Finance Corporation, Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Family Trust and Mylktree Consultants LLP and Dodla Deepa Reddy.

27. Subscription Agreement dated February 2, 2021 between our Company, our Promoters and International Finance Corporation.

28. Share Purchase Agreement dated May 2, 2017 between our Company, TDDHPL, and Dodla Sunil Reddy, Dodla Sesha Reddy, Dodla Subba Reddy, Dodla Girija Reddy, Dodla Deepa Reddy, D Padmavathamma as amended by the first amendment agreement dated July 3, 2017.

29. Share Purchase Agreement dated May 2, 2017 between our Company, TDDHPL and Black River Capital Partners Food Fund Holding (Singapore) Pte. Ltd.

30. Shareholders Agreement among Indira Gandhi Centre for Advanced Research on Livestock Private Limited, International Media and Cultures, our Company and GVC dated August 26, 2009.

31. Collaboration Agreement dated January 10, 2009 among our Company, International Media and Cultures and Indira Gandhi Centre for Advanced Research on Livestock Private Limited.

32. Dairy Project Development Agreement dated April 1, 2014 among our Company and GVC as amended by way of an amendment agreement dated April 1, 2019.

33. Managing Director employment agreement dated February 8, 2021.

34. Whole-time Director employment agreement dated May 4, 2018 as amended by employment amendment agreement dated January 18, 2021.

35. Memorandum of Understanding entered into in 2014 with Hillside Dairy and Agriculture Limited and a business transfer agreement dated July 30, 2014.

36. Business transfer agreement dated February 8, 2019 with KC Dairy Products Private Limited and Chellamuthu Sureshkumar.

37. Business transfer agreement dated September 6, 2019 with Orgafeed Private Limited and Bharathi Feed Mixing Plant.

38. Guarantees issued by our Promoter Dodla Sunil Reddy to HDFC Bank Limited, The Hong Kong and Shanghai Banking Corporation Limited, International Finance Corporation, Standard Chartered Bank, Kotak Mahindra Bank Limited and ICICI Bank Limited.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements and disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Dodla Sesha Reddy
(Chairman and Non-Executive Director)

Place: Hyderabad
Date: February 15, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements and disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Dodla Sunil Reddy
(Managing Director)

Place: Hyderabad
Date: February 15, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements and disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Madhusudhana Reddy Ambavaram
(*Whole-Time Director*)

Place: Hyderabad
Date: February 15, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements and disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Akshay Tanna
(Non- Executive Nominee Director)

Place: Mumbai
Date: February 15, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements and disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Raja Rathinam
(Independent Director)

Place: Chennai
Date: February 15, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements and disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Ponnavolu Divya
(Independent Director)

Place: New Jersey
Date: February 15, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements and disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Rampraveen Swaminathan
(Independent Director)

Place: Mumbai
Date: February 15, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements and disclosures in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Raman Tallam Puranam
(Independent Director)

Place: New Jersey
Date: February 15, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY CHIEF FINANCIAL OFFICER

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Anjaneyulu Ganji

Place: Hyderabad
Date: February 15, 2021

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned assumes no responsibility, for any other statements, disclosures and undertakings including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **TPG Dodla Dairy Holdings Pte. Ltd.**

Name: Brandon Vongsawad

Designation: Director

Date: February 15, 2021

Place: Singapore

DECLARATION

The undersigned Promoter Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus about or in relation to himself, as a Promoter Selling Shareholder and his portion of the Offered Shares, are true and correct. The undersigned assumes no responsibility as a Promoter Selling Shareholder, for any other statements, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by **Dodla Sunil Reddy**

Name: Dodla Sunil Reddy

Date: February 15, 2021

Place: Hyderabad

DECLARATION

The undersigned Promoter Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus about or in relation to itself, as a Promoter Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned assumes no responsibility as a Promoter Selling Shareholder, for any other statements, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of **Dodla Family Trust**

Name: Dodla Sunil Reddy

Designation: Authorised Signatory

Date: February 15, 2021

Place: Hyderabad

DECLARATION

The undersigned Promoter Group Selling Shareholder confirms and certifies that all statements, disclosures and undertakings specifically made or confirmed by her in this Draft Red Herring Prospectus about or in relation to herself, as the Promoter Group Selling Shareholder and her portion of the Offered Shares, are true and correct. The undersigned assumes no responsibility as the Promoter Group Selling Shareholder, for any other statements, including, any of the statements, disclosures and undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by **Dodla Deepa Reddy**

Name: Dodla Deepa Reddy

Date: February 15, 2021

Place: Hyderabad