

Annual Report 2014-15



Maahi

MAAHI MILK PRODUCER COMPANY LIMITED

"Saurashtra Kutch Milk Producers' own Company"





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દૂધ એટલે માહી



સુપર ગોલ્ડ

ગોલ્ડ

તાજા

છાશ

માહી દહીં, જવાબ નહીં



માહી લાઈટ દહીં અને માહી તાજા દહીં

વ્યાપારિક પૂછપરછ માટે સંપર્ક કરો: ૦૨૮૧-૨૪૬૦૭૩૨

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MAAHI MILK PRODUCER COMPANY LIMITED

CIN: U01403GJ2012PTC070646

ANNUAL REPORT 2014-15

BOARD OF DIRECTORS (As on July 6, 2015)

Shri Gopalbhai Varotra	-	Chairman
Shri Vajesinh Chudasama	-	Director
Shri Ramde Modhwadiya	-	Director
Shri Meraman Zala	-	Director
Shri Parbatbhai Suvagiya	-	Director
Shri Nitesh Kansagara	-	Director
Shri Rudra Dave	-	Director
Shri Hamir Karavadra	-	Director
Shri Vijubha Gohil	-	Director
Smt. Ramilaben Patel	-	Director
Shri Shaktisingh Jadeja	-	Additional Director
Shri. Omveer Singh	-	Expert Director
Shri Sriram Singh	-	Expert Director
Prof. Madhavi Mehta	-	Expert Director
Shri Harshadkumar R. Joshi	-	Chief Executive & Director

CHIEF FINANCIAL OFFICER

Shri. Ramchandran R. Iyer

COMPANY SECRETARY

Shri. Sanjay Talati

REGISTERED OFFICE:

3rd & 4th Floor, Sakar Building,
Opp. Rajkumar College
Dr. Radhakrishnan Road
Rajkot-360 001, Gujarat State
Tel.: 0281 2460732, Fax: 0281 2460734
email: info@maahimilk.com

AUDITORS

M/s S.B. Bilimoria & Co.,
Chartered Accountants

BANKERS

State Bank of India
Union Bank of India
Dena Bank
Saurashtra Gramin Bank
Bank of Baroda
Axis Bank Ltd
HDFC Bank LTD
ICICI Bank
Dena Gujarat Gramin Bank

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DIRECTORS' REPORT

TO THE MEMBERS OF MAAHI MILK PRODUCER COMPANY LIMITED

The Directors have pleasure in presenting the Third Annual Report alongwith the Company's audited financial statements for the financial year ended March 31, 2015.

Financial Results

(Rs. in Crore)

Particulars	2014-15	2013-14
Total Revenue	985.80	891.54
Total Expenses	965.71	886.77
Profit Before Tax	20.09	4.77
Tax Expense	7.30	1.59
Net Profit After Tax	12.79	3.18
Limited Return (Dividend) [including tax on distribution of dividend]	3.16	2.69
Transfer to General Reserve	9.63	0.49

From the above table highlighting the financial performance of the Company, it revealed that, for the financial year ended March 31, 2015, the Company has recorded a strong revenue and margin performance. During the year under report, our Company has scaled a turnover of Rs.985.80 Crore as against Rs.891.54 Crore of previous year thereby registering a growth of 10.5%. A focus of our growth strategy is to expand our business in different parts of Gujarat covering the rural and urban areas as also launching the new products in the markets. During the year under review, the PBT was Rs. 20.09 Crores which was Rs. 4.77 Crores for the last year. Accordingly, there is a rise in the Profit Before Tax by about four times compared to last year. Achievement of a sales turnover near to 1000 Cr in just three years of operation is because of continual support and commitment of member of the Company.

Limited Return (Dividend)

Your directors have recommended a Limited Return (Dividend) of Rs.10/- per equity share (last year Rs.10/- per equity share) of the face value of Rs.100/- each for the financial year ended March 31, 2015. The dividend payment is subject to the approval of Members at the ensuing 4th Annual General Meeting, which will be paid to those Members whose names appear in the Register of Members as at the end of financial year on 31.03.2015.

The dividend @ Rs.10/- per equity share for the financial year 2014-15 will absorb Rs.3.16 Crore, including Dividend Distribution Tax of Rs.53.38 lacs.

Transfer to Reserve

The Board proposes to transfer Rs.9.63 Crore out of the profit after tax of the Company for the financial year 2014-15 to the credit of General Reserve in terms of relevant provisions of the Articles of Association of the Company read with Section 581ZI of the Companies Act 1956.

Achievement of Finance & Accounts Department :

With the joint efforts of Finance, Procurement & PIB departments, about 50% of the milk producers accounts have been transferred to Bank Accounts which was previously on FINO basis. From 01/04/2015, all the payments to the milk producers have been deposited to their bank accounts.

During the year under review, the Company has made repayment of the Term Loan taken from NDDB.

Operations:

a. Milk Procurement :

During the year under report, the Company's milk procurement operations continued to spread across eleven districts of the Saurashtra and Kutch area in Gujarat State encompassing about 1933 villages and 2144 MPPs (Milk Pooling Points) and the Company has procured on an average 5,35,840 liters of milk per day by regular procurement of surplus quality milk produced by all the milk producers associated with the Company.

It is expected that, with the assistance of the member, the Company always remain forerunner in maintaining required parameters of quality of milk by transporting the good quality fresh milk procured from the members in minimum time to the Milk Pooling Point (MPP); which will ultimately enhance the value of the milk and benefits to the Company, members and the consumers.

It is an immense pleasure to note that, your Company succeeded in decreasing previous year's 0.68% of average sour milk up to 0.32% during the year under report by various programmes organized by the Company throughout the year such as modernization of Chilling Centres and BMCs, required modifications in the timing and vehicles of milk pooling route and providing training to all the associated personnel and officers of the Company. Further, towards making efforts in improving the quality of the milk and preventing milk becoming sour in summer, the total time of accepting milk had been decreased considerably at Talala by making arrangements to accept milk simultaneously at two docks. Further, the modernization of machineries at Talala and Chalala Chilling Centres has been done with small modifications at lower cost, which has resulted in lower electricity consumption and enhancement in the milk chilling capacity.

It is yet to earnestly request certain section of the members of the Company to show their continuous active participation by regularly pouring, after retaining for home consumption, all the surplus milk produced by them with the Company.

Keeping in view the continuous shortage and high cost of water in Saurashtra region, the potable water is being obtained through the borewells at various Centres like Chalala, Jamnagar, Chotila, Bhavnagar and Gadhada, which has also enabled us to develop fodder demonstration farms and impart various fodder related trainings to our milk producers.

For bringing continuous improvement at the milk pooling points (MPPs) at village level and in the daily working of the Sahayaks, their assessment has been introduced keeping various developmental aspects in mind, by which Sahayaks are motivated to adopt regular improvements. During year under report, about 50% of the Sahayaks were awarded certificates and financial incentives who had acquired higher grades in the District. This exercise has brought about awareness and improvements at large-scale in their capacity and working style.

The Company is continuously endeavouring to maximise the productivity by enhancing efficiencies and taking cost reduction measures.

b. Sales & Marketing :

The Company's range of products consists of poly packed milk, butter milk, skimmed milk powder, white butter, curd, ghee and sweets having different variants in different consumer pack sizes.

Maahi Milk Products :

The Company continues selling poly packed milk and butter milk under co-branding with 'Mother DairyTM', whereas other products of the Company are being sold under the solo brand 'MaahiTM'.

In the direction of strengthening sales & distribution network, 148 new distributors, 2763 new retailers and 95 new Maahi parlours were added during the year under report. To serve the local customers efficiently, the Company has also started processing of milk and butter milk through third party at Rajkot ensuring adequate supervision, quality checks and better logistic controls.

Maahi has also introduced Maahi "Kamdhenu", a mobile milk van. "Maahi Kamdhenu" is environment friendly where no poly film is used. It is economical for consumer as it is less priced than poly packed milk and it gives best value for the customer's money. The customer gets pasteurised best quality milk at lower price which is superior in quality and hygienic over loose milk available in the market. There is an option to buy milk on any rounded off value and not as per quantity which is an added convenience.

The Company is constantly thriving to spread out its reach and product portfolio

by adding new products and facilities. In this direction, during the year, the Company has first time successfully launched "Maahi" sweets like Rasgulla, Gulab Jamun, Son papdi & Kaju Katri under Maahi solo brand. Maahi has also introduced new attractive packaging for "Maahi" Ghee and curd.

QUALITY ASSURANCE & MANUFACTURING

In line with our vision, mission and values and to become the World's leading Company in the area of milk business, our Quality Assurance department has supported for strengthening Infrastructure for Quality and Clean Milk Production by conducting extensive training programme covering all field staffs to improve their competency level in quality and food safety at our entire milk procurement area. We have been further strengthening our quality assurance system at the Milk Pooling Points and at our BMC/ CCs to ensure high quality of milk. For better, smooth and timely service to the customers, we have found new associate plants at Surat and Bharuch to further spread our wings at the South Gujarat Region. We are also exploring for new plant nearby Ahmedabad to provide better service to the consumers of Ahmedabad and surrounding market.

Further, using insights from market and to increase our product basket, we are in the process of introducing new products as per requirements of the consumers.

Way forward

Including Saurashtra and Kutch and Ahmedabad regions, all endeavours are being made to expand the presence of Maahi's products in other prominent cities of Gujarat, alongwith enlarging the Company's basket of products. The Company foresees big potential in tapping new markets in the eastern and southern Gujarat. As part of this strategy "Maahi" has launched milk products in Surat, Bharuch and Ankleswar.

As an initiative to move closer to the customer, Maahi has established more than 125 Milk parlours across the territory and has recently launched the "Maahi Shoppe" concept in Saurashtra, Kutch and Ahmedabad markets. These outlets spreading over major cities of Gujarat will be A class retail outlets where milk will be sold at MRP so that the consumer is assured of availability at the right price.

Producer Institution Building (PIB)

During the year under report, the Producer Institution Building Department of the Company (PIB) has conducted member awareness programmes (MAP) for 23,423 members covering eleven districts of Saurashtra & Kutch region wherein the members were made aware about the membership and Company related information to enable them to remain associated actively and thereby beneficially with the Company.

PIB group develops and conducts awareness programme for school children to build awareness about milk, milk production and activities of MPC and encourage children to realize importance of the dairy sector in rural lives. During the year under report, PIB executives have conducted child awareness programmes (CAP) for 2520 children of Primary/Middle/High School located in the MPP village.

PIB executives have also conducted youth awareness programmes (YAP) for 1769 rural youth to encourage them to understand the importance of dairying as an important source of livelihood and sensitise them to accept this as a profession.

During the year under report, the PIB Department of the Company (PIB) has also conducted Leadership development programmes for 80 members, wherein the members were made aware about the importance of the MPC Value, Vision and Mission and they emphasise to recognize the importance of communication and team work in their efforts at the village level.

The PIB department had facilitated an NGO to conduct Producer Awareness Programmes (PAP) for 28,087 milk producers, wherein the members and other milk producers were made aware about the membership and company related information and to increase the membership base of Company.

The PIB department had together with an NGO conducted Women Awareness Programmes (WAP) for 9346 women, wherein the women were made aware about important role of women in animal husbandry and dairy industry and need for their involvement in operation and governance of the MPC and also to understand Importance of self-care, health, hygiene and mutual support.

The PIB department had in association with an NGO conducted Quality and Clean Milk Production (CMP) programme for 28031 milk producers to recognise the importance/need for quality in milk and clean milk production.

The Company having a large operational area with a very large membership base, has thought it appropriate to create informal groups known as VCG (Village Contact Group) and MRG (Member Relation Group) comprising of members in order to redress the members' issues and to strengthen relationship and bonding between the Company & its members and to ensure effective two way communication.

Under the reporting year existing 1,713 VCGs (Village Contact Groups) were reconstituted into 1,547 VCGs with 10,740 members, whereas 152 new MRGs (Member Relation Groups) were formed consisting of 1,503 members.

On expiry of the tenure of most of the VCG members, all existing 1,547 VCGs will be reconstituted into 1798 VCGs with 11458 members. During the year, PIB will conduct 600 trainings for capacity building of 11,458 VCG members.

Aam Aadmi Vima Yojna (of LIC) for the Members

Since, the Board has sanctioned the group life/accident cover insurance policy for the eligible members of the Company (in the age group of and upto 58 years) under the insurance plan of LIC known as "Aam Aadmi Vima Yojna", and accordingly from April 1, 2015 group policy of 6217 members has been allotted by the LIC of India.

Sub-Project Plan under NDP-I

During the year under report, the company, as an End Implementing Agency (EIA), has been sanctioned four Sub-Project Plans (SPPs) by the NDDB (PMU-NDP-I) under the National Dairy Plan-I (NDP-I) to be implemented over a span of five years from 2012-2013 to 2017-2018 as under:-

- (i) Ration Balancing Programme (RBP)
- (ii) Fodder Development Programme (FDP)
- (iii) Pilot Model for Viable AI Delivery (AI Delivery)
- (iv) Village Based Milk Procurement System (VBMP)

All the above four plans are being implemented in company's operational districts viz., Amreli, Bhavnagar, Jamnagar, Junagadh, Kutch, Porbander and Surendranagar but excluding one Bhavnagar for AI delivery plan as NDDB is already implementing AI programme through SAG (Sabarmati Ashram Gaushala) there.

Ration Balancing Programme

This Programme aims at providing animal nutrition advisory services to the milk Producer at their doorstep with the help of Local Resource Persons (LRPs), especially trained in use of computer software, under the technical guidance of experts. This will help milk producers to feed their animals an optimal ration using locally available feed material leading finally to increase in milk yield, reducing production cost and also contributing to reduced methane emission.

During the year under report, the Company has hired and trained 850 LRPs out of which 181 are women and implemented the plan in 1672 villages, in which 102713 animals of 83692 milk producers have been registered and were provided guidance for the ration balancing, First year working of the project has revealed that, there has been an increase in animal milk production leading to reduction in cost of milk production upto 13%. By the end of current year 2015-16, it is planned to cover 1,80,000 animals of estimated 60000 milk producers of 3000 villages with the help of 1500 LRPs.

Fodder Development Programme

This programme focuses on the use of superior seeds of improved and high yielding varieties to increase the productivity of fodder crops and use of

technologies for optimal use of available green and dry fodder throughout the year thereby making availability of fodder for livestock.

During the year under project, the Company has sold 28 mts of fodder seed sale in 470 villages to 1424 milk producers. Company has successfully completed 50 silage demonstrations for fodder conversion during the year in 50 villages and 50 milk producers have taken benefit of this activity. By the end of current year, it is planned to distribute 100 MT of improved fodder seeds to 4,000 milk producers of 1,000 villages also planned for 50 silage demonstrations to 50 milk producers of 50 villages.

Pilot Model for Viable AI Delivery (AI Delivery)

The objective of this project is to develop self sustained model for providing superior quality AI (Artificial Insemination) services at farmer's doorstep aimed at producing superior progenies with better genetic potential for productivity thereby reducing milk production cost. This project was worked out in consultation with NDDB-Dairy Services. It was proposed to start total 280 AI Centers manned by mobile AI Technician (MAIT) in the phased manner to cater to 2168 villages spread across 6 districts in Gujarat. A total of 11.58 lakh AIs will be performed in 6 year period starting with 0.05 lakh in first year and reaching 3.56 lakh AIs in 6th year. The company has till date hired and trained 280 MAITs (Mobile Artificial Insemination Technicians) and established 280 AI centers covering 2168 villages to carry out the activity of the project. With a view to encourage and involve women in delivering the AI Service as MAITs during the year under report 16 women MAITs from Amreli and Junagadh districts came forward and accepted the challenge of performing AI .Up till 60,505 AIs so far have been done with an achievement of 53 % conception rate on the base of pregnancy diagnosis done during the year under report 112 project born daughters registered.

Village Based Milk Procurement System (VBMP)

The aim of this plan is to expand the infrastructure for collection and chilling of milk at village level and to reach more milk producers; and also to ensure weighing, testing quality of milk received and making payment in a fair and transparent manner.

The Company plans to implement VBMP activity in 7 districts by strengthening 2142 MPPs located in 1912 villages and by setting up 1248 new MPPs in 1248 new villages (as per plan). At the end of the project, the number of members to be covered under the project are estimated at 1,35,037 members and Milk Procurement (KgPD) is planned at 12,34,456 (KgPD).In Year 2014-15 under project 314 new villages were covered.

1) Village Based Milk Procurement System (VBMP) - Non IB Trainings:-

During the year 2014-15 various training programs conducted under the VBMP

- Non IB Training as per project guidelines, 31 training programs conducted for employees by Company where 634 participants were trained and 207 Sahayak training programs conducted where 4069 participants were trained for the understanding of the project.

2) Environment and Social (E&S) Trainings:-

Under the Environment and Social (E&S) Trainings during the year 2014-15, 50 awareness programs on use of pesticides, water and fodder conservation conducted where 2909 milk producers attended, 41 awareness programs on Government Schemes for SC/ST members conducted where 8309 participants attended and 50 Awareness programs for SC/ST households on dairying (for households not currently members of PCs) in new villages conducted where 2541 participants attended.

IT :

Our Company gives lot of emphasize on IT intervention in making the system streamline and online. Keeping in view in strengthening the process and having more transparency, we had implemented GPS for tanker movements which enable us to monitor the tanker online. We had issued bar-coded ID cards for all our members. Apart from doing atomization at member level, we had also integrated our customer requirement by enabling the sales order booking through SMS. By implementing the Maahi's website we had made our presence on web world and had tried to reach all potential customers across globe. To strengthen the security, we had implemented surveillance system along with network securities in our network. The launching of HRIS ensured that our employees working in field and remote locations can fill their attendance online and other data regarding work. This has helped tremendously in smoothening the work across Maahi as lot of paper work will be reduced. As every document is travelling electronically with literally no delay thus enabling the employees to fill the details hassle free and on timely basis. We are committed to excel ourselves on day to day basis to ensure that we remain focussed on our goals and targets.

Share Capital, Membership & Voting Rights

Share Capital & Membership:

The paid up share capital of the Company as on 31st March, 2015 was Rs. 26.22 Crores. During the year under report, the Company has allotted 3,26,897 shares to the new and existing members. The Company had 71283 members at the beginning of the year which rose to 86938 members at the end of the year. After annulment of total 12,565 memberships/folios consequent upon cancellation of membership, surrender of shares etc. effected during the year and association of new members with the Company during the year, the total membership strength stands at 83,310 members and the paid up capital of the Company is Rs. 24.02 Crore.

Time and again, members belonging to Class - A, Class - B and Class - C are hereby requested to adhere to and fulfil all the patronage criteria of their respective class and conditions for continuation of membership in order to avoid cancellation of membership and consequent hardship.

Voting Rights and attendance at AGM :

As regards exercise of voting right at the ensuing Annual General Meeting of the Company, out of said 86,938 members as on March 31, 2015, 39,882 members who did not pour milk for at least 200 days totalling to at least 500 litres in a previous financial year (F.Y. 2014-15), have lost their voting rights and are not entitled to vote on any resolution to be moved at this Annual General Meeting.

Further, those milk producers, who were members as on March 31, 2015, but whose membership has been cancelled post March, 2015, will be entitled to dividend for F.Y. 2014-15, but shall not be entitled to any share/membership related rights, entitlement or benefit (including attendance & voting at AGM) post such cancellation as they have ceased to be the members of the Company.

Similarly, new members, who were admitted as members of the Company post March 31, 2015, will not be entitled to dividend for FY 2014-15 as well as voting right at ensuing AGM.

Change in Chief Executive :

During the year under report, Shri. Harshadkumar R Joshi was appointed as Dy. Chief Executive of the Company w.e.f. 1st March, 2014.

Further, Dr. Satyendra Kumar Bhalla, who was the Chief Executive & Director of the Company, ceased to hold the office upon the expiry of his term on 31st December, 2014. The Board places on record its appreciation of the services rendered by Dr. S K Bhalla during his tenure as the Chief Executive and Director of the Company.

Consequent upon cessation of Dr. S K Bhalla as a Chief Executive of the Company, the Board of Directors have at their meeting held on 30th December, 2014 have appointed Shri. Harshad Kumar Joshi as a Chief Executive & Director of the Company for a term of five years w.e.f. January 1, 2015.

Board of Directors

During the year under report, Apoorva Oza, was appointed as an Expert Director of the Company on December, 27, 2012, who resigned with effect from December, 26, 2014. The Board places on record its appreciation for his services to the Board.

Shri Shaktisingh Jadeja, a member of the Company, was appointed as an Additional Directors of the Company with effect from 20.02.2015, in terms of Article

9.7(i) of the Articles of Association of the Company. Although he holds his office till the forthcoming Annual General Meeting (AGM) of the Company, he ceases to be the director of the Company at the said AGM for failing to fulfil the defined criteria as approved by the General meeting and as provided in the Articles of Association of the Company.

Composition of Board of Directors & reappointment of Directors

The Articles of Association of the Company (article 9.4 & 9.5) provide for the determination of criteria for categorising members into different classes based on their patronage and representation of such classes of members on the Board, to the extent possible, based on the patronage of members of respective class.

Based on the analysis of data w.r.t., fulfilment and non-fulfilment of patronage criteria by the members during FY 2014-15, it has been found that, 69% of the total members as on March, 31, 2015 have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly, out of this 69% of the total members, 08% comprised of Class-A, 26% Comprised Class-B and 66% comprised Class-C. Whereas, the proportionate percentages (%) of quantity of milk (patronage) supplied by the said Class-A, Class-B and Class-C of members amongst themselves were respectively 37%, 34% and 29% during FY 2014-15. Accordingly, the composition of the Board providing for representation of each class of members on the Board based on patronage of each class of members comes to 4 directors for Class-A, 4 directors for Class-B and 3 directors for Class-C respectively. The present Board meets the requirement of Article 9.4, as aforesaid.

In terms of Article 9.6 of the Articles of Association of the Company, Shri Gopalbhai Devkaranbhai Varotra (DIN: 05198510) and Shri Hamir Raja Karavadra (DIN: 06369158), the Directors of the Company (representing "Class-A"), will retire at the ensuing AGM of the Company and being eligible, offer themselves for re-appointment.

Shri Nitesh Kansagara (representing Class-A) retire at the ensuing AGM of the Company, he does not offer himself for reappointment for being not eligible to be reappointed in terms of the provisions of the Articles of Association of the Company, however, in his place, the Nominating Committee has, at its meeting held on June 18, 2015, recommended the appointment of Shri Rambhai Ukabhai Ram (DIN: 07235592), representing Class-A, as a director of the Company at the ensuing AGM, who is eligible for such appointment in accordance with the provisions of the Articles of Association of the Company.

Accordingly, the Board recommends their re-appointment. The statement containing name and qualifications of each of the three Directors seeking reappointment/appointment is annexed to the Notice convening 4th AGM of the Company.

Training of Board Members

During the year under review, the directors were imparted training in leadership through policy governance and exposure visit to cattle farm and dairy plant.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, ('Act'), Directors confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed by the Company;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the directors have prepared the annual accounts on a going concern basis.

Auditors

The Auditors of the Company, M/s. S. B. Billimoria & Co., Chartered Accountants, retire at the ensuing AGM, and have confirmed their eligibility and willingness to accept office, if reappointed.

The Board of Directors recommends the re-appointment of M/s. S. B. Billimoria & Co., as the Auditors of the Company at the ensuing AGM.

Internal Control System & Audit

The Company has in place the proper and adequate internal control system, which ensures that all assets are safeguarded and protected and the transactions are authorized, recorded and reported correctly. The internal audit of accounts, also in compliance of the requirement of Section 581ZF of the Companies Act, 1956, is conducted regularly by the external firm of Chartered Accountants viz., M/s. Ernst & Young LLP, Chartered Accountants. The Internal Auditors independently evaluate the adequacy of internal controls and carry out the audit.

Cost Compliance Report

The Cost Audit Report of the Cost Auditors of the Company M/s G. S. & Associates (Cost Accountants), Ahmedabad on the audit of Cost Accounting records of the Company for the F.Y. 2014-15 will be submitted to the Central Government along with the Annexure within the statutory time limit.

Human Resource:

Human resources have always been the key to success of the Company's business. The ever growing business operations of the Company obviously entail increase in human resources. Attracting befitting talent remains the Company's key focus even as it continues to nurture leadership capabilities. Your Company pays special attention to training, health, welfare and safety of its people thereby strengthening its human capital. The Vision, Mission and Values (VMV) of the Company are being expounded across all the levels of organization through VMV Programs and otherwise for achieving long term growth objectives. The concerted efforts are being made for attracting, developing and retaining the best talent by creating culture and environment, where employees can perform well and achieve the desired organisational goals.

Safety and Health

The Company provides a safe and healthy workplace for its employees by establishing right safety culture across the organisation. Your Company is keen to ensure the proper health and safety of employees, who are physically handling the milk day in and day out. A regular medical check-up is carrying out and necessary training is imparted for the same. We are committed to conserve natural resources and environment through energy conservation and by adopting eco-friendly practices, and continuously strive to protect the environment by various initiatives like planting of trees, installation of effluent treatment facilities etc.

Particulars of Employees

During the year under report, none of the employees of the Company was in receipt of remuneration equal to or exceeding the limit prescribed under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Energy Conservation, Technology Absorption & Foreign Exchange Earnings and Outgo

The particulars required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to energy conservation, technology absorption and foreign exchange earnings and outgo, are provided in Annexure-A to this Report.

Acknowledgement

Your Directors acknowledge and place on record their sincere appreciation for the continuing association, patronage and support of the milk producer members of the Company as well as thank the customers, vendors, bankers and business associates for their sustained cordial relationship with the Company.

Further, we also express our gratitude and thanks to National Dairy Development Board, Mother Dairy Fruit & Vegetable Private Limited and NDDDB Dairy Services for providing encouragement and continuous support.

Nonetheless, the concerted efforts put in by the employees of the Company at all levels through their sincerity, hard work and perseverance are acknowledged and appreciated.

For and on behalf of the Board of Directors

Date: July 6, 2015
Place: Rajkot

Gopalbhai Varotra
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 forming part of the Directors' Report for the year ended March 31, 2015 :

A. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken :

The Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this initiative.

Company ensures that the production operations are conducted in the manner whereby optimum utilization and maximum possible saving of energy is achieved. Various energy conservation measures have been taken at various BMCs/CCs of the Company to implement energy conservation projects like :

- Upgraded an Ammonia based Milk Chilling Plants to Freon Gas (R 22 Gas) based refrigeration plants at Kutiyana Chilling Centre & Talala Chilling Centre.
- With the help of using R 22 Gas as a refrigerant, we are thus saving approx. 25% to 30 % of Electrical Energy.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy :

- At Chalala Chilling Centre it is proposed to upgrade the plant to Freon Gas (R 22 Gas) based.
- Installation of LED street lights at Talala Chilling Centre compound area.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods :

The energy conservation measures have resulted/will result in energy saving and consequent decrease in the cost of production. The installation of R 22 Gas refrigeration plants has resulted/will result in reducing the energy consumption due reduction in chilling process time.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in the Schedule thereto is as under :

FORM – A (see Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

(A) Power and fuel consumption

Sr. No.	Particulars	Unit	Year ended	
			2014-2015	2013-2014
1.	(a) Electricity Purchased			
	Unit	KWH	36,39,654	40,57,407
	Total amount	Rupees	2,94,49,069	2,99,17,504
	Rate/Unit	Rs./KWH	8.0911	7.3735
	(b) Own Generation			
	i) Through diesel generator			
	Unit	KWH	2,78,616.34	21,45,47.11
	Units per ltr. of diesel oil	KWH	5.90	4.62
	Cost / Unit	Rs./KWH	11.01	12.75
	ii) Through steam turbine/generator			
Units	N.A.	N.A.	N.A.	
Units per ltr. of diesel oil/gas				
Cost / Units				
2.	Coal (specify quality and where used)			
	Quantity (tonnes)	N. A.	N. A.	N. A.
	Total cost			
Average rate				
3.	Furnace oil			
	Quantity (K. Ltrs.)	----	N. A.	N. A.
	Total amount	Rs.		
Average rate	Rs./Ltrs			
4.	Others/internal generation (CNG)			
	Quantity	----	N. A.	N. A.
	Total cost	Rs.		
Rate/unit	Rs./sm3			

(B) Consumption per unit of production

It is not feasible to maintain data of energy consumption per unit of product at present, since the Company chills varied quantities of milk on daily basis at various cooling/chilling centres having different cooling capacities with different energy requirements, and further, contract manufacture its various milk products through others.

B. TECHNOLOGY ABSORPTION :

(e) Efforts made in technology absorption as per Form-B (Disclosure of particulars with respect to Technology Absorption).

- At present, the reporting under this part is not applicable to the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAAHI MILK PRODUCER COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAAHI MILK PRODUCER COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, 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 principles generally accepted in India, including the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 581ZG of the Part IXA of the Companies Act, 1956 (in terms of section 465 of the Companies Act, 2013, provisions of part IXA of the Companies Act are applicable to a producer company in a manner as if the Companies Act, 1956 has not been repealed), we give in the Annexure 2 a statement on the matters specified in that Section.
3. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been

kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - 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

For S. B. BILLIMORIA & CO.

Chartered Accountants
(Firm Registration No. 101496W)

Jitendra Agarwal
Partner

(Membership No. 87104)

Gurgaon, 13 July, 2015

ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business/ activities/ results during the year, clause (vi) of paragraph 3 of the Order is not applicable to the Company.

- (i) In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories :
 - a. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of

- its business with regard to purchase of inventory and fixed assets and the sale of goods. The Company's operations during the year do not give rise to any sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, in respect of statutory dues :
- The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any liability for Customs Duty, Excise Duty and Wealth Tax.
 - There are no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.
 - There are no dues of Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2015 on account of any dispute.
 - There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vii) The Company does not have any accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to the banks. The Company has not taken any loan from the financial institutions and it has not issued any debentures.

- (ix) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For S. B. BILLIMORIA & CO.

Chartered Accountants
(Firm Registration No. 101496W)

(Jitendra Agarwal)

Partner

(Membership No. 87104)

Gurgaon, 13 July, 2015

ANNEXURE-2 TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Reports on Other Legal and Regulatory Requirements' section of our report of even date)

- i. The amount of debts due from sale of goods and services are as disclosed in note 17 to the financial statements. According to the information and explanations given to us, except as disclosed in the said note, no debts are considered as doubtful of recovery.
- ii. According to the information and explanations given to us, cash on hand as at year-end has been physically verified by the management and no discrepancies were noticed on such verification. According to the information and explanations given to us, the Company does not hold any investment securities.
- iii. The details of assets and liabilities as at 31 March, 2015 are as per the financial statements of the Company as at and for the year ended 31 March, 2015.
- iv. In our opinion and according to the information and explanations given to us, the Company has not done any transaction which appears to be contrary to the provisions of part IXA of the Companies Act, 1956.
- v. According to the information and explanations given to us, the Company has not granted any loan to its directors.
- vi. According to the information and explanations given to us, the Company has not given any donations or subscriptions during the year.

For S. B. BILLIMORIA & CO.

Chartered Accountants

(Firm Registration No. 101496W)

(Jitendra Agarwal)

Partner

Gurgaon, 13 July, 2015

(Membership No. 87104)

MAAHI MILK PRODUCER COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH, 2014

	Note No.	As at 31 March, 2014	As at 31 March, 2013
		Rupees	Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	22,95,34,600	10,53,96,900
(b) Reserves and surplus	4	69,69,358	20,45,624
		<u>23,65,03,958</u>	<u>10,74,42,524</u>
2. Share application money pending allotment		84,93,800	1,86,30,500
3. Non-current liabilities			
(a) Long - term borrowings	5	19,26,18,000	-
(b) Long - term provisions	6	46,45,418	2,59,750
		<u>19,72,63,418</u>	<u>2,59,750</u>
4. Current liabilities			
(a) Short - term borrowings	7	30,00,83,183	39,06,05,480
(b) Trade payables	8	50,62,87,227	34,07,25,092
(c) Other current liabilities	9	13,79,44,140	1,80,68,377
(d) Short - term provisions	10	4,34,90,299	15,68,068
		<u>98,78,04,849</u>	<u>75,09,67,017</u>
Total		<u>1,43,00,66,026</u>	<u>87,72,99,791</u>
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11A	19,71,66,593	94,465
(ii) Intangible assets	11B	5,13,875	-
(iii) Capital work-in-progress		78,26,127	-
		<u>20,55,06,595</u>	<u>94,465</u>
(b) Deferred tax asset (net)	12	10,98,119	6,32,234
(c) Long - term loans and advances	13	24,28,622	17,25,000
(d) Other non-current assets	14	1,50,000	-
		<u>20,91,83,336</u>	<u>24,51,699</u>
2. Current assets			
(a) Inventories	15	9,33,19,460	23,69,11,080
(b) Trade receivables	16	26,78,170	4,56,61,646
(c) Cash and bank balances	17	1,11,79,61,308	59,09,62,898
(d) Short - term loans and advances	18	25,85,937	3,76,790
(e) Other current assets	19	43,37,814	9,35,678
		<u>1,22,08,82,690</u>	<u>87,48,48,092</u>
Total		<u>1,43,00,66,026</u>	<u>87,72,99,791</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.

Chartered Accountants

Jitendra Agarwal

Partner

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

S. K. Bhalla
Chief Executive

R. R. Iyer
Chief Financial Officer

Place: Gurgaon
Date: 19 July, 2014

Place: Rajkot
Date: 19 July, 2014

Dinesh Patel
Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31 MARCH, 2014

	Note No.	Year ended 31 March, 2014	Period ended 31 March, 2013
		Rupees	Rupees
1. Revenue from operations	20	8,90,25,70,310	17,03,01,647
2. Other income	21	1,28,14,446	1,07,00,935
3. Total revenue (1+2)		8,91,53,84,756	18,10,02,582
4. EXPENSES			
(a) Cost of materials consumed	22	4,55,97,59,982	25,48,52,379
(b) Purchases of traded goods	23	3,27,33,49,906	6,14,52,587
(c) Changes in inventories of finished goods and stock-in-trade	24	15,26,18,966	(18,65,99,728)
(d) Employee benefits expense	25	9,89,53,479	73,26,327
(e) Finance costs	26	3,25,70,340	6,93,292
(f) Depreciation and amortization expense	11C	3,29,79,289	1,360
(g) Other expenses	27	71,74,51,544	4,02,72,975
Total expenses		8,86,76,83,506	17,79,99,192
5. Profit before tax		4,77,01,250	30,03,390
6. Tax expense:			
(a) Current tax		1,63,89,000	15,90,000
(b) Deferred tax charge/(credit)		(4,65,885)	(6,32,234)
Total tax expense		1,59,23,115	9,57,766
7. Profit for the year/period		3,17,78,135	20,45,624
8. Earnings per equity share:	32		
(Nominal value Rs. 100 per share)			
(a) Basic		25.52	17.85
(b) Diluted		25.50	17.76

See accompanying notes forming part of the financial statements

In terms of our report attached

For S.B. BILLIMORIA & CO.

Chartered Accountants

For and on behalf of the Board of Directors

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

Jitendra Agarwal
Partner

S. K. Bhalla
Chief Executive

R. R. Iyer
Chief Financial Officer

Place: Gurgaon
Date: 19 July, 2014

Place: Rajkot
Date: 19 July, 2014

Dinesh Patel
Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Year ended 31 March, 2014	Period ended 31 March, 2013
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	4,77,01,250	30,03,390
Adjustments for :		
Finance costs	3,25,70,340	6,91,480
Interest income	(1,03,28,846)	(16,60,955)
Provision for employee benefits	46,36,878	3,17,930
Depreciation and amortization expense	3,29,79,289	1,360
Operating profit before working capital changes	10,75,58,911	23,53,205
Adjustments for movement in working capital:		
Decrease/(Increase) in inventories	14,35,91,620	(23,69,11,080)
Decrease/(Increase) in trade receivables	4,29,83,476	(4,56,61,646)
Decrease/(Increase) in long term loans and advances	(7,03,622)	(17,25,000)
Decrease/(Increase) in short term loans and advances	(22,09,147)	(3,76,790)
Decrease/(Increase) in other non-current assets	(1,50,000)	-
(Decrease)/Increase in trade payables	16,55,62,134	34,07,25,092
(Decrease)/Increase in other current liabilities	11,98,75,765	1,80,68,377
Cash generated from operations - (A)	57,65,09,137	7,64,72,158
Net income tax (paid)/refund	(28,77,668)	(1,66,112)
Net cash flow from/(used in) operating activities	57,36,31,469	7,63,06,046
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets (including capital work in progress)	(23,83,91,420)	(95,825)
Bank balances not considered as Cash and cash equivalents	(2,02,00,000)	-
Interest received	69,26,710	7,25,277
Net cash flow from/(used in) investing activities - (B)	(25,16,64,710)	6,29,452
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Share Capital	10,55,07,200	10,53,96,900
Share application money received	84,93,800	1,86,30,500
Proceeds from long term borrowings	19,26,18,000	-
Finance costs paid	(3,12,65,052)	(6,05,480)
increase/(decrease) in working capital borrowings	(9,05,22,297)	39,06,05,480
Net cash flow from/(used in) financing activities - (C)	18,48,31,651	51,40,27,400
Net increase in Cash and cash equivalents (A+B+C)	50,67,98,410	59,09,62,898
Cash and cash equivalents at beginning of the year	59,09,62,898	-
Cash and cash equivalents at the end of the year	1,09,77,61,308	59,09,62,898
Components of Cash and cash equivalents as at:		
Cash on hand	54,411	1,475
Balances with banks:		
-in current accounts	34,68,56,897	1,20,10,257
-in deposit accounts	75,08,50,000	57,89,51,166
Cash and cash equivalents as per Cash Flow Statement	1,09,77,61,308	59,09,62,898
Deposits (original maturity of more than 3 months)	2,02,00,000	-
Cash and bank balances as per Balance Sheet (Note 17)	1,11,79,61,308	59,09,62,898

See accompanying notes forming part of the financial statements

In terms of our report attached

For S.B. BILLIMORIA & CO.

Chartered Accountants

For and on behalf of the Board of Directors

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

Jitendra Agarwal
Partner

S. K. Bhalla
Chief Executive

R. R. Iyer
Chief Financial Officer

Place: Gurgaon
Date: 19 July, 2014

Place: Rajkot
Date: 19 July, 2014

Dinesh Patel
Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED**Notes forming part of the financial statements****1. Corporate information**

Maahi Milk Producer Company Limited ("the Company") was incorporated on 7 June 2012 under Part IXA of the Companies Act, 1956.

The Company procures milk directly from milk producers through Milk Pooling Points in villages of Gujarat and processes the same for the manufacture of Polypack Milk (PPM), Ghee, Dahi, Skimmed Milk Powder, White Butter and Butter Milk which is sold in the state of Gujarat with the co-brand of Mother Dairy Fruit and Vegetable Private Limited (MDFVPL) and Maahi. The Company also trades in Raw Milk.

2. Significant accounting policies

The significant accounting policies are as follows:

a. Basis of accounting

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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act") as applicable. MCA has clarified that the provisions of part IXA of the Companies Act, 1956 shall be applicable to a producer company in the manner as if the Companies Act, 1956 has not been repealed. The financial statements are 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.

MAAHI MILK PRODUCER COMPANY LIMITED**Notes forming part of the financial statements****c. Cash and cash equivalents (for the purposes 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.

d. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) 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.

e. Revenue recognition

Sales are recognized, 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.

f. Other income

Interest income on deposits is recognized on accrual basis.

g. 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 is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previous assessed standard of performance.

h. Capital work-in-progress

Assets which are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

i. Depreciation and amortisation

Depreciation on tangible fixed assets has been provided on straight line method as per the useful life of the assets assessed as under based on technical advice, taking into account the nature of asset, the estimated usage of assets, the operating condition of the asset, past history of replacements, anticipated technological changes, manufactured warranties and maintenance support etc.

The depreciation rates used are based on estimates of useful life as follows:

<u>Description</u>	<u>Useful Life (in years)</u>
Building	20
Plant and equipment	10
Furniture and fixtures	15
Computers (including software)	3
Office equipment	10

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

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

j. Inventories

Inventories comprise raw materials and packing material, finished goods and stores and spares. Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost is determined using weighted average method. Cost includes all charges incurred in bringing the inventories to their present location and condition. Finished goods include appropriate proportion of overheads.

k. Grants

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants related to depreciable fixed assets are treated as deferred grants which is recognised in the statement of profit and loss on a systematic and rational basis over the useful life of the asset, i.e., depreciation charge on assets procured from such grants is appropriated from Deferred Grant and recognized in the Statement of Profit and Loss by way of reduced

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

depreciation charge.

Revenue government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis and are deducted in reporting the related expense.

l. Employee benefits

Employee benefits include Provident Fund, Employee State Insurance scheme, Gratuity and compensated absences.

a. Defined contribution plans

The Company's contributions to provident fund and employees state insurance scheme is considered as defined contribution plan and are charged to the Statement of Profit and Loss based on the amount of contributions required to be made as and when services are rendered by the employees.

b. Defined benefit plans

Gratuity is considered as defined benefit plan. Gratuity is provided based on actuarial valuation carried out at the balance sheet date. The incremental liability based on an actuarial valuation as per the 'Projected Unit Credit' method, as at the reporting date, is charged to the Statement of Profit and Loss Account. Actuarial gains and losses are recognized in the Statement of Profit and Loss.

c. 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 benefit includes performance incentives and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

d. 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.

MAAHI MILK PRODUCER COMPANY LIMITED**Notes forming part of the financial statements****m. Earnings per share**

Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax 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.

n. Taxes on income

Income tax comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legal enforceable right for such set off.

o. Borrowing cost

Borrowing costs includes interest and ancillary costs incurred. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, pertaining to the period from commencement of activities relating to construction/development of qualifying asset upto the date of capitalization of such asset, are capitalized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the statement of profit and loss in the year in which they are incurred.

p. Impairment of assets

At each balance sheet date, the Company reviews the carrying values of

MAAHI MILK PRODUCER COMPANY LIMITED**Notes forming part of the financial statements**

its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use. In assessing value in use the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized as income in the statement of profit and loss.

q. Provisions and contingencies

A provision is recognized when the Company has 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 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 to accounts. Contingent assets are not recognized in the financial statements.

r. Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rent under operating leases are recognized in the statement of profit and loss account on straight line basis.

s. Material events

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

t. 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.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

3. Share Capital

	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
(a) Authorised share capital Equity Shares of Rs. 100/- each	30,00,000	30,00,00,000	30,00,000	30,00,00,000
(b) Issued, subscribed and fully paid up share capital Equity Shares of Rs. 100/- each	22,95,346	22,95,34,600	10,53,969	10,53,96,900

See notes (i) to (iii) below

Notes:
(i) Rights, preferences and restrictions attached to shares

The Company has issued one class of equity shares having face value of Rs. 100 each. Each member is entitled to one vote. Members are entitled to limited return and bonus in accordance with Article of Association of the Company.

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

	As at 31 March, 2014		As at and for the period ended 31 March, 2013	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
Shares outstanding at the beginning of the year	10,53,969	10,53,96,900	-	-
Shares issued during the year/period	12,41,377	12,41,37,700	10,53,969	10,53,96,900
Shares outstanding at the end of the year	22,95,346	22,95,34,600	10,53,969	10,53,96,900

(iii) The Company is registered under Part IXA of the Companies Act, 1956 as 'Producer Company' and none of the members holds 5% or more of the share capital of the Company.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

4. Reserves and surplus

	As at 31	As at 31
	March, 2014	March, 2013
	Rupees	Rupees
(a) General Reserve		
Opening balance	20,45,624	-
Add: Transferred from Surplus in Statement of Profit and Loss	49,23,734	20,45,624
	69,69,358	20,45,624
(b) Surplus in Statement of Profit and Loss		
Opening balance	-	-
Add: Net profit for the year	3,17,78,135	20,45,624
Less:		
(i) Proposed limited return (dividend) to members (Rs. 10 per share)	(2,29,53,460)	-
(ii) Tax on proposed limited return (dividend)	(39,00,941)	-
(iii) Transfer to General Reserve	(49,23,734)	(20,45,624)
Closing Balance	-	-
5. Long-term borrowings		
Secured		
(a) Term loans from National Dairy Development Board (NDDB)	19,26,18,000	-
	19,26,18,000	-

Notes:
(i) Details of Security provided in respect of secured loans is as under:

The term loan is secured by a first charge over the moveable properties of the Company, present and future, save and except book debts in case of hypothecation, subject to prior charges created and/or to be created in favour of the Company's bankers on the stocks of raw materials, semi-finished and finished goods, consumable stores and book debts and such other movables as may be agreed to by the lender for securing borrower for working capital requirements only in the ordinary course of business.

(ii) Terms of repayment of long term borrowings is as under:

The Company has been sanctioned Term Loan of Rs. 19,26,18,000/- by National Dairy Development Board (NDDB) on 08 May, 2013. This loan carries interest @ 9% per annum and is repayable in 60 equal monthly installments over a period of 7 years with a moratorium period of 2 years on principal repayment.

MAAHI MILK PRODUCER COMPANY LIMITED
Notes forming part of the financial statements
6. Long term provisions

	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
(a) Provision for employee benefits:		
(i) For compensated absences	29,67,096	1,31,935
(ii) For gratuity	16,78,322	1,27,815
	46,45,418	2,59,750

7. Short term borrowings

Secured loans

(a) From banks:

(i) Working capital loans	30,00,83,183	39,06,05,480
(repayable on demand)	30,00,83,183	39,06,05,480

Note:

(i) Working capital loan from bank is secured by first charge on entire current assets including stock, book debts, advances etc. both current and future of the Company.

8. Trade payables

	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
(a) Trade Payables (other than acceptances) (see note 36)	50,62,87,227	34,07,25,092
	50,62,87,227	34,07,25,092

9. Other current liabilities

(a) Income received in advance	4,97,200	-
(b) Advances from customers	1,91,93,843	1,70,56,945
(c) Trade / security deposits received	8,52,71,196	-
(d) Statutory dues	25,87,405	10,11,432
(e) Grant received from NDDB (unutilised): (see note 33)		
(i) Capital grant	1,77,04,046	-
(ii) Revenue grant	1,26,90,450	-
	13,79,44,140	1,80,68,377

10. Short term provisions

(a) Provision for employee benefits		
(i) For compensated absences	2,27,515	43,978
(ii) For gratuity	81,875	14,202
(b) Provision for Income Tax (net of advance tax of Rs. 12,93,492; previous period Rs. 1,66,112)	1,63,26,508	15,09,888
(c) Provision for proposed limited return (dividend)	2,29,53,460	
(d) Provision for tax on proposed limited return	39,00,941	
	4,34,90,299	15,68,068

MAAHI MILK PRODUCER COMPANY LIMITED
Notes forming part of the financial statements
11. Fixed assets

Particulars	Gross Block		Accumulated Depreciation		Net Block	
	As at 1 April, 2013	As at 31 March, 2014	As at 1 April, 2013	As at 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
A. Tangible assets (owned)						
Buildings (Previous year)	-	1,64,881	-	8,244	1,56,637	-
Plant and equipment (Previous year)	26,880	22,41,95,925	-	-	-	-
Furniture and fixtures (Previous year)	68,945	(26,880)	700	(700)	-	-
Computers (Previous year)	-	15,84,426	660	980,745	6,03,021	68,285
Office equipment (Previous year)	-	(68,945)	-	(660)	-	-
	-	22,77,590	-	6,50,148	16,27,442	-
	-	14,58,832	-	2,88,282	11,70,550	-
Total	95,825	22,95,85,829	1,360	3,25,13,701	19,71,66,593	94,465
Previous year	-	(95,825)	-	(1,360)	-	-
B. Intangible assets						
Computer Software (Previous year)	-	9,79,463	-	4,65,588	5,13,875	-
Total	-	9,79,463	-	4,65,588	5,13,875	-
Previous year	-	-	-	-	-	-

Amount in Rupees

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

C. Depreciation and amortisation expense:

	Year ended 31 March, 2014	Period ended 31 March, 2013
Depreciation on tangible assets	3,25,13,701	1,360.00
Amortisation of intangible assets	4,65,588	-
	3,29,79,289	1,360.00

Note:

Additions to following class of fixed assets are net of capital grant received from NDDB:

<i>Amount in Rupees</i>				
Sr. No.	Particulars	Gross additions	Grant utilised	Net additions
1	Plant and equipment	22,47,67,994	5,98,949	22,41,69,045
2	Furniture and fixtures	21,18,168	6,02,687	15,15,481
3	Computers	38,78,004	16,00,414	22,77,590
4	Computer Software	20,35,366	10,55,903	9,79,463
	Total		38,57,954	

	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
12. Deferred tax assets (net)		
(i) Tax effect of items constituting deferred tax assets:		
a. Provision for compensated absences and gratuity	15,31,036	98,240
b. Disallowances under section 35D of the Income Tax Act	4,01,447	5,35,262
	<u>19,32,483</u>	<u>6,33,502</u>
(ii) Tax effect of items constituting deferred tax liabilities:		
a. On difference between book balance and tax balance of fixed assets	(8,34,364)	(1,268)
Net deferred tax asset	10,98,119	6,32,234

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March, 2014 Rupees	As at 31 March, 2013 Rupees
13. Long - term loans and advances (Unsecured, considered good)		
(a) Security deposits	24,28,622	17,25,000
14. Other non-current assets		
(a) Fixed deposits with banks*	1,50,000	-
	1,50,000	-
*This comprises fixed deposits under lien and having a maturity of more than 12 months from the Balance sheet date.		
15. Inventories (At lower of cost and net realisable value)		
(a) Raw and packing materials	2,80,83,161	2,46,45,488
(b) Raw materials in transit	1,12,64,339	2,56,65,864
	<u>3,93,47,500</u>	<u>5,03,11,352</u>
(c) Finished goods - manufactured	3,39,80,762	15,99,35,708
(d) Stock-in-trade in transit	-	2,66,64,020
(e) Stores and spares	1,99,91,198	-
	9,33,19,460	23,69,11,080
16. Trade receivables (Unsecured, considered good)		
(a) Outstanding for a period exceeding six months from the date they were due for payment	2,06,000	-
(b) Others	24,72,170	4,56,61,646
	26,78,170	4,56,61,646

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March, 2014	As at 31 March, 2013
	Rupees	Rupees
17. Cash and bank balances		
(a) Cash and cash equivalents		
(i) Cash on hand	54,411	1,475
(ii) Balance with banks:		
a) In current accounts	34,68,56,897	1,20,10,257
b) In deposit accounts		
- original maturity of 3 months or less	75,08,50,000	57,89,51,166
	<u>1,09,77,61,308</u>	<u>59,09,62,898</u>
(b) Other bank balances		
(i) In deposit accounts		
- original maturity of more than 3 months	2,02,00,000	-
	<u>1,11,79,61,308</u>	<u>59,09,62,898</u>
Of the above, the balances that meet the definition of cash and cash equivalents as per Accounting Standard 3 Cash Flow Statement	<u>1,09,77,61,308</u>	<u>59,09,62,898</u>
18. Short - term loans and advances		
(Unsecured, considered good)		
(a) Loans and advances to employees	1,41,093	-
(b) Advances to vendors	18,47,932	74,239
(c) Prepaid expenses	5,73,867	3,02,551
(d) Balances with Excise, VAT and Service Tax authorities	23,045	-
	<u>25,85,937</u>	<u>3,76,790</u>
19. Other current assets		
(a) Interest accrued but not due on bank deposits	43,37,814	9,35,678
	<u>43,37,814</u>	<u>9,35,678</u>

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	Year ended 31 March, 2014	Period ended 31 March, 2013
	Rupees	Rupees
20. Revenue from operations		
(a) Sale of products (see note (i) below)	8,89,80,02,314	17,03,01,647
(b) Other operating revenues	45,67,996	-
	<u>8,90,25,70,310</u>	<u>17,03,01,647</u>
(i) Sale of products comprises:		
a. Manufactured goods		
Polypack milk	3,46,01,38,736	11,59,23,937
Butter milk	33,62,84,356	1,16,97,961
Skimmed milk powder	24,82,83,719	17,20,000
White Butter	96,69,47,976	-
Ghee	22,39,51,170	-
Curd	2,26,38,146	-
	<u>5,25,82,44,103</u>	<u>12,93,41,898</u>
b. Traded goods		
Raw milk	3,63,97,58,211	4,09,59,749
	<u>8,89,80,02,314</u>	<u>17,03,01,647</u>
(ii) Other operating revenue comprises:		
a. Sale of scrap	13,76,706	-
b. Crate recovery charges	15,78,105	-
c. Others	16,13,185	-
	<u>45,67,996</u>	<u>-</u>
21. Other income		
(a) Interest income		
(i) On deposits with banks	1,03,28,846	16,60,955
(b) Other non-operating income		
(i) Membership fees	85,650	89,50,000
(ii) Miscellaneous income	23,99,950	89,980
	<u>1,28,14,446</u>	<u>1,07,00,935</u>

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	Year ended 31 March, 2014	Period ended 31 March, 2013
	Rupees	Rupees
22. Cost of materials consumed		
Raw material		
(a) Opening stock	5,03,11,352	-
(b) Add: Purchases	4,54,87,96,130	30,51,63,732
	4,59,91,07,482	30,51,63,732
(c) Less: Closing stock	3,93,47,500	5,03,11,352
	4,55,97,59,982	25,48,52,379
Notes:		
(i) Raw materials consumed comprises:		
a. Raw Milk	4,55,97,59,982	25,48,52,379
	4,55,97,59,982	25,48,52,379
23. Purchases of traded goods		
(a) Raw Milk	3,27,33,49,906	6,14,52,587
	3,27,33,49,906	6,14,52,587
24. Changes in inventories of finished goods and stock-in-trade		
Decrease/(increase) in inventories of finished goods and stock-in-trade		
(a) Inventories at the beginning of the year		
(i) Finished goods	15,99,35,708	-
(ii) Stock-in-trade	2,66,64,020	-
	18,65,99,728	-
(b) Inventories at the end of the year		
(i) Finished goods	3,39,80,762	15,99,35,708
(ii) Stock-in-trade	-	2,66,64,020
	3,39,80,762	18,65,99,728
	15,26,18,966	(18,65,99,728)

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	Year ended 31 March, 2014	Period ended 31 March, 2013
	Rupees	Rupees
25. Employee benefits expense		
(a) Salaries and wages	8,75,54,890	66,99,739
(b) Contribution to provident fund	60,33,547	4,73,719
(c) Gratuity expense	16,18,180	1,42,017
(d) Staff welfare expenses	37,46,862	10,852
	9,89,53,479	73,26,327
26. Finance costs		
(a) Interest expense		
(i) On borrowings	2,76,74,897	6,05,480
(ii) On trade/security deposits	11,15,067	-
(b) Interest on delayed payment of Income Tax	13,05,288	86,000
(c) Other borrowing costs	24,75,088	1,812
	3,25,70,340	6,93,292
27. Other expenses		
(a) Consumption of stores and spare parts	2,55,17,410	-
(b) Power and fuel	3,26,54,267	1,18,812
(c) Processing charges	29,63,90,780	2,44,49,696
(d) Water charges	18,53,176	-
(e) Rent	2,97,33,866	22,54,879
(f) Repair and maintenance - machinery	1,33,77,655	-
(g) Repair and maintenance - buildings	81,17,590	-
(h) Repair and maintenance - Others	17,71,831	2,24,366
(i) Rates and taxes	5,71,320	-
(j) Advertisement and business promotion	2,54,31,175	-
(k) Distribution, freight and forwarding expenses	17,45,01,690	57,17,833
(l) Insurance charges	10,46,070	10,094
(m) Legal and professional fees	57,67,085	10,45,572
(n) Auditor's remuneration (refer note (i) below)	10,65,239	3,65,170
(o) Travelling and conveyance	1,67,29,073	10,68,624
(p) Sales commission and other charges	1,19,80,149	5,93,510

MAAHI MILK PRODUCER COMPANY LIMITED
Notes forming part of the financial statements

(q) Printing and stationary expenses	60,86,637	1,16,259
(r) Telephone and internet expenses	26,68,284	62,054
(s) Labour charges	5,15,48,055	15,43,404
(t) Preliminary expenses written off	-	21,65,300
(u) Miscellaneous expenses	1,06,40,192	5,37,402
	71,74,51,544	4,02,72,975

Note:
(i) Auditors' remuneration comprises:

a. Statutory audit fee	7,00,000	3,25,000
b. Tax audit fee	1,50,000	-
c. Reimbursement of expenses	98,059	-
d. Service tax on above	1,17,180	40,170
	10,65,239	3,65,170

**As at 31
March, 2014**
Rupees
**As at 31
March, 2013**
Rupees
28. Contingent Liabilities and Commitments
Nil
Nil

29. The Company has received share application money amounting to Rs. 84,93,800 during March, 2014 toward equity shares. The shares have been subsequently allotted at par in April, 2014.

30. Employee Benefit Obligations:
Defined-Contribution Plans

The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund cover all regular employees. Provident Fund Contribution is deposited with the Regional Provident Fund Commissioner (RPF). Both the employees and the Company pay predetermined contributions into the provident fund and pension fund. The contributions are normally based on a certain proportion of the employee's salary.

The Company has recognised Rs. 60,33,547 (previous year Rs.4,73,719) for Provident Fund and Pension Fund contribution in the statement of profit and loss.

Defined benefit plan

The Company offers its employees defined-benefit plan in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plan is based on years of service and the employee's compensation (immediately before separation). The gratuity scheme covers all regular employees. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the statement of Profit and Loss.

The following tables set out the status of defined benefit scheme in respect of gratuity:

MAAHI MILK PRODUCER COMPANY LIMITED
Notes forming part of the financial statements

	31 March, 2014	31 March, 2013
	Rupees	Rupees
i. Change in defined benefit obligation		
Present value of obligation at the beginning of the year	1,42,017	-
Interest expense	11,361	-
Current service cost	10,93,166	9,63,469
Actuarial (gain)/loss	5,13,653	(8,21,452)
Present value of obligations at the end of the year	17,60,197	1,42,017

ii. Fair value of plan assets

	31 March, 2014	31 March, 2013
	Rupees	Rupees
Fair value of plan assets at the beginning of the year -	-	-
Fair value of plan assets at the end of the year	-	-

The scheme is unfunded, hence plan assets are Nil.

iii. Amount recognised in the Balance Sheet

	31 March, 2014	31 March, 2013
	Rupees	Rupees
Present value of defined benefit obligations	17,60,197	1,42,017
Fair value of plan assets	-	-
Net liability/(asset) recognised in the balance sheet	17,60,197	1,42,017

iv. Expenses recognised in the Statement of Profit and Loss

	31 March, 2014	31 March, 2013
	Rupees	Rupees
Interest expense	11,361	-
Current service costs	10,93,166	9,63,469
Net actuarial gain/(loss) recognized during the period	5,13,653	(8,21,452)
Expenses recognized in the Statement of Profit and Loss	16,18,180	1,42,017

v. Balance Sheet reconciliation

	31 March, 2014	31 March, 2013
	Rupees	Rupees
Net liability/(asset) at the beginning of the year	1,42,017	0
Expenses as above	16,18,180	1,42,017
Contributions	-	-
Net liability/(asset) at the end of the year	17,60,197	1,42,017

MAAHI MILK PRODUCER COMPANY LIMITED
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, funding requirements and expense.

vi. Principal actuarial assumptions

	31 March, 2014	31 March, 2013
Discount rate	9% p.a.	8% p.a.
Expected salary escalations	10% p.a.	5% p.a.
Mortality table used	IALM(1994-96)	Indian Assured lives Mortality (2006-08) Ultimate

Discount rate is based on prevailing market yields of government of India securities as at the balance sheet date.

Same principal actuarial assumptions are used for valuation of liability for compensated absences.

	31 March, 2014	31 March, 2013
Experience adjustment		
Present value of DBO	17,60,197	1,42,017
Fair value of plan assets	-	-
Funded status	(17,60,197)	(1,42,017)
Gain/(loss) on obligations	(5,13,653)	8,21,452
Gain/(loss) on plan assets	-	-

Actuarial assumptions for valuation of liability for long term compensated absences.

	31 March, 2014	31 March, 2013
Discount rate	9% p.a.	8% p.a.
Expected salary escalations	10% p.a.	5% p.a.
Mortality table used	IALM(1994-96)	Indian Assured lives Mortality (2006-08) Ultimate

31. Leasing arrangements

The Company has taken certain properties, equipment and vehicles under operating lease which can be renewed on mutually agreed terms and conditions. The lease rental expenses of Rs. 29,733,866 (previous year Rs. 2,254,879) in respect of obligation under operating leases have been recognized in the statement of profit and loss.

Minimum lease payment during the non-cancelable period is as under:

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rupees	Rupees
Minimum lease payments during the non-cancellable period is as under:		
Payable not later than one year	-	33,60,000
Payable later than one year but not later than five years	-	-
Payable later than five years	-	-

MAAHI MILK PRODUCER COMPANY LIMITED
Notes forming part of the financial statements
32. Earnings Per Equity Share

Particulars	Unit	Year ended 31 March, 2014	Period ended March, 2013
Net profit after tax	Rupees	3,17,78,135	20,45,624
Weighted average number of equity shares outstanding during the year	Numbers	12,45,068	1,14,580
Nominal Value of Equity Shares	Rupees	100.00	100.00
Basic Earnings per Share	Rupees	25.52	17.85
Effect of allotment against share application money	Numbers	1,164	625
Equity shares used to compute diluted earnings per share	Numbers	12,46,232	1,15,205
Diluted Earnings per Share	Rupees	25.50	17.76

33. Details of Government grants

	Year ended 31 March, 2014	Period ended March, 2013
Details of grants received from NDDB and its utilisation is as under:		
(a) Capital grants (for purchase of fixed assets)		
(i) Received during the year	2,15,62,000	-
(ii) Less: utilised during the year	38,57,954	-
(iii) Balance carried forward as liability	1,77,04,046	-
(b) Revenue grant		
(i) Received during the year	1,67,90,000	-
(ii) Less: utilised during the year	40,99,550	-
(iii) Balance carried forward as liability	1,26,90,450	-

Note:

Capital grant utilised has been reduced from value of fixed assets capitalised and revenue grant utilised has been netted off with respective expense.

34. 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

Nature of Relationship	Name of person
Key Management Personnel:	Maheshkumar M Bhatt (Resigned w.e.f, 8th August, 2013)
	S.K. Bhalla (Appointed w.e.f, 8th August, 2013)

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

B. The nature and volume of transactions during the year with the above related parties are as follows:

Nature of transactions	KMP	(Rupees)
		Total
Managerial remuneration:		
Maheshkumar M Bhatt	12,85,239 (16,94,842)	12,85,239 (16,94,842)
S.K. Bhalla	17,76,579 (-)	17,76,579 (-)

Figures in brackets represent previous year figures

- 35.** The disclosures as required under Accounting Standard AS-17 on Segment reporting are not required as the Company primarily deals in single business segment of Milk and Milk Products and operates in one geographical area.
- 36.** According to the information available with the Management, on the basis of intimation received from suppliers, regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) therefore Company has no amounts due to Micro and Small Enterprises under the said Act.
- 37.** Previous period's financial statements were prepared for the period 7 June, 2012 (date of incorporation of the Company) to 31 March, 2013 and hence are not comparable with current year's numbers.
- 38.** Previous period'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

Gopalbhai Varotra Director	Vajesinh Chudasama Director
S. K. Bhalla Chief Executive	R.R. Iyer Chief Financial Officer
Place: Rajkot Date: 13 July, 2015	Dinesh Patel Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED

Minutes of Previous Annual General Meeting

MINUTES OF THE 3RD ANNUAL GENERAL MEETING OF THE MEMBERS OF MAAHI MILK PRODUCER COMPANY LIMITED HELD ON TUESDAY, THE 26TH DAY OF AUGUST 2014, AT 10:00 A.M., AT SPEEDWELL PARTY PLOT, NANA MAVA MAIN ROAD, NEAR MAVADI RAJKOT RURAL POLICE HEAD QUARTERS, AMBIKA TOWNSHIP ROAD, BESIDE GOVANI CHHATRALAYA, RAJKOT-360 005, GUJARAT

Present:

Shri Gopalbhai Varotra	:	Chairman & Shareholder
Shri Vajesinh Chudasama	:	Director & Shareholder
Shri Ramde Modhwadiya	:	Director & Shareholder
Shri Meraman Zala	:	Director & Shareholder
Shri Parbatbhai Suvagiya	:	Director & Shareholder
Shri Nitesh Kansagara	:	Director & Shareholder
Shri Hamir Raja Karavadra	:	Director & Shareholder
Shri Rudra Dave	:	Director & Shareholder
Shri Vijubha Gohil	:	Director & Shareholder
Smt. Ramilaben Patel	:	Director & Shareholder
Shri Sriram Singh	:	Expert Director
Dr. S. K. Bhalla	:	Chief Executive
Shri Dinesh Patel	:	Company Secretary

At the meeting, 636 members were present in person and 27,859 members were present by proxies together constituting 34% of the total membership of the Company.

- A. Shri Gopalbhai Varotra took the Chair.
- B. The requisite quorum for the meeting being present, the meeting was called to order.
- C. Shri Dinesh Patel, the Company Secretary stated that, the required statutory registers have been kept open at the entrance of the meeting hall for inspection by the Members.
- D. The Chairman gave warm welcome to all the members, especially large number of women members present at the Third Annual General Meeting (AGM) of the Company. He cited the financial year 2013-14 as the year of remarkable progress being the first year of full-fledged business operations of the Company thereby paving a way for better growth of the Company. He stressed on nurturing values and taking all kinds of challenges for the achievement of goal and overall development of the Company. He appealed to all the members, employees and all others directly and indirectly

associated with the Company to continue to extend their support and cooperation for the overall development and growth of the Company. The Chairman termed the milk business as the business of women and emphasized the need for their larger participation in the milk business and also of opening of bank accounts in their own names so that price for the milk reaches directly into their hands. The Chairman thanked all the members, employees, customers and everyone associated with the Company, including NDDB and NDDB Dairy Services for providing encouragement and support to the Company.

- E. Upon request of the Chairman, Dr. S.K. Bhalla, the Chief Executive of the Company, welcomed and addressed the members present. He explained the importance/benefits of the Company's operations in Saurashtra & Kutch region, need for pouring clean milk and observing the discipline of patronage and other membership criteria by the members. He solicited members' cooperation and support in making the Company a leader in the milk business.
- F. With the consent of Members, the Notice convening AGM, alongwith Directors' Report and audited Accounts, having been previously circulated to the Members were taken as read.
- G. Thereafter, the following agenda items as per notice dated 19th July, 2014 convening the meeting were taken up for consideration.

1. Adoption of Annual Accounts.

- 1.1 The Company Secretary read out the Auditors' Report on accounts for the financial year ended 31 March 2014. Thereafter, the following resolution was proposed as an Ordinary Resolution by Shri Rajeshbhai Dayabhai Vahani (Folio No.: 0027363).

Resolution No.: 3rd AGM:26.08.14:1/2014-15

"RESOLVED THAT, the audited Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the year ended on that date together with Schedules and notes forming part thereof and the Reports of Directors and Auditors thereon be and are hereby received, approved and adopted."

The resolution was seconded by Shri Ajitbhai Balubhai Visana (Folio No.: 0004030).

The Chairman informed that, no queries have been received by the Company on accounts. No queries pertaining to accounts were raised by the members.

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

2. Declaration of Limited Return (Dividend) for the financial year ended on March 31, 2014.

- 2.1 The following resolution was proposed as an Ordinary Resolution by Shri Jasantbhai Najabhai Patat (Folio No.: 0041751).

Resolution No.: 3rd AGM:26.08.14:2/2014-15

"RESOLVED that, the limited return (dividend) on share capital of the Company at the rate of Rs.10 per equity share, out of the current profits of the Company for the year ended 31st March 2014, on 22,95,346 equity shares of Rs.100 each fully paid up absorbing Rs.2,68,54,401/- (inclusive of Rs.39,00,941/- as Dividend Distribution Tax) for the FY 2013-14 be and is hereby approved and confirmed, and that the same be paid to those equity shareholders, whose names appeared on the Register of Members as on 31st March 2014."

The resolution was seconded by Shri Mashribhai Devayatbhai (Folio No.: 0072398).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

3. Re-appointment of Shri Vajesinh Rambhai Chudasama, representing "Class-A" on the Board of Directors, as a Director.

- 3.1 The following resolution was proposed as an Ordinary Resolution by Shri Keyur Narendra Mehta (Folio No.: 0037968).

Resolution No.: 3rd AGM:26.08.14:3/2014-15

"RESOLVED THAT, Shri Vajesinh Rambhai Chudasama, a director of the Company representing "Class-A" on the Board of Directors of the Company, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

The resolution was seconded by Shri Arjanbhai Shida (Folio No.: 0014567).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

4. Re-appointment of Shri Ramde Arbhambhai Modhwadiya, representing "Class-B" on the Board of Directors, as a Director.

4.1 The following resolution was proposed as an Ordinary Resolution by Shri Hematbhai Lakhabhai Vala (Folio No.: 0054961).

Resolution No.: 3rd AGM:26.08.14:4/2014-15

"RESOLVED THAT, Shri Ramde Arbhambhai Modhwadiya, a director of the Company representing "Class-B" on the Board of Directors of the Company, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

The resolution was seconded by Shri Kanabhai Gangabhai Parmar (Folio No.: 0008976).

The Chairman put the motion to vote and on a show of hands declared the same as carried with majority as an Ordinary Resolution.

5. Appointment of M/s. S. B. Billimoria & Co., Chartered Accountants, as Statutory Auditors.

5.1 The following resolution was proposed as an Ordinary Resolution by Shri Vinubhai Dungalbhai Senjaliya (Folio No.: 0011193).

Resolution No.: 3rd AGM:26.08.14:5/2014-15

"RESOLVED that, M/s. S.B. Billimoria & Co., Chartered Accountants, Gurgaon, Haryana (Firm Registration No 101496W), be and are hereby re-appointed as Statutory Auditors of the Company to hold the office from the conclusion of this 3rd Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.8.00 lakh (Rupees Eight Lakh) plus applicable service tax and reimbursement of actual out of pocket expenses."

The resolution was seconded by Shri Bhagubhai Raghobhai Bhammar (Folio No.: 0019486).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

6. Approval of the Budget of the Company for financial year 2014-2015.

6.1 The following resolution was proposed as an Ordinary Resolution by Shri Lilabhai Modhavadiya (Folio No.: 0007626).

Resolution No.: 3rd AGM:26.08.14:6/2014-15

"RESOLVED THAT, the Budget of the Company for the financial year 2014-2015, as placed before the meeting, be and is hereby approved."

The resolution was seconded by Shri Karna Devshi Modhvadiya (Folio No.: 0007507).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

7. Appointment of Shri Vijubha Babubha Gohil as a Director.

7.1 The following resolution was proposed as an Ordinary Resolution by Shri Rameshbhai Dayabhai Hadiya (Folio No.: 0008018).

Resolution No.: 3rd AGM:26.08.14:7/2014-15

"RESOLVED THAT, Shri Vijubha Babubha Gohil, who was co-opted as an additional director of the Company by the Board of Directors with effect from March 26, 2014, in terms of Article 9.7(i) of the Articles of Association of the Company and who holds his office till this Annual General Meeting of the Company, being eligible proposes his candidature for the office of Director, representing "Class-B" on the Board of Directors, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retire by rotation."

The resolution was seconded by Shri Dilubhai Abhalbhai Vala (Folio No.: 0011634).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

8. Appointment of Smt. Ramilaben Kirtibhai Patel as a Director.

8.1 The following resolution was proposed as an Ordinary Resolution by Shri Popatbhai Goganbhai Bhogesara (Folio No.: 0025991).

Resolution No.: 3rd AGM:26.08.14:8/2014-15

"RESOLVED THAT, Smt. Ramilaben Kirtibhai Patel, who was co-opted as an additional director of the Company by the Board of Directors with effect from July 19, 2014, in terms of Article 9.7(i) of the Articles of Association of the Company and who holds her office till this Annual General Meeting of the Company, being eligible proposes her candidature for the office of Director, representing "Class-C" on the Board of Directors, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retire by rotation."

The resolution was seconded by Shri Karshanbhai Ranabhai Panera (Folio No.: 0011997).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

9. Increase in Authorised Share Capital of the Company.

9.1 The following resolution was proposed as an Ordinary Resolution by Shri Jasubhai Menasibhai Naghera (Folio No.: 0026847).

Resolution No.: 3rd AGM:26.08.14:9/2014-15

"RESOLVED THAT, pursuant to the relevant provisions of Part IX-A of the Companies Act, 1956, in particular Sections 581H, 581ZQ, 581ZR and other applicable provisions, if any, of the Companies Act, 1956, including its Sections 16 & 94 (together with any statutory modification or re-enactment thereof for the time being in force including the provisions, if and to the extent applicable mutatis mutandis or otherwise, of the Companies Act, 2013) and the applicable provisions of the Memorandum and Articles of Association of the Company, the Authorised Share Capital of the Company be increased from Rs.30,00,00,000 (Rupees Thirty Crore Only) divided into 30,00,000 (Thirty Lac) Equity Shares of Rs.100/- (Rupees One Hundred) each to Rs.35,00,00,000 (Rupees Thirty Five Crore Only) divided into 35,00,000 (Thirty Five Lac) Equity Shares of Rs.100/- (Rupees One Hundred) each by creation of an additional 5,00,000 (Five Lac) Equity Shares of Rs.100/- (Rupees One Hundred) each.

RESOLVED further that, the Memorandum of Association of the Company

be and is hereby altered by substituting the existing Clause VI thereof by the following new Clause VI.

"VI. The Authorised Share Capital of the Company is Rs.35,00,00,000 (Rupees Thirty Five Crore Only) divided into 35,00,000 (Thirty Five Lac) Equity Shares of Rs.100/- (Rupees One Hundred) each."

RESOLVED further that, for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary and expedient and to settle any question, difficulty or doubt that may arise in this regard."

The resolution was seconded by Shri Vijaybhai Naranbhai Ram (Folio No.: 0005402).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

10. Alterations in the Articles of Association of the Company.

10.1 The following resolution was proposed as a Special Resolution by more than two third of the elected Directors of the Company as under:

- | | |
|-----------------------------------|----------------------|
| 1. Varotra Gopalbhai Devkaranbhai | (Folio No.: 0000001) |
| 2. Chudasama Vajesinh Rambhai | (Folio No.: 0000002) |
| 3. Ramde Modhwadiya | (Folio No.: 0000003) |
| 4. Zala Meraman Nathabhai | (Folio No.: 0000005) |
| 5. Suvagiya Parbatbhai Khimjibh | (Folio No.: 0000006) |
| 6. Kansagara Nitesh Babubhai | (Folio No.: 0000007) |
| 7. Hamir Rajabhai Karavadra | (Folio No.: 0000027) |
| 8. Rudra Kiritkumar Dave | (Folio No.: 0000028) |

Resolution No.: 3rd AGM:26.08.14:10/2014-15

"RESOLVED THAT, pursuant to the relevant provisions of Part IX-A of the Companies Act, 1956, in particular Sections 581-I, 581ZQ, 581ZR and other applicable provisions, if any, of the Companies Act, 1956, including its Section 31 (together with any statutory modification or re-enactment thereof for the time being in force including the provisions, if and to the

extent applicable mutatis mutandis or otherwise, of the Companies Act, 2013) and the applicable provisions of the Memorandum and Articles of Association of the Company, the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent following.

- (1) Following new Article 1.3 be inserted after the existing Article 1.2.
 - 1.3 i. *The Company is a producer company within the meaning of Section 581A (l) of the Companies Act, 1956.*
 - ii. *The Company is deemed to be a Private Company within the meaning of Section 581C(5) of the Companies Act, 1956 with a minimum paid -up capital of One Lakh Rupees or such higher paid up capital as may be prescribed and accordingly,*
 - a. *Restricts the right to transfer its shares in the manner and to the extent hereinafter provided;*
 - b. *Prohibits any invitation to the public to subscribe for any shares in, or debentures of, the Company; and*
 - c. *Prohibits any invitation or acceptance of deposits from persons other than its Members, directors or their relatives.*
- (2) The first beginning word '**Chairman**' appearing in Article 2.1 v. be substituted with the words '**Chairman or Chairperson**'.
- (3) The word "Act" appearing in Article 2.1 vii. be substituted with the words "Companies Act,1956".
- (4) The symbol and word "& the" appearing in Article 3.1 be substituted with the words "and the".
- (5) The word "an" appearing in second para of Article 4.2 ii. be substituted with the words "a non-refundable".
- (6) The existing Article 4.2 iii. be renumbered to read as Article 4.2 iv.; and the following new Article 4.2 iii. be inserted immediately after the existing Article 4.2 ii..
 - 4.2 iii. *No person, who has any business interest which is in conflict with business of the Company, shall become a Member of the Company.*

- (7) The existing Article 4.3 ii. be renumbered to read as Article 4.3 iii.; and the following new Article 4.3 ii. be inserted immediately after the existing Article 4.3 i..
 - 4.3 ii. *A Member, who acquires any business interest which is in conflict with the business of the Company, shall cease to be a Member of the Company.*
- (8) The words "and given an opportunity of being heard." be inserted immediately after the words "for removal as Member." appearing in the first sentence of the renumbered Article 4.3 iii.
- (9) The word "previous" be inserted immediately after the figure and words "500 litres in a" appearing in the first sentence of sub-article i. of Article 4.4.
- (10) The words ", and further, to be eligible to vote for election/ appointment of director(s) representing a particular class of members on the Board, member must have fulfilled all the patronage criteria of that particular class during the previous year to which he/she belongs" be inserted immediately after the word "year" appearing in the first sentence of sub-article i. of Article 4.4.
- (11) In the existing Article 4.5 iii., the first beginning word appearing as "Every" be substituted with the letter "A"; and thereafter, the word appearing as "balance" be deleted; whereas the words "during the financial year or otherwise, to such extent and in such manner and" be inserted immediately after the existing words appearing as "milk supplied to the Company".
- (12) In Article 4.5, following new sub-article iv., alongwith its heading as "**Other Payment**", be inserted immediately after the existing sub-article iii.

Other Payment

- iv. *The Company may pay incentive to the members with such attributes and to such extent and in such manner and subject to such conditions as may be decided by the Board.*
- (13) The last four sentences in the existing Article 8.1 appearing as "Such Member shall be served a written notice by the Company for

surrender of the equity shares. The Member would need to reply to the notice within the stipulated period as specified in the notice. Such notice shall be sent by Registered Post to the Member at his last known address and be deemed to be served five days after posting. Thereafter, the Board shall a take decision in the matter." be deleted.

- (14) The existing Article 9.4 ii. be deleted, and the Article 9.4 i. be altered to read as under:

9.4 The Board shall from time to time with the approval of the General Body of shareholders decide the criteria for categorising members into different classes based on patronage.

- (15) The existing Article 9.5 be renumbered to read as Article 9.5 ii. after deleting therefrom the words "as provided under article 9.4"; and the following new Article 9.5 i. be inserted immediately before the renumbered Article 9.5 ii..

9.5 i. The number of positions on the Board representing each class of members, to the extent possible, shall be based on patronage of the respective class. However for the first 3 financial years of the operations of the Company, this requirement can be waived by the Board.

- (16) The words "as stipulated under article 9.4.ii." appearing in Article 9.6 i. be substituted with the words "in accordance with article 9.5.".

- (17) The existing Article 9.6 ii. be renumbered to read as Article 9.6 iii.; and the following new Article 9.6 ii. be inserted immediately before the renumbered Article 9.6 iii..

9.6 ii. The vacant position on the Board as per 9.6 i. shall be filled based on the recommendation of the Nominating Committee appointed by the Board.

- (18) The word "he" appearing in Article 9.15 be substituted with the words "he/she".

- (19) The first beginning letter "A" of the Article 9.16 be substituted with the words "Also a"; and following new sentence be inserted

immediately before the aforesaid words "Also a".

"An elected Director shall cease to be member of the Board on his/her losing the status as a Member of the Company."

- (20) The existing sub-articles vi., vii., viii., ix. and x. appearing as and under Article 9.16 respectively be renumbered to read as viii., ix., x., xi. and xii..

Further, following two new sub-articles vi. and vii. be inserted immediately after the existing sub-article v. of Article 9.16.

vi. the member has committed any act which has damaged the interest and reputation of the Company;

vii. the member has wilfully deceived the Company;

- (21) The existing Article 9.18. ii. k. be altered to read as under.

k. to constitute a Nominating Committee in terms of the provisions of section 581U of the Act, to scrutinize applications received from eligible Members for positions on the Board based on the defined criteria as approved in the General meeting and as provided in these Articles, and accordingly recommend eligible members to the Board for its consideration. In turn the Board, after due consideration in the Board meeting, shall recommend Members for the position on the Board to be elected or appointed by the Members in the Annual General Meeting;

- (22) The words "and the number of positions on the Board representing each class of members based on patronage" appearing in Article 11.11 vi. be deleted.

- (23) The existing Article 11.11 vii. be renumbered to read as Article 11.11 viii.; and the following new Article 11.11 vii. be inserted immediately after the existing Article 11.11 vi..

11.11 vii. approval of guidelines for constitution of Nominating Committee in order to scrutinize the application for vacant position by eligible members and recommend the same for consideration at the Annual General Meeting through the Board; and

RESOLVED further that, the Chief Executive and the Company Secretary of the Company be and are hereby severally authorised to file necessary forms with the Registrar of Companies and do all such acts, deeds, matters and things and to sign and execute all such documents as may be necessary to give effect to this resolution."

The resolution was seconded by Shri Shivji Khimji Nakrani (Folio No.: 0011088).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as a Special Resolution.

11. Approval of guidelines for the constitution of Nominating Committee.

11.1 The following resolution was proposed as an Ordinary Resolution by Shri Ravilal Ramji Jabuvani (Folio No.: 0047796).

Resolution No.: 3rd AGM:26.08.14:11/2014-15

"RESOLVED THAT, subject to and only after the passing of a special resolution for alterations in the Articles of Association of the Company at item no. 10 of the notice, the guidelines for constitution of Nominating Committee be and are hereby adopted and approved pursuant to the relevant provisions of the Companies Act, 1956, including its Part IX-A (together with any statutory modification or re-enactment thereof for the time being in force including the provisions, if and to the extent applicable mutatis mutandis or otherwise, of the Companies Act, 2013) and the applicable provisions of the Memorandum and Articles of Association of the Company, which are laid down hereinbelow i.e.,

1. The Board of the Maahi Milk Producer Company Limited ("Company") shall constitute a "Nominating Committee" (NC) within three months of the completion of the financial year, for suggesting to the Board 'Potential candidate for the vacant producer-member director position on the Board of the Company'.
2. The vacancy of the Producer Directors on the Board (under Class A or Class B or Class C category) shall be announced by the Board of Directors of the Company. The notice inviting nominations from

eligible members for consideration by the Nominating Committee (to fill as many number of positions as vacant on the board) shall be put on the notice board of the Company and or on the website of the Company, if there is one or by sending a circular by ordinary post to all the members of the respective class(es) for which the vacancy arises.

3. The Board shall prepare a process which has to be followed by the 'Nominating Committee' for identifying such potential members as referred under Article.
4. The "Nominating Committee" shall consider the following table showing the 'Applicant's eligibility scores' to be given against each parameter for the eligible applicant:

Parameter for applicant's eligibility score	Maximum Score
Number of days of Milk supplied to the Company during previous two financial years Scoring will be as follows: (95% or more days -25; 85% to <95% days - 20; 75% to <85% - 15; 65% to <75% - 10; 55% to <65% - 5; <55% - 0)	25
Share capital subscription is not falling short by more than 10% of the actual requirement as on 31st March of the previous financial year.	10
Supplying the entire surplus to the Company during the period (i.e. has not supplied milk to any other players/competitors/operators)-based on self-declaration and subsequent verification by the Company.	10
Continuously maintained the member qualification (@ 3 marks for each year for the last 5 years).	15
Educational qualification of the applicant (over and above the minimum required qualification - for graduates -10 and for Post graduates - 15) Minimum qualification shall be as per the Articles of Association.	15

Other Training programmes attended - Producer / women awareness (5 marks); orientation programme for VCG (5 marks) / MRG (5 marks) / For Board of Directors' Training Programme of MAAHI (MMPCL) attended (15 marks).	15
Received any award or recognition as member of the Company (like best IB Award for member / VCG / MRG etc) / Applicant has served as Director on the Board of Directors of MAAHI (MMPCL) (5 marks).	5
Having received recognition for voluntary service (subject to documentary proof)	5
TOTAL	100

5. The 'Nominating Committee' constituted by the Board shall comprise of-
- A producer-member director on the Board from the membership class for which the vacancy has arisen provided that such Producer-member director is not the one who is retiring at that AGM. If more than one producer-member director qualifies, then one NC member shall be identified through draw of lots. Also, if no producer-member director is available from that class, then any other producer-member director shall be identified through draw of lots;
 - One expert from any Management Institute of National repute, having done considerable work for development of producer owned enterprises; and
 - One Expert Director who is on the Board of the Company.
- The Company Secretary of the Company shall assist the 'Nominating Committee' and be responsible for maintaining all the relevant documents thereof including the minutes of the meeting of the Nominating Committee.
6. The Term of the 'Nominating Committee' shall be from the date of first meeting of the committee to the date till it sends its recommendation to the Board of the Company.

7. The Board shall prescribe the process to be adopted by the 'Nominating Committee' for identifying such potential members.

RESOLVED further that, for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary and expedient and to settle any question, difficulty or doubt that may arise in this regard."

The resolution was seconded by Shri Lakhmsi Manji Patel (Folio No.: 0003482).

The Chairman put the motion to vote and on a show of hands declared the same as carried unanimously as an Ordinary Resolution.

As there was no other business to transact, the Chairman declared the meeting as closed. The meeting was then concluded with a vote of thanks.

Date: 12.09.2014

Sd/-
Chairman

MAAHI MILK PRODUCER COMPANY LIMITED

Budget for Financial Year 2014-15

(A) Financial Budget

Sr. No.	Particulars	(Rs. in Lakhs)
	INCOME:	
(A)	Total Income	1,18,970.63
	EXPENSES:	
	Variable Expenses	1,10,769.21
	Sales and Distribution Expenses	3,327.87
	Fixed Expenses	3,421.67
(B)	Total Expenses	1,17,518.75
(C)	Profit Before Tax (A-B)	1,451.88
(D)	Corporate Tax	502.47
(E)	Profit After Tax (C-D)	949.42

(B) Capital Budget

Sr. No.	Particulars	(Rs. in Lakhs)
(A)	Field Assets	2,799.82
(B)	Office Assets	322.69
(C)	Total (A+ B)	3,122.51

MAAHI MILK PRODUCER COMPANY LIMITED

[Registered under Part-IXA of the Companies Act, 1956 as "Producer Company"]

CIN: U01403GJ2012PTC070646

Regd. Office: 3rd and 4th Floor, Sakar Building, Opp.: Rajkumar College

Dr. Radhakrishnan Road, Rajkot, PIN-360 001, Gujarat

Tel. 0281-2460732, Fax: 0281-2460734 email: info@maahimilk.com

NOTICE

NOTICE is hereby given that, the FOURTH ANNUAL GENERAL MEETING OF MAAHI MILK PRODUCER COMPANY LIMITED will be held on Friday, the 7th day of August 2015, at Speedwell Party Plot, Nana Mava Main Road, Near Mavadi Rajkot Rural Police Head Quarters, Ambika Township Road, Beside Govani Chhatralaya, Rajkot-360 005, Gujarat, at 10:00 a.m., to transact the following business:

- To receive, consider and adopt the Balance Sheet as at 31st March 2015 and the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date together schedules and notes forming part thereof and the Reports of Directors and Auditors thereon.
- To declare a Limited Return (dividend) of Rs. 10/- per equity share of Rs.100/- each for the financial year ended on 31st March, 2015.
- To appoint a director in place of Shri Gopalbhai Varotra (DIN : 05198510), representing "Class-A" on the Board of Directors, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a director in place of Shri Hamir Raja Karavadra (DIN :06369158), representing "Class-A" on the Board of Directors, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Statutory Auditors, fix their remuneration and in this regard to pass the following resolution:-

"RESOLVED that, M/s. S.B. Billimoria & Co., Chartered Accountants, Gurgaon, Haryana (Firm Registration No 101496W), be and are hereby re-appointed as Statutory Auditors of the Company to hold the office from the conclusion of this 4rd Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.8.50 lakh (Rupees Eight Lakhs Fifty Thousand) plus applicable service tax and reimbursement of actual out of pocket expenses."

- To consider and approve the Budget of the Company for the Financial Year 2015-2016.

7. APPOINTMENT OF SHRI RAMBHAI UKABHAI RAM AS A DIRECTOR

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, in terms of Article 9.6 and other relevant articles of the Articles of Association of the Company and applicable provisions, if any, of the Companies Act, 1956, (together with any statutory modification or re-enactment thereof for the time being in force), Shri Rambhai Ukabhai Ram (DIN: 07235592), representing "Class-A" of the members of the Company, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retire by rotation."

By order of the Board of Directors

Place: Rajkot-360 001
Date: July 6, 2015

Sanjay Talati
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A SHOW OF HANDS AS WELL AS ON A POLL IN HIS/HER STEAD AND A **PROXY MUST BE A MEMBER** OF THE COMPANY. **NON-MEMBER CAN NOT BE APPOINTED AS A PROXY.** THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST **48 HOURS** BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED HEREWITH.
2. Every member will have only one vote (on show of hands as well as on poll) irrespective of his/her shareholding or patronage in the Company **subject to the condition that a member has fulfilled a basic condition** for voting i.e., he/she has poured milk for at least 200 days totalling to at least 500 litres in a previous financial year (2014-15).
3. The members of the Company at their First Annual General Meeting have approved the criteria for categorizing members into different classes (**Class A, B and C**) based on the members' participation in business (i.e., patronage criteria).
4. **Class Categorization of members and their entitlement to voting rights:**

At the close of financial year (2014-15) on 31.03.2015, there were total

86938 members on the roll (Register of Members) of the Company, whose class categorization, based on their patronage during F.Y. 2014-15, and the voting right status are given as under:-

- a) Based on the analysis of data w.r.t., fulfillment and non-fulfillment of patronage criteria by the members during F.Y. 2014-15, there were 4,460 members in Class-A, 14,239 members in Class-B and 21,005 members in Class-C (aggregating to 39,704 members), who apart from fulfilling the basic condition for voting also fulfilled all the criteria of patronage of their respective class, and therefore, they are entitled to vote on all the resolutions set at Item nos. 1 to 7 of the notice including voting on election of Director of a particular class to which they belong.

[Note: A member of one class (Class A, Class B, or Class C) can vote on appointment of director belonging to his/her own class only and cannot vote on appointment of director of other Class (vide Article 9.5 of the Articles of Association).]

- b) There were 7,352 members, who have fulfilled basic condition for voting (i.e., pouring of milk for at least 200 days totalling to at least 500 litres in a previous financial year) but have not fulfilled one or more of the patronage criteria of their respective class during F.Y. 2014-15. Hence, they do not qualify to be in any of the three classes for the purpose of categorizing members into different classes, and consequently, they are not entitled to vote on class based election of Directors (at Item nos. 3, 4 and 7 of the notice), however, they can vote on other resolutions at Item nos. 1, 2, and 5 to 6 of the notice.

There were 39,882 members who did not pour milk for at least 200 days totalling to at least 500 litres in a previous financial year (2014-15), and hence, they lost their voting right and are not entitled vote on any resolution to be moved at this Annual General Meeting.

- c) Out of the total 86938 members (39,704+7,352+39,882) referred to in clauses **a), b)** and **c)** above, membership of 10,089 members have been further cancelled post 31.03.2015, hence, such 10,089 members will not be entitled to attend and vote at AGM, although they will be entitled to dividend (Limited Return) for FY 2014-15, if declared by the AGM.
- (e) After the end of financial year 2014-15 on 31.03.2015 and till the date of this notice, 6,466 new members were admitted, who will not be entitled to dividend (if declared) for FY 2014-15 as well as voting right at ensuing AGM. However, such members shall be so entitled for share/membership related rights, entitlement or benefit relating to FY 2014-15 subject to fulfillment of conditions of membership.
- (f) A member who did not pour milk for at least 200 days totaling to at least

- 500 litres in a previous financial year (2014-15), has no right to vote on any resolution.
- (g) A milk producer, who was a member as on March 31, 2015, but whose membership has been cancelled post March 31, 2015, will be entitled to dividend for F.Y. 2014-15, but shall not be entitled to any share/membership related rights, entitlement or benefit (including attendance & voting at AGM) post such cancellation as he/she has ceased to be a member of the Company.
 - (h) Similarly, a new member, who was admitted as member of the Company post March, 31,2014, will not be entitled to dividend for F.Y. 2014-15 as well as voting right at ensuing AGM.
 - (i) MPP (Milk Pooling Point) wise list of aforesaid members are available at respective MPP and will be available at AGM Venue.
 - (j) The Company will employ such method and arrangement to distinguish members of different classes for facilitating voting as is convenient, which shall be appraised to the members at the meeting.
5. The names of candidates for election to the office of Director including a statement of qualifications in respect of each candidate; the audited Balance sheet as at 31st March, 2015 and Profit and Loss Account for the financial year ended 31st March 2015 together with Reports of the Directors and Auditors thereon and the Minutes of the previous AGM held on 26th August, 2014 are annexed herewith. Budget for FY-2015-16 is also enclosed.
 6. Members are requested to bring their copy of the Annual Report and Attendance Slip at the meeting as the Company would not provide any copy at the venue of the AGM.
 7. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their communications to the Registered Office of the Company, well in advance at least seven days before the date of the meeting, so that the required information can be made available at the meeting, to the extent possible.
 8. Members are requested to quote the folio numbers and their pouter code in all their correspondence.
 9. The Explanatory Statement setting out all material facts in respect of Item no. 7 of the accompanying notice is attached herewith.
 10. Relevant documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the members at the Registered Office of the Company on all working days except Saturdays,

during normal business hours (11:00 hrs to 16:00 hrs).

11. The limited return (dividend), as recommended by the Board, if declared at the meeting, will be paid to those shareholders, whose names appear as Members in the Register of Members of the Company as on the 31st March, 2015.

Statutorily, any dividend which has not been paid or claimed within 30 (thirty) days from the date of declaration shall be transferred within seven days from the date of expiry of said thirty days to an unclaimed dividend account with a scheduled bank. Any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to Investor Education and Protection Fund.
12. Members are requested to notify immediately any change in their addresses with PIN Code to the Company.
13. Members, who have not submitted their nomination form may send their Nomination in the prescribed form duly filled in to the Company at its registered office. Nomination Form can be obtained from the Registered Office of the Company.
14. Members holding shares under multiple folios are requested to consolidate their holdings into one folio.
15. Weapons, fire arms, ammunitions, knives and blades, sharp instruments etc., are prohibited at the AGM venue.

STATEMENT OF QUALIFICATION IN RESPECT OF THE CANDIDATES TO BE ELECTED AS DIRECTOR UNDER SECTION 581ZA(4)(C) OF THE COMPANIES ACT 1956

Item Nos. 3, 4 & 7

- (i) Shri Gopal bhai Varota is B.Com. He is engaged in Agriculture and Dairy Farming.
- (ii) Shri Hamir Raja Karavadara is B.Sc. He is engaged in Agriculture and Dairy Farming.
- (iii) Shri Rambhai Ukabhai Ram is B.A. He is engaged in Agriculture and Dairy Farming.

By order of the Board of Directors

Place: Rajkot-360 001
Date: July 6, 2015

Sanjay Talati
Company Secretary

EXPLANATORY STATEMENT

(for Item nos. 07 of the accompanying Notice dated July 17, 2015)

Item No.: 07

The appointment of Shri Rambhai Ukabhai Ram (representing Class-A) at item no. 7 of this notice, pursuant to his nomination and eligibility, has been proposed by the Nominating Committee at its meeting held on June 18, 2015, in place of Shri Nitesh Kansagara, who retires at this 4th Annual General Meeting of the Company and does not offer himself for reappointment for being not eligible to be reappointed in terms of the provisions of the Articles of Association of the Company.

Shri Rambhai Ukabhai Ram, whose statement of qualification pursuant to Section 581ZA(4)(c) of the Companies Act, 1956, is appended to the accompanying notice, being eligible proposes his candidature for the office of Director, representing "Class-A" of the members on the Board of Directors of the Company, whose period of office, if appointed, shall be liable to retire by rotation.

Except Shri Rambhai Ukabhai Ram, none of the Directors/Officers of the Company or their relatives is, in any way, interested or concerned in the resolution.

The Board of Directors, based on the recommendation of the Nominating Committee as aforesaid, recommends the resolution set out in Item no.07 of the accompanying notice for the approval of the members.

By order of the Board of Directors

Place: Rajkot-360 001

Date: July 6, 2015

Sanjay Talati
Company Secretary



માહી મિલ્ક પ્રોડ્યુસર કંપની



MAAHI MILK PRODUCER COMPANY LIMITED

[Registered under Part-IXA of the Companies Act, 1956 as "Producer Company"]

CIN: U01403GJ2012PTC070646

Regd. Office: 3rd and 4th Floor, Sakar Building, Opp.: Rajkumar College
Dr. Radhakrishnan Road, Rajkot, PIN-360 001, Gujarat

Tel.: 0281-2460732, Fax: 0281-2460734 email: info@maahimilk.com

ATTENDANCE SLIP

Folio No:

Member Code:

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I hereby record my presence at the 4th Annual General Meeting of **Maahi Milk Producer Company Limited** held on Tuesday, the 7th day of August 2015, at 10:00 a.m., at Speedwell Party Plot, Nana Mava Main Road, Near Mavadi Rajkot Rural Police Head Quarters, Ambika Township Road, Beside Govani Chhatralaya, Rajkot-360 005, Gujarat.

.....
Name of the Shareholder/Proxy*

.....
Signature of the Shareholder/Proxy*

**strike out whichever is not applicable*



માહી મિલ્ક પ્રોડ્યુસર કંપની



MAAHI MILK PRODUCER COMPANY LIMITED

[Registered under Part-IXA of the Companies Act, 1956 as "Producer Company"]

CIN: U01403GJ2012PTC070646

Regd. Office: 3rd and 4th Floor, Sakar Building, Opp.: Rajkumar College
Dr. Radhakrishnan Road, Rajkot, PIN-360 001, Gujarat

Tel.: 0281-2460732, Fax: 0281-2460734 email: info@maahimilk.com

PROXY FORM

Folio No:

Member Code:

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I,
of in the district of
being a member of **Maahi Milk Producer Company Limited**,
hereby appoint Mr./Mrs.
(Folio No.:) of
in the district of failing him/her,
Mr./Mrs.
(Folio No.:.....) of
in the district of as my proxy to vote for
me on my behalf at the Third Annual General Meeting of the Company to be
held on **Friday**, the **7th** day of **August, 2015**, at Speedwell Party Plot, Nana
Mava Main Road, Near Mavadi Rajkot Rural Police Head Quarters, Ambika
Township Road, Beside Govani Chhatralaya, Rajkot-360 005, Gujarat, at **10:00
a.m.**, and at any adjournment thereof.

Signed this day of 2015

Affix
Revenue
stamp

Signature:

NOTE:

THIS FORM OF PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED AND DEPOSTED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY MUST BE A MEMBER OF THE COMPANY.



માહી

આપણું

માહી ઘી

હવે નવા આકર્ષક પેકમાં

કાઠિયાવાડનું શુદ્ધ અને દાણેદાર ઘી



વ્યાપારિક પૂછપરછ માટે સંપર્ક કરો: ૦૨૮૧-૨૪૬૦૭૩૨

• Website: www.maahimilk.com • Follow Us: [f](#) [t](#) [g+](#) [in](#)



If undelivered, please return to:
MAAHI MILK PRODUCER COMPANY LIMITED
3rd & 4th Floor, Sakar Building
Opp. Rajkumar College
Dr. Radhakrishnan Road
RAJKOT - 360 001 (Gujarat)