<table>
<thead>
<tr>
<th>Name</th>
<th>Designation/Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shri Dilip Rath</td>
<td>Chairman</td>
</tr>
<tr>
<td>Shri S. Parthasarathy</td>
<td>IAS (Retd.)</td>
</tr>
<tr>
<td>Smt. Shyamala Gopinath</td>
<td>Ex Deputy Governor, RBI</td>
</tr>
<tr>
<td>Prof. M.S. Sriram</td>
<td>Visiting Faculty, IIM Bangalore</td>
</tr>
<tr>
<td>Shri Sangram Chaudhary</td>
<td>ED, NDDB</td>
</tr>
<tr>
<td>Shri Sanjeev Khanna*</td>
<td>MD, MDFVPL</td>
</tr>
<tr>
<td>Dr. V.A. Srinivasan</td>
<td>Advisor, NDDB</td>
</tr>
<tr>
<td>Shri Y.Y. Patil</td>
<td>ED, NDDB</td>
</tr>
<tr>
<td>Dr. Omveer Singh</td>
<td>MD, NDB Dairy Services</td>
</tr>
<tr>
<td>Shri A.K. Khosla</td>
<td>Advisor, NDB Dairy Services</td>
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<tr>
<td>Shri Sriram Singh</td>
<td>ED, NDB Dairy Services</td>
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<tr>
<td>Dr. C.P. Devanand</td>
<td>ED, NDB Dairy Services</td>
</tr>
<tr>
<td>Shri S. Nagarajan**</td>
<td>MD, MDFVPL</td>
</tr>
</tbody>
</table>

*since 21st September 2017  ** till 23rd June 2017
NDDB Dairy Services, a not-for-profit company under Section 8 of the Companies Act, is a wholly-owned subsidiary of the National Dairy Development Board (NDBD).
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CHAPTER I
NDDB DAIRY SERVICES | ANNUAL REPORT 2017-2018
NDDB Dairy Services (NDS) continued to facilitate milk producers in setting up their Milk Producer Companies (MPCs) and thereafter providing them support when necessary in their management.

NDS assisted the four MPCs promoted by the Tata Trusts – Sakhi in Rajasthan, Asha in Rajasthan, Shwetdhar in Uttar Pradesh, and Ruhaanii MPC in Punjab – in skill enhancement and institution building through various training programmes.

Recognising NDS’ understanding of the dairy business and its experience in organising dairy farmers, more and more agencies working in the sector are approaching NDS for assistance in setting up MPCs.

The Ministry of Rural Development has deemed NDS a Deen Dayal Antyodaya Yojana-National Rural Livelihoods Mission Support Organisation to assist State Rural Livelihoods Mission (SRLM) in the implementation of Dairy Value Chain interventions by setting up MPCs. NDS is in discussion with 7 of 13 SRLMs in Madhya Pradesh (MP), Bihar, Rajasthan, Chhattisgarh, Assam, West Bengal, and Uttar Pradesh (UP).

During 2017-18, the National Rural Livelihoods Mission (NRLM) was assisted in setting up three all-women MPCs – namely Kaushikee Mahila in Saharsa (Bihar), Muktaa Mahila in Sagar (Madhya Pradesh), and Maalav Mahila MPC in Rajgarh (Madhya Pradesh).

In addition, NDS facilitated the setting up of another MPC covering the north-western districts of Bihar, the Bapudham MPC in Motihari.

NDS continued to strengthen the five large MPCs set up between 2012 and 2014 – Paayas in Rajasthan, Maahi in Gujarat, Shreeja in Andhra Pradesh, Baani in Punjab, and
Saahaj MPC in Uttar Pradesh – by assisting them in capacity-building programmes and to implement projects such as Ration Balancing Programmes and Artificial Insemination (AI) Delivery Services covered under the first phase of the National Dairy Plan (NDP-1).

NDS’ state-of-the-art semen stations at Alamadhi (Tamil Nadu) and Rahuri (Maharashtra); and the two semen stations managed by NDS – Sabarmati Ashram Gaushala at Bidaj (Gujarat) and Animal Breeding Centre at Salon (Uttar Pradesh) – together produced 32.4 million frozen semen doses (FSDs) under the brand name – Superior Animal Genetics (SAG), which continued to be the largest selling semen brand in the country in 2017-18.

During the year more than 250 viable embryos were produced using Embryo Transfer Technology (ETT) at the farmers’ doorstep at 15 farms in the states of Punjab, Haryana, Rajasthan, Maharashtra, and Gujarat.

In-Vitro Fertilisation (IVF) technology was standardised and embryo production by this process commenced at Sabarmati Ashram Gaushala, Bidaj.
Chapter II
A Producer Company (PC) is a private limited company, to which provisions contained in Part IX-A of the Companies Act 1956, apply. It is a business enterprise run on the basis of Mutual Assistance Principles which are broadly similar to the Cooperative Principles adopted by the International Cooperative Alliance for cooperatives.

A PC combines the institutional and ideological strengths of cooperatives – ownership limited to users; limited interest on shares; no public trading of shares; returns being patronage-based and not on capital – with the flexibility and autonomy available under Company Law.

NDS besides setting up five large MPCs, is also assisting the Tata Trusts, National Rural Livelihoods Mission (NRLM), and the National Dairy Development Board (NDDB) in setting up MPCs and in providing support to the MPCs in

Setting up and Supporting Milk Producer Companies
institutions-building and capacity-building activities.

To date, NDS has successfully set up the following 13 MPCs:

i. Five large MPCs – Paayas in Jaipur (Rajasthan); Maahi in Rajkot (Gujarat); Shreeja in Tirupati (Andhra Pradesh); Baani in Patiala (Punjab); Saahaj in Agra (Uttar Pradesh).

ii. Tata Trusts-supported MPCs – Sakhi in Alwar (Rajasthan); Asha in Pali (Rajasthan); Shwetdhar in Pratapgarh (Uttar Pradesh); Ruhaanii in Mansa (Punjab).

iii. NRLM-supported MPCs – Mukta in Sagar (Madhya Pradesh); Maalav in Rajgarh (Madhya Pradesh); and Kaushikee in Saharsa (Bihar).

iv. NDDB-supported MPCs – Bapudham in Motihari (Bihar).

Assisting the Tata Trusts

NDS supported Sakhi and Asha Mahila MPCs in preparing proposals for including an additional 100 villages in each MPC, based upon requests received from milk producers of the villages, in and around their existing areas of operation in Alwar and Pali region. These proposals have been approved for funding by the Tata Trusts with a financial outlay of Rs. 70.2 million.

Seventy intervention villages covered by the Coastal Salinity Prevention Cell (CSPC), an associated organisation of the Tata Trusts, were brought under the milk procurement and technical input services network of Maahi MPC in Rajkot, Gujarat, with financial support from Dairy Health and Nutrition Initiative India (DHANII), a not-for-profit company set up by the Tata Trusts.
At the request of the Tata Trusts, NDS prepared a proposal with an outlay of Rs. 122.58 million for initiating a dairy value chain in Yavatmal District, Maharashtra. Pre-incorporation activities have commenced for setting up the MPC.

Assisting the National Rural Livelihoods Mission
The National Rural Livelihoods Mission (NRLM), a World Bank-funded project being implemented by the Ministry of Rural Development (MoRD), Government of India, is one of the world’s largest initiatives aimed at improving the livelihood of economically weaker sections of society through mobilising and organising them in an economic activity.
NDS helped the MP and Bihar SRLMs to set up three MPCs, two in MP, namely Mukta in Sagar and Maalav in Rajgarh; and one in Bihar, Kaushikee MPC in Saharsa. The two MPCs in MP and the one in Bihar were incorporated in August and September 2017 respectively. All these companies have an all-woman membership and all the producer-directors on their respective boards are women.

Prior to incorporation of the MPCs, orientation programmes were organised for the companies’ First Subscribers. Discussions were held on issues such as the need for institutional intervention in dairying; the different forms of organisations; the need for a producer-owned organisation; and the benefits of MPCs. The various provisions contained in the Memorandum of Association (MOA) and Articles of Association (AOA) were also discussed. Exercises and games were used to ensure participant involvement and queries were clarified during interactive sessions.

In addition, NDS has entered into an agreement with MP-SRLM to set up an MPC each in Chhattarpur and Shivpuri districts of Madhya Pradesh.

At the request of Rajasthan and Chhattisgarh SRLMs, NDS conducted milk potential surveys in select districts of Rajasthan and Chhattisgarh to explore the possibility of setting up MPCs in these two states.

NDS has also helped UP-SRLM in preparing a proposal for setting up an MPC in the Bundelkhand region of Uttar Pradesh.

Initiative in Bihar

At the request of NDDB, NDS had facilitated the setting up of an MPC covering the north-western districts of Bihar. The Bapudham MPC in Motihari was incorporated in April 2017 and operationalised in October 2017.

NDS facilitated the operationalisation of the MPC by assisting in recruitment and training of professionals and field personnel, obtaining various licences, and setting up infrastructure for milk procurement and forward linkages. Standard Operating Procedures (SOPs) were also shared with the MPC so as to ensure efficient operation of the entire dairy value chain. Quality Systems (QS) complying with statutory/regulatory requirements were also put in place.

During the year, Bapudham MPC enrolled around 20,000 milk producers; of whom 94% are smallholder milk producers. Women contribute 47% of the membership. The members of the company raised around Rs. 4.4 million towards share capital. The MPC procured about 20,000 kg of milk per day during 2017-18 and achieved a sales turnover of more than Rs. 174 million during the year.

Initiative in Maharashtra

NDDB, through Mother Dairy Fruit & Vegetable Pvt Ltd (MDFVPL), has initiated milk procurement operations in select districts of Vidarbha and Marathwada region with the aim of setting up an MPC at the appropriate time. NDS has provided support in recruitment, selection, and training of personnel involved in institution-building activities and is assisting MDFVPL to put in place systems which will help the project in ensuring fair and transparent operations.
CHAPTER III
Strengthening the MPCs

NDS continued to support and assist the five large MPCs – Paayas in Rajasthan, Maahi in Gujarat, Shreeja in Andhra Pradesh, Baani in Punjab, and Saahaj MPC in Uttar Pradesh (UP) – in the areas of skill enhancement, quality assurance, marketing of products, and productivity enhancement services.

NDS also organised training programmes in Dhanii-supported MPCs – Sakhi and Asha in Rajasthan, Shwetdhara in UP, and Ruhaanii MPC in Punjab – for the stakeholders to expand their knowledge-base and raise their skill levels in institution building.

Skill Enhancement
Training for Boards of Directors
As part of the skill-building strategy, a business orientation
programme was organised for the Boards of Directors (BoDs) of Shreeja, Saahaj, Baani, Paayas, and Maahi MPCs on ‘Understanding Financial Statements - II’. At the conclusion of the programme, they were able to explain and interpret information contained in the Income and Expenditure Statement and the Balance Sheet.

A one-day workshop on ‘Performance Evaluation of the Board of Directors’ was facilitated by NDS at Paayas MPC in order to encourage the directors to reflect on their contribution to the board activities. The workshop helped them in identifying their personal strengths and weaknesses.

Policy Governance
As a follow-up on the ‘leadership through policy governance’ initiatives held in the past, the BoDs of both Paayas and Maahi MPCs deliberated on the following four policy areas and finalised the ‘Policy Review Calendar’ for their respective organisations.

i. ENDS policies to prescribe the outcomes justifying organisational existence

ii. EXECUTIVE LIMITATIONS policies to describe the prudence and ethics boundaries on acceptable staff acts, practices, and circumstances

iii. GOVERNANCE PROCESS policies to clarify the Board’s own job and rules, including how it connects to its ownership

iv. BOARD-MANAGEMENT RELATIONS policies to describe the empowerment and accountability of the Board through the Chief Executive

The Policy Review Calendar provides for the Board to review a set of policies during each quarter of the financial year. The purpose of the Policy Review Calendar is to ensure the review of the compliance of policies on a regular basis, through the report of the Chief Executive.

A business orientation programme was organised for the BoDs of Sakhi and Asha MPCs. Governance and strategy workshops were conducted for the BoDs of the two MPCs in order to revisit the concepts and issues discussed during the business-orientation programme.

Exposure visits were organised for the BoDs of Asha and Sakhi MPCs to Paayas; and Shwetdhar MPC to Animal Breeding Centre, Salon, Rae Bareilly (Uttar Pradesh); with the objective of enhancing their understanding of the dairy sector.

For Members
About 16 training programmes were conducted for members of the five large MPCs. These included Orientation, Refresher Training, Trainers’ Training, Leadership Development, School Children Programme, and Rural Youth Awareness Programme.

Leadership Development programmes and orientation programmes were organised for Village Contact Groups (VCGs) and Member Relations Groups (MRGs) of all four DHANII-supported MPCs with a view to prepare them for leadership roles. A number of training programmes were conducted by outsourced agencies for members. These included a ‘Producer Awareness Programme’ highlighting the salient features of the MPC, benefits of becoming
members, etc., and a programme for rural youth and school children on benefits and activities of an MPC.

For Professionals
A two-day workshop on ‘Pre-Requisites for a Sustainable Institutional Structure of the Milk Producer Company’ was organised for the CEOs and Deputy CEOs of MPCs with the objective of imparting an understanding of the status of MPCs and to deliberate upon the institutional pre-requisites for a sound, successful MPC.

Senior professionals and field teams of the five large MPCs attended the orientation programmes conducted by NDS on ‘Core Design Principles of the MPC’.

The process of Institution Building involves making a set of facilitation efforts at various levels in the MPC focusing on building knowledge, skill, and attitude of every MPC stakeholder. Producer Institution Building (PIB) efforts aim to ensure that all stakeholders have a shared vision towards the organisational goal as well as have coordination and alignment in their activities to achieve this vision.

Newly-recruited PIB personnel also underwent the orientation programme. Train-the-trainer programmes were conducted by NDS for PIB teams of MPCs to enable them to conduct awareness programmes for members and other residents in the village.

Training programmes on Hazard Analysis Critical Control Point (HACCP) awareness, Food Safety Management System (FSMS)/Quality Management System (QMS), Internal Auditor
training, Hygienic and Sanitary Practices, and FSMS Lead Auditor training was facilitated by NDS for five large MPCs in which Quality Control Officers participated.

Eighteen training programmes for more than 300 senior to middle management staff on various themes such as Inter-Personal Communication, Team Building, Situational Leadership Level - I, Conflict Management, Feedback Mechanism, were organised at Maahi, Paayas, Baani, and Saahaj MPCs.

NDS organised a strategic meet for Human Resources (HR) personnel of five large MPCs to establish and strengthen the Core Principles of HR by discussing achievements and benchmark practices, sharing experiences and learnings, and identifying current and future challenges.

Additionally, training programmes were held on ‘Productivity and Customer Effectiveness’ for the sales and marketing personnel at Shreeja, Baani, and Saahaj MPCs; and on ‘Consultative Selling Skills’ for Paayas and Maahi MPCs with the participation of more than 130 members.

A two-day workshop on ‘Values and Vision for Leadership Development of MPCs’ was organised for the CEOs of DHANI-supported MPCs.

Train-the-Trainer programmes were conducted by NDS for PIB teams of the DHANI-supported MPCs to enable them conduct awareness programmes for members and other residents in the village.

Information Technology
NDS assisted Paayas, Saahaj, Baani, and Shreeja MPCs in implementing the General Packet Radio Services (GPRS) system at Milk Pooling Points (MPPs) and Bulk Milk Coolers (BMC) or Milk Chilling Centres (MCC). The GPRS system ensures accuracy, promptness, and eliminates manual intervention in the operations of MPCs.

NDS also supported Baani, Saahaj, Paayas, and Shreeja MPCs in implementation of a comprehensive IT system for ensuring transparency and data integrity in the complete dairy value chain. The second phase of the implementation of the Enterprise Resource Planning (ERP) system was undertaken at Baani and Saahaj MPCs.

NDS assisted the five large MPCs in rolling out and implementing Goods and Services Tax (GST) within the stipulated timeframe.

Assuring Quality
NDS’ support for the five large MPCs included taking corrective and preventive actions (CAPA) by carrying out a root cause analysis for rejection of milk. Maahi, Baani, Saahaj, and Shreeja MPCs were provided support in preparation and implementation of FSMS and Certification under ISO 22000: 2012. Twenty-four new standard operating procedures (SOPs) were developed and implemented at the MPCs for strengthening quality systems.

Marketing of Products
NDS provided support to Baani, Saahaj, and Shreeja MPCs in market planning, trade marketing, designing of product packaging for new products, and designing of brand communication materials.
Productivity Enhancement
AI Delivery

NDS supported three MPCs – Paayas, Maahi, and Saahaj – in the implementation of a pilot Artificial Insemination (AI) Delivery Services Project under NDP-I. To date, more than 1,300 trained Mobile AI Technicians (MAITs) have been associated with the project, covering about 11,500 villages across the three MPCs. A total of 0.64 million artificial inseminations were carried out taking their total number to 1.72 million since inception.

The MPCs were also assisted by NDS in extension activities to educate farmers about the benefits of artificial insemination. About 1,480 infertility management camps and 490 calf shows were also organised in these MPCs.

In PCs supported by DHANII – Sakhi, Asha, and
Shwetdhara – about 6,260 AIs were carried out and more than 290 infertility camps were conducted.

NDS continued to provide technical support to West Assam Milk Union Ltd (WAMUL) in implementation of the AI delivery project initiated under the World Bank-assisted Assam Agribusiness and Rural Transformation Project. In WAMUL more than 40,000 AIs were carried out by about 110 MAITs covering about 1,050 villages in Nagaon and Morigaon districts of Assam.

**Ration Balancing**

NDS assisted the five large MPCs – Maahi, Paayas, Saahaj, Shreeja, and Baani – to implement Ration Balancing and Fodder Development Projects under NDP-I.

About 7,500 Local Resource Persons (LRPs) from the five MPCs reached out to about 0.57 million households, covering 0.81 million animals in more than 12,645 villages.

The sale of fodder seed, cattle feed, and Area Specific Mineral Mixture was facilitated by NDS in these five MPCs. The five MPCs together sold about 50,000 MT of cattle feed, 250 MT of area specific mineral mixture, and 75 MT of fodder seeds to their members.

NDS assisted Paayas and Baani MPCs to launch a Strategic Feed Supplement – a Ration Balancer which aims to provide nutritional adequacy to feeding practices adopted by small and marginal farmers in order to fulfill scientifically-recommended requirements of dairy cattle under field conditions. About 30 MT of Ration Balancer was made available to producer members by Paayas and Baani MPCs.

Fodder preservation and conservation activities were supported by NDS in the project areas with about 1,120 villages and 15,875 farmers being covered. A total of 330 beneficiaries have, thereafter, adopted silage making.

In Sakhi, Asha, and Shwetdhara MPCs more than 130 silage demonstrations were arranged. About 1,850 animals in the operational areas of these MPCs are covered under Ration Balancing Programme.

**Dairy Farm Practices**

In 2017-18, improved dairy management practices were introduced in Paayas and Maahi MPCs in the course of which eight model dairy farms were established in each. Ten new model dairy farms were established at Saahaj MPC apart from the 10 farms set up during the previous year. About 4,000 dairy farmers in Baani MPC were trained in improved farm management practices in 2017-18.

Improved facilities and practices – like free movement housing, free access to cool and clean water, heat stress management, mastitis control, preventive health care, calf and heifer management, fodder production planning and conservation, etc. – were introduced in the model farms. Simple tools to help farmers improve management practices, using the breeding calendar, ready reckoner for feeding animals, farm record keeping book, etc., were also introduced.

California Mastitis Tests were carried out, for detection of sub-clinical mastitis, on more than 9,600 milch animals in the operational areas of Sakhi, Asha, and Shwetdhara MPCs.

About 60 training programmes on improved farm management practices were organised by NDS in which 1,803 farmer members participated.
Performance Overview

5 Large Milk Producer Companies
Paayas, Maahi, Shreeja, Baani, Saahaj

Membership
(Number of Members)

<table>
<thead>
<tr>
<th>Year</th>
<th>Members (in million Rs.)</th>
<th>Women Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>321,810</td>
<td>30%</td>
</tr>
<tr>
<td>2015-16</td>
<td>399,355</td>
<td>33%</td>
</tr>
<tr>
<td>2016-17</td>
<td>401,976</td>
<td>41%</td>
</tr>
<tr>
<td>2017-18</td>
<td>392,441</td>
<td>42%</td>
</tr>
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</table>

Share Capital Contribution by Members
(in million Rs.)

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<thead>
<tr>
<th>Year</th>
<th>Contribution (in million Rs.)</th>
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</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>473</td>
</tr>
<tr>
<td>2015-16</td>
<td>682</td>
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<tr>
<td>2016-17</td>
<td>909</td>
</tr>
<tr>
<td>2017-18</td>
<td>1,060</td>
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</tbody>
</table>

Average Milk Procurement Per Day
(in ‘ooo kg/day)

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<th>Year</th>
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<tbody>
<tr>
<td>2014-15</td>
<td>1,779</td>
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<tr>
<td>2015-16</td>
<td>1,925</td>
</tr>
<tr>
<td>2016-17</td>
<td>2,075</td>
</tr>
<tr>
<td>2017-18</td>
<td>2,559</td>
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</table>

Turnover
(in million Rs.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover (in million Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>19,695</td>
</tr>
<tr>
<td>2015-16</td>
<td>28,370</td>
</tr>
<tr>
<td>2016-17</td>
<td>33,130</td>
</tr>
<tr>
<td>2017-18</td>
<td>42,026</td>
</tr>
</tbody>
</table>
Semen Production and Marketing

NDDB’s state-of-the-art semen stations at Alamadhi (Tamil Nadu) and Rahuri (Maharashtra); and the two semen stations managed by NDS – Sabarmati Ashram Gaushala at Bidaj (Gujarat) and Animal Breeding Centre at Salon (Uttar Pradesh) – produce frozen semen doses (FSDs) under the brand name, ‘Superior Animal Genetics’ (SAG) which was the largest selling animal semen brand in the country during 2017-18. Together, the four semen stations produced about 32.4 million semen doses in 2017-18.

Sabarmati Ashram Gaushala produced 15.6 million doses, Animal Breeding Centre produced 8.2 million doses; and the two new mega semen stations, Alamadhi in Tamil Nadu and Rahuri in Maharashtra, together produced 8.6 million doses.

In 2017-18, about 33 million SAG-branded FSDs were
sold, out of which 14.9 million doses were supplied to 20 state governments and 54 cooperative unions in 15 states.

To differentiate between counterfeit semen doses available in the market and the SAG brand, NDS took two initiatives: it printed a unique alpha numeric code on every semen dose sold, which when messaged to a pre-defined phone number would enable authentication of the semen straw; and second, SAG brand semen doses were packaged in fluorescent straws. These straws emit a green fluorescence when a laser light is flashed. This technology is available exclusively to the NDS Semen Stations.

Various extension programmes were undertaken during the year to increase the number of Artificial Insemination Technicians (AITs) and dairy farmers using the SAG brand of frozen semen. In order to impart knowledge on semen handling and AI techniques, NDS arranged about 84 workshops for AITs in the states of Maharashtra, Bihar, Uttar Pradesh, Rajasthan, and Punjab in which more than 4,000 AITs participated.

A mobile application was developed for Sales Executives which enables creating a database of AITs and capturing AITs’ demand for the FSDs.

During the year 2015-16, a scientific breeding programme was undertaken with participation of about 1,500 farmers in the country to ensure production of high genetic merit, disease-free bulls for semen stations. The cows and buffaloes with these farmers were tested for diseases, put under milk recording and the best cows/ buffaloes were then mated according to their breeds with the semen of top genetic bulls to produce the next generation of bull calves. The programme will contribute improving the pedigree of bull calves through selective breeding.

NDS assisted in the development and implementation of a Mobile Milk Recording Application which is being used in the Bull Production Programme. This application helps in tracking the movement of the milk recorder using a Global Positioning System (GPS) thereby ensuring that the record of milking is captured at the location of the animal and at the predefined time of milking.

Embryo Transfer Technology and In-Vitro Fertilisation

To produce bulls of high genetic merit for semen stations and female calves for the benefit of farmers, NDS has initiated the application of Embryo Transfer Technology (ETT) at the farmers’ doorstep. ETT was implemented at 15 farms in the states of Punjab, Haryana, Rajasthan, Maharashtra, and Gujarat. ETT has been effected on a large scale for indigenous cattle like Sahiwal, Gir, Red Sindhi, Tharparkar, and Khillar producing more than 250 viable embryos in total.

During the year, In-Vitro Fertilisation (IVF) technology was standardised and embryo production commenced at Sabarmati Ashram Gaushala. NDS has collaborated with M/s Trans Ova Genetics (TOG), USA, world leaders in IVF, for training its staff in IVF technology at Sabarmati Ashram Gaushala. Large-scale production of embryos using IVF is expected to start from next year.
INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF NDDB DAIRY SERVICES

Report on the Financial Statements

We have audited the accompanying financial statements of NDDB DAIRY SERVICES ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Income and Expenditure Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended (“Accounting Standard”), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143 (11) of the Act.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its ‘Excess of income over expenditure’ and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Income and Expenditure Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) Reporting on the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, under Section 143(3)(i) of the Act is not applicable in view of the exemption available to the company in terms of the notification no. G. S. R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017.
   g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 30 to the financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. Since the Company is registered under Section 8 of the Companies Act, 2013 (Section 25 of the Companies Act, 1956), it is not required to enclose a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor’s Report) Order, 2015 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act.

FOR DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm’s Registration No. 015125N)

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: Mykonos
Date: 06 June, 2018
NDDB DAIRY SERVICES  
BALANCE SHEET AS AT 31 MARCH, 2018

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>As at 31 March, 2018</th>
<th>As at 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>I EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Shareholders’ funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Share capital</td>
<td>3</td>
<td>2,000,000,000</td>
<td>2,000,000,000</td>
</tr>
<tr>
<td>(b) Reserves and surplus</td>
<td>4</td>
<td>45,004,966</td>
<td>37,122,926</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,045,004,966</td>
<td>2,037,122,926</td>
</tr>
<tr>
<td>2 Deferred grant</td>
<td>5</td>
<td>43,342,545</td>
<td>-</td>
</tr>
<tr>
<td>3 Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Long-term borrowings</td>
<td>6</td>
<td>625,000,000</td>
<td>750,000,000</td>
</tr>
<tr>
<td>(b) Long-term provisions</td>
<td>7</td>
<td>14,009,808</td>
<td>12,474,063</td>
</tr>
<tr>
<td></td>
<td></td>
<td>639,009,808</td>
<td>762,474,063</td>
</tr>
<tr>
<td>4 Current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Short term borrowings</td>
<td>8</td>
<td>744,032</td>
<td>1,255,909</td>
</tr>
<tr>
<td>(b) Trade payables</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Total outstanding dues of micro and small enterprises</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(ii) Total outstanding dues of creditors other than micro and small enterprises</td>
<td></td>
<td>68,074,943</td>
<td>32,739,022</td>
</tr>
<tr>
<td>(c) Other current liabilities</td>
<td>10</td>
<td>166,681,837</td>
<td>144,970,161</td>
</tr>
<tr>
<td>(d) Short-term provisions</td>
<td>11</td>
<td>3,088,157</td>
<td>5,790,628</td>
</tr>
<tr>
<td></td>
<td></td>
<td>238,588,969</td>
<td>184,755,720</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,965,946,288</td>
<td>2,984,352,709</td>
</tr>
<tr>
<td>II ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Fixed assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Tangible assets</td>
<td>12</td>
<td>1,037,356,262</td>
<td>1,066,350,586</td>
</tr>
<tr>
<td>(ii) Intangible assets</td>
<td>12</td>
<td>5,344,348</td>
<td>6,134,458</td>
</tr>
<tr>
<td>(iii) Capital work-in-progress</td>
<td>12</td>
<td>34,519,686</td>
<td>36,222,121</td>
</tr>
<tr>
<td>(iv) Intangible assets under development</td>
<td></td>
<td>281,750</td>
<td>616,240</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,077,502,046</td>
<td>1,109,323,405</td>
</tr>
<tr>
<td>(b) Non-current investments</td>
<td>13</td>
<td>460,000,000</td>
<td>-</td>
</tr>
<tr>
<td>(c) Long-term loans and advances</td>
<td>14</td>
<td>92,845,425</td>
<td>98,217,138</td>
</tr>
<tr>
<td>(d) Other non-current assets</td>
<td>15</td>
<td>555,719</td>
<td>667,727</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,630,903,190</td>
<td>1,208,208,270</td>
</tr>
<tr>
<td>2 Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Inventories</td>
<td>16</td>
<td>143,335,367</td>
<td>67,547,733</td>
</tr>
<tr>
<td>(b) Trade receivables</td>
<td>17</td>
<td>151,582,304</td>
<td>99,467,826</td>
</tr>
<tr>
<td>(c) Cash and bank balances</td>
<td>18</td>
<td>992,959,358</td>
<td>1,573,317,376</td>
</tr>
<tr>
<td>(d) Short-term loans and advances</td>
<td>19</td>
<td>25,782,988</td>
<td>24,291,912</td>
</tr>
<tr>
<td>(e) Other current assets</td>
<td>20</td>
<td>21,383,081</td>
<td>11,519,592</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,335,043,098</td>
<td>1,776,144,439</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,965,946,288</td>
<td>2,984,352,709</td>
</tr>
</tbody>
</table>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

Jitendra Agarwal
Partner
Place: Mykonos
Date: 06 June, 2018

For and on behalf of the Board of Directors

Dilip Rath  
Chairman
K.S. Mehta  
Head Legal & Company Secretary
Place: New Delhi
Date: 6 June, 2018

Dr. Omveer Singh  
Managing Director
Hirak Ghosh  
Practice Head Finance
## INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH, 2018

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>1. Revenue from operations</td>
<td>21</td>
<td>250,726,313</td>
<td>180,893,712</td>
</tr>
<tr>
<td>2. Other income</td>
<td>22</td>
<td>118,636,525</td>
<td>134,164,085</td>
</tr>
<tr>
<td>3. Total revenue (1+2)</td>
<td></td>
<td>369,362,838</td>
<td>315,057,797</td>
</tr>
<tr>
<td>4. Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Cost of materials consumed</td>
<td>23</td>
<td>16,795,539</td>
<td>11,357,929</td>
</tr>
<tr>
<td>(b) Purchases of stock-in-trade</td>
<td>24</td>
<td>25,792,418</td>
<td>3,541,605</td>
</tr>
<tr>
<td>(c) Changes in inventory of finished goods</td>
<td>25</td>
<td>(73,499,962)</td>
<td>(44,346,741)</td>
</tr>
<tr>
<td>(d) Employee benefits expense</td>
<td>26</td>
<td>148,435,966</td>
<td>144,802,988</td>
</tr>
<tr>
<td>(e) Finance costs</td>
<td>27</td>
<td>460,191</td>
<td>190,749</td>
</tr>
<tr>
<td>(f) Depreciation and amortisation expense</td>
<td>12</td>
<td>73,885,766</td>
<td>70,076,690</td>
</tr>
<tr>
<td>(g) Other expenses</td>
<td>28</td>
<td>169,610,880</td>
<td>164,020,431</td>
</tr>
<tr>
<td>Total expenses</td>
<td></td>
<td>361,480,798</td>
<td>349,643,651</td>
</tr>
<tr>
<td>5. Excess of income over expenditure / (expenditure over income)</td>
<td>29</td>
<td>7,882,040</td>
<td>(34,585,854)</td>
</tr>
<tr>
<td>6. Excess of income over expenditure / (expenditure over income) after tax</td>
<td></td>
<td>7,882,040</td>
<td>(34,585,854)</td>
</tr>
<tr>
<td>7. Surplus/(deficit) per equity share:</td>
<td>29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Face value - Rs. 10 per share)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Basic</td>
<td></td>
<td>0.04</td>
<td>(0.17)</td>
</tr>
<tr>
<td>(b) Diluted</td>
<td></td>
<td>0.04</td>
<td>(0.17)</td>
</tr>
</tbody>
</table>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells Chartered Accountants
For and on behalf of the Board of Directors

Jitendra Agarwal Dilip Rath Dr. Omveer Singh
Partner Chairman Managing Director

Place: Mykonos K.S. Mehta Hirak Ghosh
Date: 06 June, 2018 Head Legal & Company Secretary Practice Head Finance

Place: New Delhi
Date: 6 June, 2018
# CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31 MARCH, 2018**

## A. CASH FLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

- **Net surplus/(deficit) before tax**: 7,882,040 (34,585,854)

**Adjustments for:**

- **Depreciation and amortisation expense**: 73,885,766 (70,076,690)
- **Finance costs**: 460,191 (190,749)
- **Interest income**: (112,388,126) (130,489,958)
- **Provision for employee benefits**: (1,166,726) 5,329,501
- **Loss/(profit) on sale of fixed assets**: 466,777 -

**Operating surplus/(deficit) before working capital changes**: (30,860,078) (89,478,872)

**Adjustments for movement in working capital:**

- **Increase in inventories**: (75,787,634) (49,707,985)
- **Increase in trade receivables**: (52,114,478) (77,947,686)
- **Decrease in long term loans and advances**: 21,639,087 19,586,214
- **Decrease/(increase) in short term loans and advances**: (1,491,076) 6,335,478
- **Increase in other current assets**: (861,977) -
- **Decrease in other non-current assets**: 110,074 -
- **(Decrease)/increase in short term borrowings**: (511,877) 1,255,909
- **Increase in trade payables**: 36,235,332 10,977,455
- **(Decrease)/increase in other current liabilities**: 15,506,671 (989,531)

**Cash generated from /(used in) operations**: (88,135,957) (179,969,018)

- **Net income tax (paid)/refund**: (19,105,716) 53,005,200

**Net cash flow from/(used in) operating activities** [A]: (107,241,673) (126,963,818)

## B. CASH FLOW FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

- **Decrease/(increase) in bank deposits not considered as cash and cash equivalents**: 525,215,987 (117,166,000)
- **Investment in government securities**: (460,000,000) -
- **Capital expenditure on fixed assets including capital advances**: (28,334,670) (131,763,868)
- **Proceeds from sale of fixed assets**: 37,289,967 1,108,095
- **Interest received**: 103,388,548 128,584,854

**Net cash flow from /(used in) investing activities** [B]: 177,559,832 (119,236,919)

## C. CASH FLOW FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

- **Proceeds from long-term borrowings**: - 137,168,000
- **Repayment of long term borrowings**: (125,000,000) (93,750,000)
- **Finance costs paid**: (460,191) (190,749)

**Net cash flow from /(used in) financing activities** [C]: (125,460,191) 43,227,251

**Net increase/(decrease) in cash and cash equivalents [A+B+C]**: (55,142,031) (202,973,486)
Year ended 31 March, 2018  |  Year ended 31 March, 2017  
---|---
Rupees| Rupees|
Cash and cash equivalents at the beginning of the year | 71,931,376 | 274,904,862 |
Cash and cash equivalents at the end of the year | 16,789,345 | 71,931,376 |

Components of Cash and Cash equivalents:

a) Cash on Hand | 1,271 | - |
b) Balances with banks:
   - In current/savings accounts | 16,788,074 | 8,531,376 |
   - In deposit accounts (original maturity less than 3 months) | - | 63,400,000 |
Cash and cash equivalents as per Cash Flow Statement | 16,789,345 | 71,931,376 |
c) Other bank balances
   - In deposit accounts (original maturity more than 3 months) | 896,100,000 | 1,421,466,000 |
   - Balances held as security against bank borrowings/guarantees | 80,070,013 | 80,558,389 |
Cash and cash equivalents as per Balance Sheet (see note 18) | 992,959,358 | 1,573,955,765 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  |  For and on behalf of the Board of Directors
Chartered Accountants | 
Jitendra Agarwal  |  Dilip Rath  |  Dr. Omveer Singh
Partner  |  Chairman  |  Managing Director
K.S. Mehta  |  Head Legal & Company Secretary  |  Hirak Ghosh
Place: Mykonos  |  Practice Head Finance
Date: 06 June, 2018  |  Date: 6 June, 2018

Place: New Delhi
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information
NDDB Dairy Services (‘the Company’) was incorporated on 12 October, 2009 as a wholly owned subsidiary of National Dairy Development Board (NDDB), a body corporate formed under the National Dairy Development Act, 1987. Thereafter, the Company obtained license under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013) on 10 March, 2010.

The Company has been set up to promote operations related to enhancement of livestock production and productivity, to promote cooperative strategy by carrying out facilities relating to milk procurement, processing, transportation, marketing and quality assurance by itself and through dairy and other cooperatives, producer companies (new generation cooperatives) and other entities by providing technical, managerial and financial support. The Company is engaged in insemination activities including production, purchase, sale and delivery of semen, liquid nitrogen and associated products with respect to livestock production and productivity enhancement. The Company also provides consultancy, advisory and marketing services relating to animal husbandry and dairy to co-operatives and producer companies.

2. Significant accounting policies
The significant accounting policies are as follows:

a. Basis of accounting and preparation of financial statements
The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (‘the Act’), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of estimates
The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which results are known/materialize.

c. Inventories
Inventories comprise raw materials, finished goods and consumables. Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Inventories are valued at lower of cost determined using weighted average method and net realizable value. Cost includes all charges incurred in bringing the inventories to the point of sale. Cost of finished goods include appropriate proportion of overheads.

d. Cash and cash equivalents (for the purpose of Cash Flow Statement)
Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e. Cash flow statement
Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f. Depreciation and amortisation
Depreciation on tangible assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of mobile phones. Accordingly, the useful life of assets considered is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Useful life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>30 years</td>
</tr>
<tr>
<td>Borewell</td>
<td>5 years</td>
</tr>
<tr>
<td>Carpeted Roads</td>
<td>5 years</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>15 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Computers</td>
<td>3 years</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>10 years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>8 years</td>
</tr>
<tr>
<td>Livestock</td>
<td>10 years</td>
</tr>
<tr>
<td>Pipeline</td>
<td>15 years</td>
</tr>
</tbody>
</table>
Intangible assets are amortised over the estimated useful life on straight line method as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Useful life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software</td>
<td>6 years</td>
</tr>
<tr>
<td>Trademarks</td>
<td>4 years</td>
</tr>
</tbody>
</table>

Depreciation is provided pro-rata from the date of addition.

All assets costing Rs. 5,000 or less individually are depreciated in the year of acquisition.

g. Revenue recognition

Sales are recognised, net of returns and trade discounts, on transfer of significant risk and rewards of ownership to the buyers, which generally coincides with the delivery of goods to customers.

Revenue from services are recognized when services are rendered and related costs are incurred.

h. Other income

Interest income on Investments/deposits are recognized on accrual basis. Income from rent and hire charges is recognized on accrual basis in accordance with relevant agreements.

i. Fixed assets (Tangible/Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase/completion is capitalized if such expenditure results in an increase in the future benefits from such asset beyond its previous assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Capital work-in-progress

Projects under which tangible fixed assets are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

j. Foreign currency transactions

Transactions denominated in foreign currencies entered into by the Company are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates.

Exchange differences arising on translation of monetary assets and liabilities and realised gains and losses on settlement of foreign currency transactions are recognised as income or expense in the Income and Expenditure Account.

k. Government grants

Government grants are recognized when there is reasonable assurance that the company will comply with the conditions attached to them and grants will be received.

Revenue grants are recognized as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis.

Grant received for purchase, construction or acquisition of capital assets is treated as Deferred Grants. An amount equivalent to the depreciation charge on assets procured from such grants is appropriated from Deferred Grants and recognized in the Income and Expenditure Account by way reduced depreciation charge.

l. Investments

Investment intended to be held for more than a year are classified as ‘Long term investments’. Long-term investment are carried individually at cost less Writeoff / Provision for diminution in the value of such investments, if such a decline is other than temporary. Investments other than Long-term are classified as current investments and are stated at lower of cost and fair value.

m. Employee benefits

Employee benefits include provident fund, gratuity and compensated absences. Employee benefits are accrued in accordance with Accounting Standard – 15 (Revised) “Employee Benefits”

i. Defined contribution plans

The Company’s contributions to Provident Fund is considered as defined contribution plan and charged as an expense based on the amount of contributions required to be made and when services are rendered by the employees. The contribution towards provident fund are deposited with the Regional Provident Fund Commissioner (RPFC).

ii. Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Income and Expenditure Account in the period in which they occur. Past service cost is recognised immediately to the extent
that the benefits are already vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

iii. Short-term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the services.

These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences;
(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Long-term employee benefits
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation as at the balance sheet date on the basis of actuarial valuation.

n. Borrowing costs
Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Income and Expenditure Account over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Income and Expenditure Account during extended periods when active development activity on the qualifying assets is interrupted.

o. Segment policies
i. Business segments:
The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance. The Company has structured its operations into the following segments:

Semen station: Insemination activities including production, purchase, sale and delivery of semen, liquid nitrogen and associated products.
Services: Consultancy, advisory and marketing services relating to animal husbandry and dairy to co-operatives and producer companies.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments based on their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

ii. Geographic segments
The Company operates in a single geographic segment; hence, there is no reporting of geographical segment.

p. Leases
Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rent under operating leases are recognized in the Income and Expenditure Account on straight line basis, over the lease term.

q. Earnings per share (EPS)
The Company reports basic and diluted surplus per share in accordance with Accounting Standard 20 on ‘Earnings per Share’ prescribed by the Companies (Accounting Standards) Rules, 2006. Basic surplus per share are computed by dividing the Excess of Income over Expenditure for the year by weighted average number of equity shares outstanding during the year. Diluted surplus per share is computed by dividing the Excess of Income over Expenditure for the year by the weighted average number of equity shares outstanding during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

r. Taxes on income
Tax expense comprises current tax. Current tax is the amount expected to be paid for the year as determined in accordance with the provisions of Income Tax Act, 1961. The Company is registered under Section 12A of the Income Tax Act and has also complied with the required provisions of Section 12A, accordingly Company’s income is exempt from Income tax in terms of the said section. Therefore, no provision for current tax/deferred tax is required.

s. Impairment of assets
The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication
If carrying amount of assets exceeds the recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expenses in the Income and Expenditure Account. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Income and Expenditure Account to the extent the amount was previously charged to the Income and Expenditure Account.

**t. Provisions and contingencies**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognized in the financial statements. Contingent liabilities are disclosed in the notes.

**u. Material events**

Material adjusting events occurring after the Balance Sheet date are taken into cognizance.

**v. Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 3 - Share Capital

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at March 31, 2018</th>
<th>As at March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>Amount Rupees</td>
</tr>
<tr>
<td>Authorised share capital</td>
<td>200,000,000</td>
<td>2,000,000,000</td>
</tr>
<tr>
<td>Equity Shares of Rs. 10 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued, Subscribed and Paid up capital</td>
<td>200,000,000</td>
<td>2,000,000,000</td>
</tr>
</tbody>
</table>

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended March 31, 2018</th>
<th>Year ended March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>Amount Rupees</td>
</tr>
<tr>
<td>Shares outstanding at the beginning of the year</td>
<td>200,000,000</td>
<td>2,000,000,000</td>
</tr>
<tr>
<td>Shares issued during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shares outstanding at the end of the year</td>
<td>200,000,000</td>
<td>2,000,000,000</td>
</tr>
</tbody>
</table>

(ii) Rights, preferences and restrictions attached to shares

The Company has issued one class of equity shares having face value of Rs. 10 each. Each shareholder is entitled to one vote per share. As per the license issued by Ministry of Corporate Affairs under Section 25 of Companies Act, 1956, no portion of income derived shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise by way of profit, to person who at any time are or have been members of the company. In the event of winding-up or dissolution of the Company, the remaining assets after satisfaction of all debts and liabilities shall be given or transferred to some other Company registered under Section 25 of the Companies Act, 1956 (Section 8 of Companies Act, 2013) having objects similar to the objects of the Company, to be determined in accordance with clause X of the Memorandum of Association of the Company.

(iii) Shares held by holding company, ultimate holding Company, their subsidiaries and associates

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at March 31, 2018</th>
<th>As at March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>Amount Rupees</td>
</tr>
<tr>
<td>National Dairy Development Board, the Holding</td>
<td>200,000,000</td>
<td>2,000,000,000</td>
</tr>
<tr>
<td>entity and its nominees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>200,000,000</td>
<td>2,000,000,000</td>
</tr>
</tbody>
</table>

(iv) Shareholder holding more than 5 percent shares:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at March 31, 2018</th>
<th>As at March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Shares held</td>
<td>% of Holding</td>
</tr>
<tr>
<td>National Dairy Development Board and its nominees</td>
<td>200,000,000</td>
<td>100</td>
</tr>
</tbody>
</table>
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars | As at 31 March, 2018 | As at 31 March, 2017
---|---|---
| Rupees | Rupees |

Note No. 4 - Reserves and surplus

a. Surplus/(deficit) in Income and Expenditure Account

(i) Opening balance

| 37,122,926 | 71,708,780 |

(ii) Add/(less): Surplus/(deficit) for the year

| 7,882,040 | (34,585,854) |

| 45,004,966 | 37,122,926 |

Note No. 5 - Deferred grant

Opening balance

| - | - |

Capital Grant utilised during the year (see note 38)

| 43,534,491 | - |

Less: Depreciation pertaining to assets acquired from capital grant

(see note 12)

| 191,946 | - |

Closing balance

| 43,342,545 | - |

Note No. 6 - Long-term borrowings

Secured

a. Term loans from Holding Company

| 750,000,000 | 875,000,000 |

Less: current maturity of long term borrowings

(see note 10)

| 125,000,000 | 125,000,000 |

| 625,000,000 | 750,000,000 |

Notes:

(i) Term loans from National Dairy Development Board (NDDB) are obtained for the purpose of setting up a frozen semen station at Alamadhi, Tamilnadu and Rahuri, Maharashtra. Term loans are secured by first charge on all the assets created under the setting up of semen stations by hypothecation of assets.

(ii) Interest and terms of repayment:

Total Loans sanctioned - Rs. 1,000,000,000.

Loans Disbursed till March 31, 2018 - Rs. 1,000,000,000.

Loans O/s as on March 31, 2018 - Rs. 7,50,000,000.

Term loans from NDDB are free of interest. However, any income earned on unutilised balance of loans is to be repaid to NDDB.

Term loans are to be repaid over a period of 10 years in 16 half yearly installments after the end of the initial moratorium period of 2 years from the date of first deemed disbursement i.e. 1 January, 2014 for Alamadhi Semen Station Loan and 1st October, 2014 for Rahuri Semen Station.

Note No. 7 - Long-term provisions

a. Provision for employee benefits

(i) For compensated absences

| 9,498,511 | 10,095,091 |

(ii) For gratuity

| 4,511,297 | 2,378,972 |

| 14,009,808 | 12,474,063 |
### Notes Forming Part of the Financial Statements

#### Particulars

<table>
<thead>
<tr>
<th></th>
<th>As at 31 March, 2018</th>
<th>As at 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

#### Note No. 8 - Short Term Borrowings

**From banks:**

a. Secured loan (see note (i) below)
   
   (i) Working capital loan (repayable on demand)
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>744,032</td>
<td>1,255,909</td>
</tr>
</tbody>
</table>

**Note:**

(i) Working capital loan bearing interest rate @ 7.60% from bank is in the nature of bank overdraft, secured against fixed deposit of the Company with banks (Refer note 18).

#### Note No. 9 - Trade payables

a. Trade Payables (Other than acceptances)
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68,074,943</td>
<td>32,739,022</td>
</tr>
</tbody>
</table>

(See Note 31)

#### Note No. 10 - Other current liabilities

a. Current maturities on long term borrowings (see note below)
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>125,000,000</td>
<td>125,000,000</td>
</tr>
</tbody>
</table>

b. Payables on purchase of fixed assets
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,800,219</td>
<td>14,595,214</td>
</tr>
</tbody>
</table>

c. Earnest money deposits
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50,000</td>
<td>180,000</td>
</tr>
</tbody>
</table>

d. Statutory dues (Contribution to PF, Withholding Tax, VAT etc.)
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13,771,152</td>
<td>4,538,912</td>
</tr>
</tbody>
</table>

e. Security deposits received
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>384,931</td>
<td>134,931</td>
</tr>
</tbody>
</table>

f. Advance from Customer
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>229,531</td>
<td>521,104</td>
</tr>
</tbody>
</table>

g. Grant received from NDDB (unutilised) (see note 38)
   
   (i) Capital grant
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,446,004</td>
<td>-</td>
</tr>
</tbody>
</table>

   **Note:**

   For details of security of current maturities of long term borrowings - refer to note 6

#### Note No. 11 - Short-term provisions

a. Provision for employee benefits
   
   (i) For compensated absences
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,800,876</td>
<td>4,435,824</td>
</tr>
</tbody>
</table>

   (ii) For gratuity
   
<table>
<thead>
<tr>
<th></th>
<th>Rupees</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,287,281</td>
<td>1,354,804</td>
</tr>
</tbody>
</table>

   **Total:**

   |                      | 3,088,157       | 5,790,628       |
### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Note No. 12 - Fixed Assets**

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>GROSS BLOCK</th>
<th>ACCUMULATED DEPRECIATION</th>
<th>NET BLOCK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at 1-Apr-17</td>
<td>Additions</td>
<td>Sales/ Disposal</td>
</tr>
<tr>
<td>(i) TANGIBLE ASSETS (Owned)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Buildings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Buildings</td>
<td>724,231,137</td>
<td>4,481,273</td>
<td>-</td>
</tr>
<tr>
<td>(ii) Borewell</td>
<td>9,385,516</td>
<td>2,111,384</td>
<td>-</td>
</tr>
<tr>
<td>c. Furniture and fixtures</td>
<td>22,631,894</td>
<td>687,802</td>
<td>82,647</td>
</tr>
<tr>
<td>d. Vehicles</td>
<td>13,060,568</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(ii) Given under operating lease</td>
<td>41,359,432</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(iii) Office equipment</td>
<td>16,278,735</td>
<td>4,661,093</td>
<td>151,612</td>
</tr>
<tr>
<td>e. Plant and equipment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Owned</td>
<td>212,352,477</td>
<td>40,141,025</td>
<td>98,821</td>
</tr>
<tr>
<td>(151,042,819)</td>
<td>(61,309,658)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(ii) Given under operating lease</td>
<td>41,359,432</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(ii) Office equipment</td>
<td>16,278,735</td>
<td>4,661,093</td>
<td>151,612</td>
</tr>
<tr>
<td>f. Livestock</td>
<td>72,496,995</td>
<td>2,744,375</td>
<td>2,012,779</td>
</tr>
<tr>
<td>(ii) Given under operating lease</td>
<td>64,440,437</td>
<td>67,268,023</td>
<td>2,111,465</td>
</tr>
<tr>
<td>g. Computers</td>
<td>8,790,311</td>
<td>1,010,599</td>
<td>319,999</td>
</tr>
<tr>
<td>(8,340,315)</td>
<td>(449,966)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>h. Pipelines (see note 1)</td>
<td>-</td>
<td>24,166,797</td>
<td>-</td>
</tr>
<tr>
<td>(9,963,683)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>Total</td>
<td>1,185,958,516</td>
<td>80,004,348</td>
<td>44,025,290</td>
</tr>
<tr>
<td>Previous year</td>
<td>(1,051,613,891)</td>
<td>(135,777,793)</td>
<td>1,433,168</td>
</tr>
</tbody>
</table>
### (ii) INTANGIBLE ASSETS  
(Other than self generated)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Trademarks</td>
<td>54,300</td>
<td>-</td>
<td>-</td>
<td>54,300</td>
<td>33,064</td>
<td>13,109</td>
<td>-</td>
<td>46,173</td>
<td>8,127</td>
<td>21,236</td>
</tr>
<tr>
<td>(54,300)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(54,300)</td>
<td>(19,489)</td>
<td>(13,575)</td>
<td>-</td>
<td>(33,064)</td>
<td>(21,236)</td>
<td>(34,811)</td>
</tr>
<tr>
<td>b. Software</td>
<td>10,411,175</td>
<td>968,149</td>
<td>-</td>
<td>11,379,324</td>
<td>4,297,953</td>
<td>1,745,150</td>
<td>-</td>
<td>6,043,103</td>
<td>5,336,221</td>
<td>6,113,222</td>
</tr>
<tr>
<td>(9,128,943)</td>
<td>(1,282,232)</td>
<td>-</td>
<td>-</td>
<td>(10,411,175)</td>
<td>(2,629,949)</td>
<td>(1,668,003)</td>
<td>-</td>
<td>(4,297,953)</td>
<td>(6,113,222)</td>
<td>(6,498,994)</td>
</tr>
<tr>
<td>Total</td>
<td>10,465,475</td>
<td>968,149</td>
<td>-</td>
<td>11,433,624</td>
<td>4,331,017</td>
<td>1,758,259</td>
<td>-</td>
<td>6,089,276</td>
<td>5,344,348</td>
<td>6,134,458</td>
</tr>
<tr>
<td>Previous year</td>
<td>(9,183,243)</td>
<td>(1,282,232)</td>
<td>-</td>
<td>(10,465,475)</td>
<td>(2,649,438)</td>
<td>(1,681,578)</td>
<td>-</td>
<td>(4,331,017)</td>
<td>(6,134,458)</td>
<td>(6,533,805)</td>
</tr>
</tbody>
</table>

### (iii) CAPITAL WORK IN PROGRESS  
34,519,686  
36,222,121

### (iv) INTANGIBLE ASSETS UNDER DEVELOPMENT  
281,750  
616,240

## GRAND TOTAL  
1,077,502,046  
1,109,323,405

### Depreciation and amortisation

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 31-Mar-18</th>
<th>Year ended 31-Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation on tangible assets</td>
<td>72,319,453</td>
<td>68,395,112</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>1,758,259</td>
<td>1,681,578</td>
</tr>
<tr>
<td>Less: Depreciation pertaining to assets acquired on grant</td>
<td>191,946</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>74,372,998</td>
<td>70,076,690</td>
</tr>
</tbody>
</table>

### Notes:

(i) The pipeline has been laid down for supply of water from Mula Dam to the Rahuri Semen station.
(ii) The details of assets purchased out of capital grant and included in the above schedule are given below (see note 38):

### Note No. 12 - Fixed Assets

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>AS AT 1-APR-17</th>
<th>ADDITIONS</th>
<th>SALES/ DISPOSAL</th>
<th>AS AT 31-MAR-18</th>
<th>ACCUMULATED DEPRECIATION</th>
<th>NET BLOCK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(i) Tangible assets (Owned)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Plant and equipment:</td>
<td>-</td>
<td>16,377,260</td>
<td>-</td>
<td>16,377,260</td>
<td>191,946</td>
<td>191,946</td>
</tr>
<tr>
<td>For the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>On sales/disposal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 31-Mar-18</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 31-Mar-17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>16,377,260</td>
<td>-</td>
<td>16,377,260</td>
<td>191,946</td>
<td>191,946</td>
</tr>
</tbody>
</table>
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31 March, 2018</th>
<th>As at 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note No. 13 - Non-Current Investments (At Cost)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Investment in Government Securities (8% Taxable Bonds)</td>
<td>460,000,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>460,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Note No. 14 - Long-term loans and advances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Capital advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Unsecured, considered good</td>
<td>21,410,551</td>
<td>24,248,893</td>
</tr>
<tr>
<td>b. Security deposits (Unsecured, considered good)</td>
<td>3,608,481</td>
<td>3,609,029</td>
</tr>
<tr>
<td>c. Advance income tax (net of provisions Rs. Nil) (unsecured, considered good)</td>
<td>59,451,182</td>
<td>40,345,466</td>
</tr>
<tr>
<td>d. Balances with government authorities (unsecured, considered good)</td>
<td>13,750</td>
<td>13,750</td>
</tr>
<tr>
<td>e. Prepaid expenses</td>
<td>28,633</td>
<td>-</td>
</tr>
<tr>
<td>f. Loans and advances to milk producer companies (secured, considered good)</td>
<td>8,332,828</td>
<td>30,000,000</td>
</tr>
<tr>
<td></td>
<td>92,845,425</td>
<td>98,217,138</td>
</tr>
<tr>
<td><strong>Note No. 15 - Other non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Balances held as security against bank borrowings/guarantees</td>
<td>528,315</td>
<td>638,389</td>
</tr>
<tr>
<td>b. Interest accrued on above</td>
<td>27,404</td>
<td>29,338</td>
</tr>
<tr>
<td></td>
<td>555,719</td>
<td>667,727</td>
</tr>
<tr>
<td><strong>Note No. 16 - Inventories</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(At lower of cost and net realisable value)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Raw material</td>
<td>5,399,529</td>
<td>2,964,171</td>
</tr>
<tr>
<td>b. Finished goods</td>
<td>126,065,095</td>
<td>56,799,583</td>
</tr>
<tr>
<td>c. Stock in Trade</td>
<td>5,294,110</td>
<td>1,059,660</td>
</tr>
<tr>
<td>d. Consumables</td>
<td>6,576,633</td>
<td>6,724,319</td>
</tr>
<tr>
<td></td>
<td>143,335,367</td>
<td>67,547,733</td>
</tr>
<tr>
<td><strong>Note No. 17 - Trade receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Unsecured, considered good)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Outstanding for a period exceeding six months from the date they were due for payment</td>
<td>67,439,445</td>
<td>5,025,405</td>
</tr>
<tr>
<td>b. Others</td>
<td>84,142,859</td>
<td>94,442,421</td>
</tr>
<tr>
<td></td>
<td>151,582,304</td>
<td>99,467,826</td>
</tr>
</tbody>
</table>
### Notes Forming Part of the Financial Statements

#### Note No. 18 - Cash and Bank Balances

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31 March, 2018</th>
<th>As at 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td>Rupees</td>
<td></td>
</tr>
<tr>
<td>a. Cash and cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Cash on Hand</td>
<td>1,271</td>
<td>-</td>
</tr>
<tr>
<td>(ii) Balances with banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- In current/savings accounts</td>
<td>16,788,074</td>
<td>8,531,376</td>
</tr>
<tr>
<td>- In deposit accounts</td>
<td>-</td>
<td>63,400,000</td>
</tr>
<tr>
<td>(original maturity less than 3 months)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents as per AS-3 - Cash Flow Statement</td>
<td>16,789,345</td>
<td>71,931,376</td>
</tr>
<tr>
<td>b. Other bank balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) In deposit accounts</td>
<td>896,100,000</td>
<td>1,421,466,000</td>
</tr>
<tr>
<td>(original maturity more than 3 months)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Balances held as security against bank borrowings/guarantees</td>
<td>80,070,013</td>
<td>79,920,000</td>
</tr>
<tr>
<td></td>
<td><strong>992,959,358</strong></td>
<td><strong>1,573,317,376</strong></td>
</tr>
<tr>
<td><strong>Note:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Balances with banks include deposits amounting to Rs 627,600,000 (previous year Rs. 452,800,000) which have maturity of more than 12 months from the balance sheet date.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Fixed Deposit amounting to Rs. 79,920,000 have been pledged against bank overdraft facility (Refer Note 8)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Note No. 19 - Short-term loans and advances

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31 March, 2018</th>
<th>As at 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td>Rupees</td>
<td></td>
</tr>
<tr>
<td>a. Loans and advances to related parties (unsecured, considered good) (refer note 37)</td>
<td>438,217</td>
<td>845,173</td>
</tr>
<tr>
<td>b. Loans and advances to employees (unsecured, considered good)</td>
<td>44,121</td>
<td>23,695</td>
</tr>
<tr>
<td>c. Prepaid expenses (unsecured, considered good)</td>
<td>4,547,992</td>
<td>4,198,561</td>
</tr>
<tr>
<td>d. Advances to vendors (unsecured, considered good)</td>
<td>491,149</td>
<td>891,651</td>
</tr>
<tr>
<td>e. Loans and advances to milk producer companies (secured, considered good)</td>
<td>20,000,000</td>
<td>18,332,832</td>
</tr>
<tr>
<td>f. Grant receivable from NDDB (revenue grant)</td>
<td>261,509</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>25,782,988</strong></td>
<td><strong>24,291,912</strong></td>
</tr>
</tbody>
</table>

#### Note No. 20 - Other current assets

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31 March, 2018</th>
<th>As at 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td>Rupees</td>
<td></td>
</tr>
<tr>
<td>a. Interest accrued on bank deposits</td>
<td>20,269,694</td>
<td>11,268,182</td>
</tr>
<tr>
<td>b. Others</td>
<td>1,113,387</td>
<td>251,410</td>
</tr>
<tr>
<td></td>
<td><strong>21,383,081</strong></td>
<td><strong>11,519,592</strong></td>
</tr>
</tbody>
</table>
## Notes forming part of the financial statements

### Particulars

<table>
<thead>
<tr>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note No. 21 - Revenue from operations</strong>*</td>
<td><strong>Note No. 21 - Revenue from operations</strong>*</td>
</tr>
<tr>
<td>b. Sale of services</td>
<td>Rupees 91,679,664</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Rupees 250,726,313</td>
<td>Rupees 180,893,712</td>
</tr>
</tbody>
</table>

*These activities are not on commercial basis, and are in line with the object clause of the Memorandum of Association of the Company.

Note:

(i) Sale of product comprises:

a. Manufactured goods

| Frozen Semen | 135,085,619 | 104,082,987 |

b. Traded goods

| Liquid nitrogen | 1,491,253 | 477,751 |
| Frozen Semen | 22,469,777 | 2,123,945 |
| **Total** | **Total** | **Total** |
| Rupees 159,046,649 | Rupees 106,684,683 |

(ii) Sale of services comprises

| Marketing fees | 14,336,967 | 11,871,917 |
| Professional fees | 77,342,697 | 62,337,112 |
| **Total** | **Total** | **Total** |
| Rupees 91,679,664 | Rupees 74,209,029 |

### Note No. 22 - Other income

a. Interest and other finance income from:

(i) Deposits with banks

| 85,931,450 | 116,430,306 |

(ii) Government securities

| 22,167,666 | - |

(iii) Income tax refund

| 764,010 | 8,875,356 |

(iv) Others

| 3,525,000 | 5,184,296 |

b. Lease rent

| 568,158 | 3,408,948 |

c. Insurance claims received

| 5,156,324 | - |

d. Miscellaneous income

| 523,917 | 265,179 |

| **Total** | **Total** |
| Rupees 118,636,525 | Rupees 134,164,085 |
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note No. 23 - Cost of materials consumed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw material</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Opening stock</td>
<td>2,964,171</td>
<td>1,327,596</td>
</tr>
<tr>
<td>b. Add: Purchases</td>
<td>19,230,897</td>
<td>12,994,504</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,195,068</strong></td>
<td><strong>14,322,100</strong></td>
</tr>
<tr>
<td>c. Less: Closing stock</td>
<td>5,399,529</td>
<td>2,964,171</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,795,539</strong></td>
<td><strong>11,357,929</strong></td>
</tr>
<tr>
<td>Note:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Raw material consumed comprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Straws</td>
<td>11,406,313</td>
<td>7,579,278</td>
</tr>
<tr>
<td>b. Chemicals</td>
<td>541,252</td>
<td>350,447</td>
</tr>
<tr>
<td>c. Liquid Nitrogen</td>
<td>4,677,852</td>
<td>3,286,556</td>
</tr>
<tr>
<td>d. Others</td>
<td>170,122</td>
<td>141,648</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,795,539</strong></td>
<td><strong>11,357,929</strong></td>
</tr>
<tr>
<td>Note:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entire raw material consumed is indigenous</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note No. 24 - Purchases of stock-in-trade**

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Liquid Nitrogen</td>
<td>1,063,383</td>
<td>357,991</td>
</tr>
<tr>
<td>b. Frozen Semen</td>
<td>24,729,035</td>
<td>3,183,614</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,792,418</strong></td>
<td><strong>3,541,605</strong></td>
</tr>
</tbody>
</table>

**Note No. 25 - Changes in inventories of finished goods and Stock in Trade**

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Inventory at the beginning of the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished goods</td>
<td>56,799,583</td>
<td>13,512,502</td>
</tr>
<tr>
<td>Stock in trade</td>
<td>1,059,660</td>
<td>-</td>
</tr>
<tr>
<td>b. Inventory at the end of the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished goods</td>
<td>126,065,095</td>
<td>56,799,583</td>
</tr>
<tr>
<td>Stock in trade</td>
<td>5,294,110</td>
<td>1,059,660</td>
</tr>
<tr>
<td><strong>Net (increase) / decrease</strong></td>
<td><strong>(73,499,962)</strong></td>
<td><strong>(44,346,741)</strong></td>
</tr>
</tbody>
</table>

**Note No. 26 - Employee benefits expense**

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Salaries and wages</td>
<td>136,418,531</td>
<td>135,265,812</td>
</tr>
<tr>
<td>b. Gratuity expense (see note 35)</td>
<td>3,621,545</td>
<td>1,356,528</td>
</tr>
<tr>
<td>c. Contribution to provident fund (See note 35)</td>
<td>6,417,193</td>
<td>6,291,013</td>
</tr>
<tr>
<td>d. Staff welfare expenses</td>
<td>1,978,697</td>
<td>1,889,635</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>148,435,966</strong></td>
<td><strong>144,802,988</strong></td>
</tr>
</tbody>
</table>
## Notes Forming Part of the Financial Statements

### Note No. 27 - Finance costs

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Interest expense on borrowings</td>
<td>460,191</td>
<td>190,749</td>
</tr>
</tbody>
</table>

### Note No. 28 - Other expenses

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Consumption of stores and spare parts</td>
<td>35,507,631</td>
<td>27,240,961</td>
</tr>
<tr>
<td>b. Financial support to Producer Companies</td>
<td>17,317,549</td>
<td>37,710,719</td>
</tr>
<tr>
<td>c. Power and fuel</td>
<td>12,907,562</td>
<td>11,657,039</td>
</tr>
<tr>
<td>d. Security expenses</td>
<td>8,282,289</td>
<td>7,181,813</td>
</tr>
<tr>
<td>e. Recruitment expenses</td>
<td>525,055</td>
<td>466,151</td>
</tr>
<tr>
<td>f. Retainership and contractual expenses</td>
<td>24,691,625</td>
<td>20,886,476</td>
</tr>
<tr>
<td>g. Rent</td>
<td>1,916,023</td>
<td>14</td>
</tr>
<tr>
<td>h. Rates and taxes</td>
<td>333,120</td>
<td>23,475</td>
</tr>
<tr>
<td>i. Repairs and maintenance:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Building</td>
<td>940,930</td>
<td>1,149,452</td>
</tr>
<tr>
<td>- Plant &amp; Machinery</td>
<td>1,154,941</td>
<td>1,193,190</td>
</tr>
<tr>
<td>- Others</td>
<td>5,031,398</td>
<td>5,180,315</td>
</tr>
<tr>
<td>j. Meeting and conference expense</td>
<td>1,007,080</td>
<td>612,811</td>
</tr>
<tr>
<td>k. Communication expenses</td>
<td>4,948,877</td>
<td>4,036,103</td>
</tr>
<tr>
<td>l. Travelling and conveyance</td>
<td>25,799,830</td>
<td>22,051,863</td>
</tr>
<tr>
<td>m. Auditor’s remuneration (See note below)</td>
<td>679,680</td>
<td>506,000</td>
</tr>
<tr>
<td>n. Legal and professional charges</td>
<td>10,006,118</td>
<td>9,262,302</td>
</tr>
<tr>
<td>o. Bank charges</td>
<td>30,207</td>
<td>18,234</td>
</tr>
<tr>
<td>p. Printing and stationery</td>
<td>1,659,367</td>
<td>1,905,504</td>
</tr>
<tr>
<td>q. Insurance expenses</td>
<td>4,045,844</td>
<td>1,506,297</td>
</tr>
<tr>
<td>r. Training, awareness and incentives to milk producers</td>
<td>2,500,353</td>
<td>2,784,197</td>
</tr>
<tr>
<td>s. Sales promotion Expenses</td>
<td>3,793,210</td>
<td>3,529,363</td>
</tr>
<tr>
<td>t. Loss on sale/dipsoal of assets</td>
<td>466,777</td>
<td>-</td>
</tr>
<tr>
<td>u. Sales &amp; Distribution expenses</td>
<td>3,177,389</td>
<td>186,619</td>
</tr>
<tr>
<td>v. Miscellaneous expenses</td>
<td>2,888,025</td>
<td>4,931,533</td>
</tr>
</tbody>
</table>

### Note:

(i) Auditors’ remuneration comprises:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory audit fee</td>
<td>475,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Tax audit fee</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Reimbursement of expenses</td>
<td>26,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Taxes on above</td>
<td>103,680</td>
<td>66,000</td>
</tr>
</tbody>
</table>

**Total**                                                                 | **169,610,880**           | **164,020,431**          
**Note No. 29 - Surplus/(deficit) per Equity Share**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Unit</th>
<th>31 March, 2018</th>
<th>31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of income over expenditure/ (expenditure over income)</td>
<td>Rupees</td>
<td>7,882,040</td>
<td>(34,585,854)</td>
</tr>
<tr>
<td>Weighted average number of equity shares outstanding during the year</td>
<td>Numbers</td>
<td>200,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Nominal Value of Equity Shares</td>
<td>Rupees</td>
<td>10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Basic surplus/(deficit) per Share</td>
<td>Rupees</td>
<td>0.04</td>
<td>(0.17)</td>
</tr>
<tr>
<td>Equity shares used to compute diluted surplus per share</td>
<td>Numbers</td>
<td>200,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Diluted surplus/(deficit) per Share</td>
<td>Rupees</td>
<td>0.04</td>
<td>(0.17)</td>
</tr>
</tbody>
</table>

**Note No. 30 - Contingent Liabilities and Commitments (to the extent not provided for)**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31 March, 2018</th>
<th>As at 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Contingent Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Income Tax Demand for the Assessment year 2012-13</td>
<td>76,695,230</td>
<td>-</td>
</tr>
<tr>
<td>(b) Commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Estimated amount of contracts remaining to be executed on capital account (net of advances of Rs. 2,13,54,350)</td>
<td>152,071,164</td>
<td>25,158,393</td>
</tr>
</tbody>
</table>

The Income Tax Officer had raised a demand of Rs. 7,66,95,230 vide its Assessment Order dated 13.03.2015 in respect of Assessment Year 2012-13. An appeal against the assessment order was filed before the Commissioner of Income Tax (Appeals) and the Commissioner of Income Tax (Appeals) vide its order dated 8 July, 2016 decided the case in favour of the Company. Income Tax Department has filed an Appeal to Income Tax Appealable Tribunal (ITAT) against order issued by the Commissioner of Income Tax (Appeals).

**Note No. 31 - MSMED disclosure**

According to the records available with the Company, there were no dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act have not been given.

**Note 32**

"The Company is registered under Section 12A of the Income Tax Act and has also complied with the required provisions of Section 12A, accordingly Company’s income is exempt from income tax in terms of the said section. Therefore, no provision for current tax/deferred tax is required."
Note No. 33 - Expenditure in foreign currency

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>a. Traveling expenses</td>
<td>238,096</td>
<td>292,422</td>
</tr>
</tbody>
</table>

Note No. 34 - Earnings in foreign currency

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended 31 March, 2018</th>
<th>Year ended 31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Export of Frozen Semen Doses</td>
<td>3,542,994</td>
<td>-</td>
</tr>
</tbody>
</table>

Note No. 35 - Employee benefit plans

i. Defined-contribution plan

The Company's Provident Fund Scheme is a defined contribution plan. The Company has recognised Rs. 6,417,193 (previous year Rs.6,291,013) for Provident Fund contributions in Income and Expenditure Account.

ii. Defined benefit plan

The Company's Gratuity Scheme is a defined benefit plan. The following table sets out the status of defined benefit obligations and amount recognised in the financial statements.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31 March, 2018</th>
<th>31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>I Change in present valuation of obligation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value of obligation at the beginning of the year</td>
<td>3,733,776</td>
<td>3,482,584</td>
</tr>
<tr>
<td>Interest cost</td>
<td>192,988</td>
<td>191,324</td>
</tr>
<tr>
<td>Current service cost</td>
<td>1,501,822</td>
<td>1,593,287</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,556,743)</td>
<td>(1,105,336)</td>
</tr>
<tr>
<td>Actuarial (gain)/loss on obligation</td>
<td>1,926,735</td>
<td>(428,083)</td>
</tr>
<tr>
<td>Present value of obligation at end of year</td>
<td>5,798,578</td>
<td>3,733,776</td>
</tr>
</tbody>
</table>

Note: The Company’s obligation are unfunded

II Expense recognized in the Income and Expenditure Account

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31 March, 2018</th>
<th>31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>1,501,822</td>
<td>1,593,287</td>
</tr>
<tr>
<td>Interest cost</td>
<td>192,988</td>
<td>191,324</td>
</tr>
<tr>
<td>Net actuarial (gain)/loss recognized</td>
<td>1,926,735</td>
<td>(428,083)</td>
</tr>
<tr>
<td>Expense recognized in the Income and Expenditure Account</td>
<td>3,621,545</td>
<td>1,356,528</td>
</tr>
</tbody>
</table>

III Liability recognized in the Balance Sheet

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31 March, 2018</th>
<th>31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of obligation at the end of year</td>
<td>5,798,578</td>
<td>3,733,776</td>
</tr>
<tr>
<td>Net liability recognized in the balance sheet</td>
<td>5,798,578</td>
<td>3,733,776</td>
</tr>
</tbody>
</table>

IV Balance Sheet reconciliation

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31 March, 2018</th>
<th>31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of obligation as at the beginning of the year</td>
<td>3,733,776</td>
<td>3,482,584</td>
</tr>
<tr>
<td>Expense as above</td>
<td>3,621,545</td>
<td>1,356,528</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>1,556,743</td>
<td>1,105,336</td>
</tr>
<tr>
<td>Amount recognised in the balance sheet</td>
<td>5,798,578</td>
<td>3,733,776</td>
</tr>
</tbody>
</table>
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size and expense.

V Assumptions

<table>
<thead>
<tr>
<th></th>
<th>31 March, 2018</th>
<th>31 March, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate</td>
<td>7.00%</td>
<td>6.53%</td>
</tr>
<tr>
<td>Salary Growth rate</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Mortality</td>
<td>IAL 2006-08</td>
<td>IAL 2006-08</td>
</tr>
<tr>
<td></td>
<td>Ultimate</td>
<td>Ultimate</td>
</tr>
<tr>
<td>Withdrawal rate</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
</tbody>
</table>

Notes:
1. The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of obligations.
2. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
3. Actuarial assumptions used to measure liability for compensated absences are same as above.

VI Experience adjustments

<table>
<thead>
<tr>
<th></th>
<th>31.03.2018</th>
<th>31.03.2017</th>
<th>31.03.2016</th>
<th>31.03.2015</th>
<th>31.03.2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of obligation</td>
<td>5,798,578</td>
<td>3,733,776</td>
<td>3,482,584</td>
<td>4,275,932</td>
<td>2,423,329</td>
</tr>
<tr>
<td>Experience gain/(loss) on plan liabilities</td>
<td>(1,926,735)</td>
<td>428,083</td>
<td>1,779,921</td>
<td>(34,665)</td>
<td>(105,238)</td>
</tr>
</tbody>
</table>
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note No. 36 - Segment Reporting**

i. **Segment information**

The Company has identified business segments as its primary segment. The Company’s reporting segments are identified based on activities/products, risk and reward structure, organization structure and internal reporting systems. The Company has structured its operations into the segments as listed below. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to any reportable segment have been allocated on a reasonable basis. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities which are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

<table>
<thead>
<tr>
<th>(Amount in Rupees)</th>
<th>Semen station</th>
<th>Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>187,475,236</td>
<td>159,510,463</td>
<td>97,478,617</td>
</tr>
<tr>
<td><strong>RESULTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment result</td>
<td>(28,428,587)</td>
<td>(52,825,780)</td>
<td>(5,798,953)</td>
</tr>
<tr>
<td>Unallocated income (net)</td>
<td>(3,846,098)</td>
<td>(56,671,878)</td>
<td>(56,671,878)</td>
</tr>
<tr>
<td>Operating loss/income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td>460,191</td>
<td>190,749</td>
<td></td>
</tr>
<tr>
<td>Excess/(Deficit) of income over expenditure</td>
<td>7,882,040</td>
<td>(34,585,854)</td>
<td>7,882,040</td>
</tr>
<tr>
<td>Tax expense</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Excess/(Deficit) of income over expenditure after tax</td>
<td>7,882,040</td>
<td>(34,585,854)</td>
<td>7,882,040</td>
</tr>
<tr>
<td>Segment Assets</td>
<td>1,329,839,307</td>
<td>1,220,216,694</td>
<td>36,105,575</td>
</tr>
<tr>
<td>Unallocated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,600,001,406</td>
<td>1,723,000,825</td>
<td>41,135,190</td>
</tr>
<tr>
<td>Segment Liabilities</td>
<td>827,525,466</td>
<td>901,084,031</td>
<td>-</td>
</tr>
<tr>
<td>Unallocated</td>
<td>50,073,311</td>
<td>46,145,752</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>877,598,777</td>
<td>947,229,783</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>5,283,816</td>
<td>129,618,103</td>
<td>-</td>
</tr>
<tr>
<td>Unallocated</td>
<td>23,050,853</td>
<td>2,145,765</td>
<td></td>
</tr>
<tr>
<td>Non-Cash expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>other than depreciation</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>
Note No. 37 - Related Party Disclosures

Disclosures as required by the Accounting Standard (AS) 18 – “Related Party Disclosures” are as below:

A. Name of the related parties and nature of relationship (With whom the Company has transactions during the year):

<table>
<thead>
<tr>
<th>Nature of Relationship</th>
<th>Name of Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holding Company</td>
<td>National Dairy Development Board (NDDB)</td>
</tr>
<tr>
<td>Fellow Subsidiaries</td>
<td>IDMC Limited (IDMC)</td>
</tr>
<tr>
<td></td>
<td>Indian Immunologicals Limited (IIL)</td>
</tr>
<tr>
<td></td>
<td>Mother Dairy Fruit and Vegetable Private Limited (MDVFPL)</td>
</tr>
<tr>
<td>Key Management Personnel</td>
<td>Mr. Deepak Tikku (Ceased to be Director with effect from 1.4.2017)</td>
</tr>
<tr>
<td></td>
<td>Mr. Omveer Singh (Managing Director)</td>
</tr>
<tr>
<td></td>
<td>Mr. Ajay Khosla (Whole-time Director)</td>
</tr>
<tr>
<td></td>
<td>Mr. Sriram Singh (Whole Time Director with effect from 1.4.2017)</td>
</tr>
<tr>
<td></td>
<td>Mr. Chakkingal Pathayapura Devanand (Whole Time Director with effect from 1.4.2017)</td>
</tr>
</tbody>
</table>

B. Details of balances and transactions during the year with related parties

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Holding Company</th>
<th>Fellow subsidiaries</th>
<th>Key Managerial Personnel</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MDFVPL</td>
<td>IDMC</td>
<td>IIL</td>
<td></td>
</tr>
<tr>
<td>Transactions during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reimbursement of expenses by the Company</td>
<td>12,532</td>
<td>477,231</td>
<td>-</td>
<td>489,763</td>
</tr>
<tr>
<td></td>
<td>(845,173)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>Reimbursement of expenses to the Company</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(6,597)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>Rent</td>
<td>1,800,003</td>
<td>-</td>
<td>(-)</td>
<td>1,800,003</td>
</tr>
<tr>
<td></td>
<td>(14)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>12,842</td>
<td>-</td>
<td>(-)</td>
<td>12,842</td>
</tr>
<tr>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>Testing charges</td>
<td>1,205,638</td>
<td>-</td>
<td>(-)</td>
<td>1,205,638</td>
</tr>
<tr>
<td></td>
<td>(844,619)</td>
<td>(-)</td>
<td>(-)</td>
<td>(844,619)</td>
</tr>
<tr>
<td>Long Term Loan Borrowing taken</td>
<td>-</td>
<td>-</td>
<td>(-)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(137,168,000)</td>
<td>(-)</td>
<td>(-)</td>
<td>(137,168,000)</td>
</tr>
<tr>
<td>Long Term Loan Borrowing repaid</td>
<td>125,000,000</td>
<td>-</td>
<td>(-)</td>
<td>125,000,000</td>
</tr>
<tr>
<td></td>
<td>(93,750,000)</td>
<td>(-)</td>
<td>(-)</td>
<td>(93,750,000)</td>
</tr>
<tr>
<td>Managerial remuneration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Mr. Deepak Tikku</td>
<td>-</td>
<td>-</td>
<td>(-)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>- Mr. Omveer Singh</td>
<td>-</td>
<td>-</td>
<td>(-)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>- Mr. Ajay Khosla (Professional Fees)</td>
<td>-</td>
<td>-</td>
<td>(-)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>- Mr. Sriram Singh</td>
<td>-</td>
<td>-</td>
<td>(-)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>- Mr. Chakkingal Pathayapura Devanand</td>
<td>-</td>
<td>-</td>
<td>(-)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
</tbody>
</table>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
Note 39 - Lease Arrangements

The Company had entered into operating lease arrangements for certain equipment given on operating lease to Baani Milk Producer Company Limited, Saahaj Milk Producer Company Limited and Shreeja Mahila Milk Producer Company Limited. The Company has recognised lease rental income of Rs. 5,68,158 (previous year Rs. 34,08,948) in the statement of Income and Expenditure Account.

The lease arrangement was for a period of three months during the year, thereafter, these assets have been sold to Baani Milk Producer Company Limited, Saahaj Milk Producer Company Limited and Shreeja Mahila Milk Producer Company Limited.

The Company has entered into operating lease arrangement for office premises. The lease is cancellable and is for a period of 11 months. and may be renewed based on mutual agreement of the parties. The lease rental expenses of Rs. 19,16,023 (previous year Rs. 14) in respect of obligation under operating leases have been recognized in the Income and Expenditure Account.

Note: Figures in brackets represents previous year’s comparatives
Note No. 40
Previous year’s figures have been regrouped/reclassified wherever necessary to correspond with the current year’s classification/disclosure.

For and on behalf of the Board of Directors

Dilip Rath
Chairman

K.S. Mehta
Head Legal & Company Secretary

Dr. Omveer Singh
Managing Director

Hirak Ghosh
Practice Head
Finance

Place: New Delhi
Date: 6 June, 2018
## The Staff

**Chairman**  
Dilip Rath  

**Managing Director**  
Dr. Omveer Singh

**Executive Director**  
Sriram Singh  

**Executive Director**  
Dr. C.P. Devanand

**MANAGING DIRECTOR’S OFFICE**  
Sumitra Bhadu, Senior Analyst  
BCom, CS, ICSI

**COMPANY SECRETARY, LEGAL & ADMINISTRATION**  
K.S. Mehta, Practice Head  
BCom, CS, ICSI  

R. Balakrishna, Senior Analyst  
BA, PGD

Harmeen Negi, Senior Analyst  
BCom, CS, LLB

Amresh Kumar, Analyst  
BCom, CS

**PRODUCER INSTITUTION BUILDING**  
Raksh Pal Singh, Specialist  
MSc (Agronomy)

R. Mariappan, Senior Associate  
BSc (Agronomy)

Brajesh Narain Singh, Senior Associate  
BSc (Agronomy), BA (Hons)

Alok Kumar Gupta, Senior Associate  
BSc, MBA (Marketing)

Rachana Deodhar Goel, Senior Analyst  
BSc, PGDRM

Gargi Pragya Vaiaknavi, Analyst  
BBA, PGDM

Ravi Ranjan, Analyst  
BCom, PGDM

Swati Keshari, Analyst  
BSc (Agri), PGDM

Abhinav Ashesh, Management Trainee  
Btech (Nanotechnology), PGDM

**PRODUCTIVITY ENHANCEMENT SERVICES**  
Dr. Shri Prakash Singh, Practice Head  
Projects  
BSc, MSc (Animal Sciences)

Dr. S.K. Saxena, Specialist  
MSc (Animal Nutrition)

Dr. Lalitkumar Barot, Specialist  
BSc & AH

Dr. Rajeev Krishnan, Senior Associate  
MSc (Vet. Pathology), PGD-ABM

Dr. Manvir Singh, Associate  
MSc (Animal Nutrition)

R. Ilamurgan, Site Engineer  
BE (Civil)

Dr. Rajesh Roshan, Senior Analyst  
BSc & AH, MBA (RMI)

Dr. Lokendra Chauhan, Senior Analyst  
MSc (Animal Nutrition)

Dr. Niaz Vaheed, Senior Analyst  
BSc & AH, MBA (Marketing & Operations)

Ashish Kumar Trivedi, Senior Analyst  
BCom, MA (Sociology), MBA (Marketing)

Vipul Kumar, Senior Analyst  
BSc (Agronomy), MBA (Agronomy)

Dr. Navin Kumar Bansal, Senior Analyst  
BSc & AH

Dr. Devendra Kumar Swami, Senior Analyst  
BSc, BVSc & AH

**DAIRY VALUE CHAIN**  
Sunil Kumar Sharma, Practice Head  
BSc, LLB, PGDRM

Yogendra Kumar Nigam, Associate  
BSc, IDP

Debashree Adhikary, Senior Analyst  
BA (Hons), PGDBM

Subhash Chandra, Senior Analyst  
BSc (Agri), MBA (Agronomy)

Vinay Pratap Singh, Senior Analyst  
Btech (DT), MBA (Agronomy)

Neeraj Kumar Mongia, Senior Analyst  
Btech (DT), MBA (Agronomy)

Mayank Mangal, Analyst  
BCom

Vinit Kumar Rai, Analyst  
MA (Political Science, Ancient History), MBA (Agronomy)

Manish Dubey, Analyst  
Btech (DT)

**PLANNING, COORDINATION & MONITORING**  
Dr. Raghu Mallegowda, Senior Associate  
MSc (Vet. Gynaecology and Obstetrics)

Mahima Sharma, Analyst  
BSc, MBA (Food & Agriculture)

Swati Singh, Analyst  
BSc, MBA (FRSC)

**QUALITY ASSURANCE**  
Biswaijit Dutta, Practice Head  
BSc, PGDRM

Ashwani Sharma, Senior Analyst  
BSc, PG (Food Technology), PGDEM, BIT (Software Engineering)

Priti Chaudhary, Analyst  
MSc (Dairy Chemistry)

Rajiv Ranjan Goyal, Analyst  
Btech (DT)

Dr. Sonika Choudhary, Analyst  
MSc, PhD (Dairy Chemistry)

Sayantan Paul, Analyst  
Mtech (DT)

Parmeshwar Eknath Kate,  
Management Trainee  
Mtech (DT)

**INFORMATION TECHNOLOGY**  
Jai Narain, Practice Head  
BA, BCom, MCA

Sanjay K. Deshmukh, Associate  
BSc, MCA

Chander Batra, Associate  
BCom, MCA

Ashish Gupta, Senior Analyst  
BSc, MCA

Tapan Kumar Parida, Analyst  
BSc, MCA

**MIS**  
Diwakar Srivastava, Practice Head  
MSc (Agri - Agronomy), PGDRM

Puneet Kumar Tyagi, Analyst  
BCom, MBA (Research & Business Analytics)

Aksheev Ralli, Analyst  
BBA, MBA (Marketing)

**BUSINESS EXCELLENCE**  
Manoj Kumar Arora, Associate  
Btech (Industrial Engineering & Management), PGDM (Marketing)

**FINANCE & ACCOUNTS**  
Hirak Ghosh, Practice Head  
BCom, CA

Surya Prakash Gupta, Associate  
BCom, CA, CS

Vikas Upadhyay, Analyst  
BCom, MBA (Finance)

Sachin Kumar Goyal, Analyst  
BCom

Juhu Chauhan, Analyst  
BSc, MBA (Finance)

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