



Maahi

5th Annual Report
2016-2017



 **maahi**[®]

MAAHI MILK PRODUCER COMPANY LIMITED





Maahi GHEE



Pure Cow Ghee

Pure Danedar
Ghee

FROM KATHIYAWAD



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Directors' Report

Dear Members,

The Directors present their 5th Annual Report together with Audited Financial Statements of the Company for the financial year ended 31st March, 2017.

Financial Results

(Rs.in Lakhs)

Particulars	31.03.2017	31.03.2016
Total Revenue	1,19,105.36	1,01,291.65
Total Expenses	1,16,386.93	99,019.70
Profit / (Loss) Before Tax	2,718.43	2,271.95
Tax Expense		
(1) Current Tax	995.00	747.00
(2) Deferred Tax	(51.55)	48.05
Net Tax Expense	943.45	795.05
Profit/ (Loss) after Tax	1774.98	1476.90

Operations Overview

During the year under review, the Company's Revenue from operations are Rs.1,19,105.36 Lakhs and profit before Tax of Rs. 2718.43 lakhs as compared to last year's figure of Rs. 1,01,291.65 Lakhs and Rs. 2,271.95 lakhs respectively. The earnings per share (EPS) on an Equity Share having face value of Rs, 100/- stands at Rs. 66.67 considering the total Equity Capital of Rs.3061.63 lakhs.

Dividend

Company has a consistent track record of declaration of dividend on the share capital to the members. Looking to the profit earned by the Company, the Directors of your Company their meeting held on 17th July, 2017 recommended dividend of Rs. 9/- per share on the Equity share Capital of Rs. 3061.63 lakhs. The dividend, subject to the approval of Members at the ensuing 6th Annual General Meeting, will be paid to those Members whose names appear on the Register of Members as on 31.03.2017.

The Dividend @ Rs. 9/- per Equity Share for the financial year will absorb Rs. 331.64 Lakhs, including Dividend Distribution Tax of Rs. 56.09 lakhs.

Transfer to General Reserve

The Board proposes to transfer Rs. 1443.34 Lakhs out of the profit after tax of the Company for the financial year 2016-17 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.

Achievements of Company

During the year 2016-17, Company has won a prestigious "Fastest Growing Indian Company Excellence Award" from IERDA (Indian Economic Development & Research Association) for the outstanding contribution in its own field.

Further, a world famous SAP Company has for its Project "Saarathi" in adopting Digital Initiatives in Public & Social Sector, announced SAP ACE awards to Maahi Milk Producer Company Limited jointly with NDDDB Dairy Services, Paayas Milk Producer Company Limited & Shreeja Mahila Milk Producer Company Limited.

Key Highlights of the Business and operations

During the year under review, there was no change in the nature of business of the Company. Some of the key highlights pertaining to the business of the Company, for the year under review are summarized as under:

(A) Milk Procurement

Within four years of commercial operations, Company has established 2792 Milk Pooling Points (MPP) in 2530 villages of 11 districts of Saurashtra and Kutch. During the year under review, Company has procured an average of 6,36,614 kgs of milk per day from the members associated with it.

It is expected that by procuring fresh quality milk from members through MPP and maintaining the quality parameters, Company would be able to sale the milk at reasonable price, thereby helping to enhance the economic status of members. By undertaking various programmes like modernization and upgradation of chilling centres and BMC, company is continuously putting its efforts to improve quality of milk.

During the year under review, Company has established new BMC at Adesar, Vallabhipur and Baradiya and upgraded the BMC at Dhaneti and Simasi. Further, during the year, 15 new BMC has been established at 15 different locations. Apart from this, an arrangement has been made at Bhavnagar, Ghadhada and Palitana to store the cow and buffalo milk separately. Further, in order to maintain the quality of milk and to prevent sourage of milk in summer, instant milk cooler unit has been installed at Bhatiya and Gadhada.

In order to make the process of acceptance of Milk more transparent and strong, facility of Milk Analyzer is made available at 1149 Milk Pooing Points. Installation of milk analyzer at the remaining centers will be undertaken in the next year. All milk routes from every MPP to chilling centres will be connected through GPRS by which transportation of milk can be made transparent.

Way forward

In order to increase the milk procurement, Company has adopted the strategic policy to operationalize MPPs in potential villages and decided to establish 3066 MPP by the end of financial year 2017-18. In order to associate milk producers with the Company, new membership enrollment process will be carried out twice in a year. Considering the attrition of members because of cancellation and surrender of membership and admission of new members, target of 1,17,000 members by the end of financial year 2017-18 has been fixed. Company expects to achieve average milk procurement of 7.46 lakhs kg per day during the financial year 2017-18.

(B) Producer Institution Building

In order to associate more and more milk producers with the Company and creating awareness among the members about their roles and responsibilities, PIB Department of the Company has organized various programmes during the year.

Company has initiated membership drive for three times (April, September, and March) during the financial year 2016-17 for enrollment of new members, and able to associate more than 34000 new members with the Company. The total number of members as on 31st March, 2017 was 99,913.

During the year under report, PIB department organized Member Awareness programme, Rural Youth Awareness programme, Children Competition programme, Women Awareness programme,

Clean Milk Production programme and Leadership Development programme in the operational areas of the company in which 56980 members, women, youths and children have participated.

Maahi Milk Producer Company Limited is a Company having large scale membership along with very large operational area and single level infrastructure, therefore informal groups known as VCG (Village Contact Groups) and MRG (Member Relation Groups) has been created from the members to resolve the members' issues and to strengthen relationship and bonding between members and Company to ensure effective two way communication.

In order to build the efficiency of VCG and MRG members, during the year 553 VCG trainings and 90 MRG trainings were organized by the PIB officials. Company officials remained present in the VCG and MRG meetings and ensured that the questions presented by members are addressed satisfactorily and in order that members become aware of the frequently asked questions, such questions are published alongwith the answers in Maahi Mitra magazine with detailed explanation.

In order to educate every member of the company about fulfillment of membership criteria, every month, PIB Dept. of the Company displays the details of Quantity and no. of days milk poured by the individual member and information about Patronage is being placed on the notice board of each and every MPP so that member can take more and more benefit by fulfilling membership conditions.

Aam Aadmi Vima Yojna (of LIC) for the members

Maahi has sanctioned the group life/accident cover insurance policy for the members of the Company (in the age group from 18 to 58 years) under the Insurance Plan of LIC known as "Aam Aadmi Vima Yojna" and accordingly 6300 members have been covered under the Group policy of LIC of India by 1st April, 2017. During the year under report, claims of 8 members have been settled.

(C) PES (Productivity Enhancement Scheme)

Sub Project plan under NDP-1

Under the National Dairy Development Plan - 1, Maahi Milk Producer Company Limited has successfully implemented Ration Balancing Programme, Fodder Development Programme, Artificial Insemination programme and Village Based Milk Procurement

System by the financial assistance of World Bank through National Dairy Development Board (NDDB).

Ration Balancing Programme (RBP)

Under this scheme, milk producers are advised on animal balanced diet feeding which is formulated with the help of experts. Under the programme, milk producers are advised to make balanced diet using available food ingredients. With the use of balanced diet, milk production increases, decrease in milk production cost and improvement in animal health.

During the year under review, a total of 186470 animals of 153380 milk producers were registered from Saurashtra and Kutch Districts under the scheme.

With the recommendation of animal-balanced diet, it is observed that there is increase in milk production and reduction in milk production cost by 15.28%.

Further, a separate plan of RBP has also been implemented in Bhavnagar district. A total of 74 LRPs were trained and RBP Services are being operated in total 148 villages. Under this program, 5082 animals of 4444 milk producers have been registered.

Fodder Development Programme (FDP)

To increase the availability of fodder for livestock and to increase the availability of fodder crops, maximum attention is focused on the distribution of improved and high yielding seeds.

During the year under report, Maahi distributed 129 metric tonnes of high quality fodder seeds to 579 milk producers in 65 villages and organized 64 fodder pruning programs in which 1063 producers participated.

In order to make green fodder available throughout the year to the animals, total 20 silage demonstration has been organized using silage bags having capacity of 1 metric ton. Use of silage bag is less expensive and affordable to small and marginal farmers. 100 farmers participated in this programme.

Pilot Model for Viable Artificial Insemination Delivery (AI Delivery)

The main objective of this programme is to improve breed and increase the milk productivity by producing high-pedigree progeny by artificial insemination at home and to protect animals from

infectious diseases. Under this plan, during the year 2016-17, total of 2168 villages of Saurashtra and Kutch districts are covered under the service.

During the year, total of 75,944 artificial insemination have been performed and 1687 number of calves born from artificial insemination. Under the plan, during the year total 819 camps have been organized.

Village Based Milk Procurement System (VBMP)

With an aim to set up fair and transparent milk procurement system and also to ensure accurate and timely payment to members, VBMPs scheme was introduced.

Under VBMP scheme, 43 new BMCS installed and during the year, 619 new MPPs have been operationalized.

During the year 2016-17, various training programs were organized under the scheme in accordance with the guidelines of VBMP. Under the plan, 26 employees of BMC and Chilling Centers were trained in Operation and Maintenance, 16 employees and 412 Sahayaks were trained and 86 Sahayaks were given refresher training on milk collection and quality.

(D) Quality Assurance Department

Quality has always remained a focus area for the Company. Since the commencement of its operations, Company has demonstrated its commitment to quality throughout the trade chain and has consistently created higher quality benchmarks. During the year, company has focused on ensuring quality improvement by extensive quality check in all BMC/chilling centers and manufacturing units to ensure that consumers always get the best products.

All BMC and Chilling Centres of the Company are well equipped with the basic testing facilities and instruments for quality testing of raw milk.

During the year under review, the Company has conducted extensive training programme covering field staffs of all levels to improve the competency level across the value chain. Further, whenever required improvement in quality of products, Company has continuously and promptly made which are based on the feedback from the market and customers.

During the reporting year, in order to provide better services to customers, company has commenced new third plant in Bhavnagar. Further, a host of new category of products like Kadhi Chhas, Flavoured Milk and Paneer are launched in the market that meet the needs of our customers.

Way forward

During the year under review, the time for testing of quality of milk -MBRT (Methylene Blue Reduction Time) for Raw Chilled Milk remained 99 minutes which is targeted to increase to 109 minutes in the year 2017-18.

(E) Sales & Marketing

Year 2016-17 was dynamic and progressive year for Maahi as it has added new products like flavored milk, Kadhi Chhas, and Paneer to its existing basket of Pouch Packed Milk Variants, Butter Milk, Dahi, Sweets, Pure Ghee and Cow Ghee which have received good response.

During the year under review, the sale of Poly Packed Milk and Butter Milk was 3,20,662 liter per day (LPD) and 68,677 LPD respectively. Further, the annual sale of Curd was 986.60 MT, that of Ghee was 1414 MT., Sweets 115.45 MT, paneer 10.59 MT and sale of flavored milk was 45,602 liter during the period.

Company has continued its efforts to expand its market frontiers across Gujarat. Company's strategic approach to sales and marketing has boost it's brand value and the perception of customers. As part of marketing strategy, program of Maahi Parichay has been initiated during FY 2016-17 where more than 4000 customers, students and sellers have visited Junagadh Dairy Plant which has received good response.

Maahi is expanding rapidly by adding new distributors and retailers to move closer to the end consumers. In addition to this, Maahi has successfully marked its position in four major chains of Modern trade like Reliance, D-Mart and Metro supermarket across Gujarat.

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 successfully joined hands with Government of Gujarat, to supply 200ml fortified pasteurized flavored milk pouches under Doodh Sanjeevani Yojana for Mid-Day Meal (MDM) and Integrated Child Development Scheme (ICDS) in Kutch and Dwarka districts.

Way Forward

Company will increase the availability of its products in the existing markets and open new markets to achieve the sales target. Providing consistent quality in products, we expect good growth in sale of Milk Products like Ghee and Cow Ghee, Curd in cups & pouch, Paneer in retail and bulk pack.

Considering the market potential and demand, 15 ml Ghee sachet and other products will be launched.

(F) Accounts & Finance department

- 1. Credit Rating:** CARE has assigned (AA-) rating to the Company in 2015-16. After due process the Company has retained the same rating i.e. (AA-) which is a major achievement considering the Company had just completed four years of commercial operations.
- 2. Working Capital:** The Company has total working capital facility of Rs. 100 Cr. with Yes bank, which was extended in FY 2016-17 with further bifurcation of Bank Overdraft facility of Rs 60 crores and Bill Discounting facility of Rs 40 crores.
- 3. Treasury Operations:** As compared to the last year's Interest Income of Rs. 656.68 lacs, Company has earned interest income of Rs. 782.17 lakh during the current year, which shows rise of 19.11%. This has been possible through prudent fund management.
- 4. Internal Financial Controls (IFC):** During the year, the Company has successfully designed and implemented framework for Internal Financial Controls (IFC) as required under section 134 of the Companies Act, 2013. The Company has appointed external consulting firm, M/s Ray & Ray, Chartered Accountants, Mumbai for implementation of IFC. The statutory auditors of the Company have also given clean report with respect to IFC implementation.
- 5. Implementation of Goods & Service Tax :** The Company has successfully transited from current indirect tax regime to Goods & Service Tax regime. It is availing the support and consultation from M/s Deloitte Haskins & Sells and Zensar Technologies to update ERP system and related business processes to be in compliant under GST regime.

6. Financial Inclusiveness: As of March 31, 2017, total number of members with the Company are 99,913, of which, 99,282 members (99%) have bank account wherein the payment of milk procurement is made through NEFT/RTGS.

(G) Information Technology Department:

Company had been front runner in implementing the IT system in business to make the process more robust, transparent and accurate. Lot of initiation had been taken in this regard for the benefit of members. All members are requested to make the maximum use of the technology.

Steps taken by IT department during financial year 2016-17

• SAP Implementation :

Company has implemented SAP ERP program to make the system strong, transparent & authenticate. All the processes like Milk procurement, PIB, Finance, Purchase, Production, Quality etc. are now integrated at one platform, thus making system streamlined. Members' payment is done automatic from SAP ERP which has smoothen the process of milk payment to members.

- **SMS:** SMS of milk bill payment is made after every Bill Cycle on the registered mobile no. of the members who have registered their mobile no. with the Company. Further, members are informed of various schemes announced by the company for the members through their registered mobile number.
- **Voice Call:** Company communicates various schemes and advertisements to its members through voice calls. Through all these efforts, maximum benefits are given to the members. Company requests all its members to register their mobile number with supervisor /BMC I/c so that they can get facility of voice call from the company.
- **Online information for members. <http://member.maahimilk.com>**

Member's can get list and contact detail of different type of services (i.e. Fodder Development, RBP, Veterinary Service etc.) from company's website - <http://member.maahimilk.com> Members can also get their basic details and the details of milk poured by them during the current period.

- **Online sale of Maahi Dan/Ghee/Sweets:**

After demonetization of Rs. 500/- and Rs. 1000/- currencies, most of Indian rural people faced cash crunch in their routine life. Company has provided facility to their members to purchase Maahi Daan and Maahi Ghee without paying in cash. Under this facility, members can book the orders for Ghee, Daan and Sweets at their respective BMC's and payment against these orders shall be made by deduction from their milk bill amount.

- **Online information through Android based Tablet:**

Company's IT Department has developed an online application related to members and milk pouring data. Field supervisors are provided the tablet for the online information. Any milk producer member by requesting the field supervisor can get his data and also get his relevant data updated. In this online application, the milk producer member can get the benefit of services such as RBP, Artificial Insemination (AI) by registering the information of its animals.

(H) Human Resource Department

Employees are heart of the Company. Human resource department of the Company provides conducive environment for the work to the employees starting from their recruitment to ensure that they can develop and achieve the highest goals. HR department provides round the year training facilities for the employees, arrange regular performance talks at various platforms for achieving operational advantage and complete timely appraisal process annually.

Being a farmer's producer organization, highest priority is being given in optimum utilization of the resources at every level. Channelizing manpower for optimum utilization, building internal hiring pools, low cost recruitment tactics which directly or indirectly contribute towards providing maximizing returns to the producer members of the Company.

Efforts have been made in the past by introducing automation in HR processes at every levels, and this year online Performance Management System (PMS) is being systemized.

Major Highlights of the Initiatives taken by HR Department for the year 2016-17

- Training programs knowing "Dairy Technology for Non - Dairy Technologist" for employees has been introduced, under which 137 employees were trained.
- During the year under review, overall 14297 man hours of training imparted under the Skill Development Programs covering MS Excel, Personal Effectiveness Training, Team Building and leadership.
- Employee connect and engagement initiatives like Family Get together, Children Day Gift, Birthday Gift and Celebration, Milk Day Celebration, festivals Like Holi, Janmasthan, Diwali, X'mas, New year etc. are celebrated.
- Various programs are organized as part of Corporate Social Responsibility. During the year under review, blood donation camp (201 blood units donated), Anti-Tobacco Awareness drives (1500 Families covered), Plantation of Trees (558 Trees planted) etc. were conducted.

(I) Share Capital:

As on 31st March, 2017, the Paid up Equity Share Capital of the Company was Rs. 3061.63 lakhs and 99,913 members were appearing on the Register of Members of the Company. The Company has started to issue Equity Shares with a Securities Premium of Rs. 50/- per share on shares issued after 1st January, 2017.

During the year under review, the Company has issued 3,69,761 new Equity Shares of Rs. 100/- each.

After the close of the financial year and upto the date of this report, membership of 7865 members have been cancelled due to non-fulfillment of membership criteria and 262 members have fully surrendered their shares while four members have partially surrendered.

There is enrollment of 13,730 new members after 31st March, 2017. Therefore, the total number of members as on the date of this report stands at 1,05,516 members, whereas the paid up share capital is Rs. 29.79 Crore.

In order to avoid cancellation of membership, all the members are hereby requested to adhere and fulfil all the patronage criteria of their respective class and conditions for continuation of membership during the relevant financial year.

Voting rights and attendance at Annual General Meeting

As regards exercise of voting right at the ensuing Annual General Meeting of the Company, out of the said 99,913 members as on 31st March, 2017, only 50,199 members are entitled for voting right and 49714 members who did not pour milk for at least 200 days totaling to 500 liters in a previous financial year (2016-17) have lost their voting rights and are not entitled to vote at the ensuing Annual General Meeting.

Out of the total 50,199 members who are eligible to vote at AGM, membership of 21 canceled and 66 members have surrendered their shares after the close of the financial year and up to the date of this report. Thus effectively only 50,112 members will be entitled to exercise voting right at the ensuing Annual General Meeting of the Company.

Those milk producers who were members as on 31st March 2017, but whose membership have been cancelled post 31st March, 2017 will be entitled to get dividend for financial year 2016-17 but shall not be entitled to any share/membership related right entitlement or benefit (including attendance & voting at AGM) 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, 2017 will not be entitled to get dividend for FY 2016-17 as well as voting right at ensuing AGM. However, they can attend the AGM.

(J) Board of Directors

Shri Sriram Singh, Expert Director, whose term expired on 10.06.2016, was re-appointed as an expert Director for a period of two years with effect from 11.06.2016.

Shri Harshadkumar R Joshi has resigned as a Chief Executive and Ex-officio Director of the Company w.e.f. 16th January, 2017.

Shri Y. M. Patel was appointed as Chief Executive and Ex-officio Director (DIN: 07706715) on deputation from National Dairy Development Board from 16th January, 2017 till 31st July, 2017. He is appointed as a regular Chief Executive of the Company from 1st August, 2017 for a period of two years.

Further, Board has re-appointed Dr. Omveer Singh, Managing Director of NDDB Dairy Services as an Expert Director on the Board of the Company w.e.f. 13th May, 2017 for a period of two years.

Board Meetings

The Board meets periodically for the transactions of business of the Company and during the year under considerations six Board meetings were held as under:

Board Meeting no.	Date of Board Meeting	Board Strength	No. of Directors Present
32nd BM	24th May, 2016	14	13
33rd BM	4th July, 2016	14	13
34th BM	14th October, 2016	15	14
35th BM	16th January, 2017	15	14
36th BM	20th February, 2017	15	12
37th BM	24th March, 2017	15	13

Committee Meetings:

Company has Share Transmission Committee to approve the applications for Transmission of Shares. During the year Committee met five times as under:

Committee Meeting no.	Date of Board Meeting
2 nd CM	6 th May, 2016
3 rd CM	22 nd August, 2016
4 th CM	27 th October, 2016
5 th CM	29 th December, 2016
6 th CM	25 th March, 2017

Composition of Board

Article 9.4 and Article 9.5 of Articles of Association of the Company cumulatively provides that criteria for categorizing the members into different classes shall be approved by the General Body of Shareholders based on their patronage and number of positions on the Board representing each class of members to the extent possible, shall be based on the patronage of the respective class. Accordingly the criteria for categorizing members into three different classes viz., Class - A, Class - B and Class - C based on patronage were approved at the first AGM of the Company.

There were 99,913 members on the Register of Members as on 31st March, 2017. Based on the pouring pattern of the members for F.Y. 2016-17, it reveals that out of 99,913 members as on 31st March, 2017, there were 65498 members i.e. 65.56% of the members have fulfilled all the criteria of membership including those members who were admitted for less than 365 days during 2016-17 but are deemed to belong to the class chosen by them and acquired the shares for that chosen class. Out of this 65.56% of the total members 9.27% belong to Class - A, 25.37% belong to Class - B and 65.35% belong to class C. Whereas the proportionate percentages of quantity of milk supplied by the said Class-A, Class-B and Class-C of members amongst themselves were respectively 43%, 33% and 24% during 2016-17. 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 of Class - C. As aforesaid, the composition of Board of the Company, to the extent possible is as per Article 9.4.

As per Article 9.6 of the Articles of Association of the Company, Shri Vajesingh Chudasama representing Class-B, Shri Ramde Modhwadiya with "No Class" will retire at the ensuing Annual General Meeting of the Company. As the two retiring directors have completed their two terms to act as Directors, they will be ineligible for re-appointment in terms of Article 9.6 iii. Further, Shri Vijubha Gohil, director of the Company representing Class-C retires by rotation and not being eligible for re-appointment as he has not maintained his class for two consecutive years shall retire at the ensuing 6th AGM.

Shri Gopalbhai Varotra, Shri Hamirbhai Karavadra, Shri Rambhai Ukabhai Ram and Shri Mahendrasingh Jadeja are four directors in Class - A. There is no retirement/election in Class - A category directors at the forthcoming AGM.

There is only one director Shri Lalabhai Algotar, who is representing Class - B. Thus, there are three positions vacant in Class - B and the Board of Directors on the basis of recommendation of Nominating Committee, recommended the appointment of Shri Vishwaskumar Dodiya, Shri Mahendrabhai Bhupatbhai Goletar and Shri Ramde Mipabhai Ratiya respectively in place of retiring directors.

There are three directors viz., Smt. Ramilaben Patel, Shri Mathurbhai Raiyani and Shri Aniruddh Khuman in Class - C. There is no re-appointment/election for Class- C category directors at the forthcoming AGM.

(K) Directors' Responsibility Statement

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The directors have prepared the annual accounts on a going concern basis;
- (v) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

(L) Auditors

M/s. S B Billimoria & Co., Gurugram, (Firm Registration no. 01496W) retires at the ensuing Annual General Meeting and being eligible, offer themselves, for re-appointment. As required under the provisions of section - 139(1) of the Companies Act, 2013, the company has received a written consent from M/s. S B Billimoria & Co., to their appointment and a certificate, to the effect that their re-appointment, if made, would be in accordance with the Act and the Rules framed there under and that they satisfy the criteria provided in section- 141 of Companies Act, 2013. The Board recommends their appointment.

(M) Internal Financial control

The Company has in place proper and adequate internal control system which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. The Company has appointed M/s. Ray & Ray, Chartered Accountants, Mumbai to review ICFR system. The assignment covered documentation of policies and procedures adopted by the company for conducting financial transactions, procedures adopted by company to identify risks related to financial transactions, procedures for mitigating the identified risks and to develop Risk Control Matrix to ensure ICFR system put in place is working effectively.

The internal Audit of the company is conducted by M/s. Ernst & Young LLP, Chartered Accountants. The Internal Auditors independently evaluate the adequacy of internal control and concurrently audit the majority of the transaction in value terms. The Internal Audit of Account, is in compliance of the requirement of section 581ZF of the Companies Act, 1956. Board of Directors of the Company have at their 38th Board Meeting re appointed M/s. Ernst & Young LLP, Chartered Accountants as an Internal Auditors of the Company upto 31/03/2018.

(N) Cost Audit/Cost compliance Report

As the Company's sales turnover of milk powder does not exceed Rs. 35 Crore, Cost Audit is not applicable to the Company in terms of the requirement of Companies (Cost Records and Audit) Rules, 2014.

(O) Personnel:

During the year under review, there was no employee whose particulars are required to be furnished in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 1988.

(P) 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.

(Q) Acknowledgement:

We thank our members, customers, vendors and bankers for their continued support during the year. We place on record our appreciation for contribution made by our employees at all levels which has made possible the consistent growth of the Company.

We also wish to convey our gratitude to National Dairy Development Board, NDDB Dairy Services, Mother Dairy Fruit & Vegetable Private Limited and World Bank for co-operation and support received during the year.

For and on behalf of the Board of Directors

Gopalbhai Varotra

Chairman

Date: July 17, 2017

Place: Rajkot

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Statement regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo for the year ended on 31st March, 2017 as required under Section 217(1) (e) of the Companies Act, 1956, which forms part of the Directors' Report.

A. CONSERVATION OF ENERGY:

(a) Energy Conservation Measures taken:

As per the commitment of the company towards conservation of energy through automation, adopting Renewable Source of Energy, use of energy efficient LED lighting in place of conventional lighting fittings etc. efforts are being made to reduce electrical consumption as under:

- 1) Company has adopted LED lighting fittings instead of conventional Tube light fittings for lighting at BMC Centers & Milk Chilling Centers. In all, 150 conventional tube light fittings were replaced with LED type energy efficient fittings.
- 2) Company has replaced Electric Geysers by installing Solar water heating system to meet hot water requirement for cleaning Milk cans, Pipings & Storage Tanks at BMC Centers. Solar water heating system is operational at 51 BMC centers out of 56 BMC centers by now. This has reduced consumption of electrical energy, helps in maintaining quality of milk and is a considerable cost saving measure. Solar Energy is Renewable Source of Energy and helps to protect Environment.
- 3) Company has purchased 303 sets of Solar powered DPMCU for testing of milk at Milk Pooling Points. By the end of F.Y. 2016-17, 292 sets have been installed.
- (4) Additional investments & proposals for adopting renewable energy (Solar Heating Water System) at upcoming BMC Centres and replacing SDPMCU sets with Solar Powered DPMCU.

Company has plan to replace approx. 2000 sets of SDPMCU with Solar powered DPMCU sets. This will help sahayaks of MPP in reducing their expense on power required for milk testing.

- (5) Impact of the measures at (3) and (4) above for reduction of energy consumption and consequent impact on cost of production of goods.

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	
			2016-2017	2015-2016
1.	(a) Electricity Purchased			
	Unit	KWH	43,51,043	38,71,290
	Total amount	Rupees	3,51,10,817	3,21,21,368
	Rate/Unit	Rs./KWH	8.06	8.29
	(b) Own Generation			
	i) Through diesel generator			
	Unit	KWH	2,67,460	2,45,634
	Units per ltr. of diesel oil	KWH	5	5
	Cost / Unit	Rs.	11.06	10.56
	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)	N.A.	N.A.	N.A.
	Quantity (tonnes)			
	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./sm ³		

(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 carry out chilling of 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.

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, 2017, 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, as applicable.

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 and the Order under section 143 (11) of the Act.

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. 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, 2017, and its profit 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, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure B" 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, as applicable.

- e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 29 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30 December 2016; and such disclosures are in accordance with the books of account maintained by the Company. However, as stated in Note 36 to the financial statements amount aggregating to Rs. 3,935,500 as represented to us by the Management have been received in Specified Bank notes which are not permitted.

For S. B. BILLIMORIA & CO.
Chartered Accountants
(Registration No. 101496W)

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: Gurugram
Date : 17 July, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of maahi Milk Producer Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections

of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. B. BILLIMORIA & CO.
Chartered Accountants
(Firm Registration No. 101496W)

(Jitendra Agarwal)
Partner
(Membership No. 87104)

Place: Gurugram

Date : 17 July, 2017

ANNEXURE-B 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)

- (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.
 - c. According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered 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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) 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 Investor Education and Protection Fund, Customs Duty, Excise Duty and Wealth Tax.
 - There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection 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, 2017 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, which have not been deposited as on 31 March, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income Tax	Income tax Appellate Tribunal	2012-13	13,355,550	10,310,300
Income Tax Act, 1961	Income Tax	Income tax Appellate Tribunal	2013-14	44,225,832	44,225,832
Income Tax Act, 1961	Income Tax	Income tax Appellate Tribunal	2014-15	109,701,420	109,701,420

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loan from financial institutions and it has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) The Company is a private company and hence the provisions of section 177 and section 188 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S. B. BILLIMORIA & CO.
Chartered Accountants
(Firm Registration No. 101496W)

Place: Gurugram
Date : 17 July, 2017

(Jitendra Agarwal)
Partner
(Membership No. 87104)

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, no debts other than those disclosed in note 17 to the financial statements 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, 2017 are as per the financial statements of the Company as at and for the year ended 31 March, 2017.
- 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
(Membership No. 87104)**

**Place: Gurugram
Date : 17 July, 2017**

MAAHI MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2017

	Note No.	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	306,162,800	269,186,700
(b) Reserves and surplus	4	411,361,833	218,576,510
		717,524,633	487,763,210
2. Share application money pending allotment			
	31	9,906,500	674,700
3. Deferred grant			
	5	143,176,169	149,514,422
4. Non - current liabilities			
(a) Deferred tax liabilities (net)	13	-	1,637,104
(b) Other long-term liabilities	6	132,332,136	159,364,815
(b) Long - term provisions	7	12,181,127	7,763,739
		144,513,263	168,765,658
5. Current liabilities			
(a) Short - term borrowings	8	986,888,498	720,843,172
(b) Trade payables	9		
(i) Total outstanding dues of micro and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		712,734,570	546,052,971
(c) Other current liabilities	10	82,550,665	62,515,054
(d) Short - term provisions	11	-	32,398,678
		1,782,173,733	1,361,809,875
Total		2,797,294,298	2,168,527,865
B. ASSETS			
1. Non - current assets			
(a) Fixed assets			
(i) Tangible assets	12A	382,886,603	310,886,007
(ii) Intangible assets	12B	10,469,789	14,705,251
(iii) Capital work-in-progress		35,280,364	78,110,501
		428,636,756	403,701,759
(b) Deferred tax assets (net)	13	3,517,961	-
(c) Long - term loans and advances	14	35,409,538	23,930,466
(d) Other non-current assets	15	216,910	200,000
		467,781,165	427,832,225
2. Current assets			
(a) Inventories	16	455,906,927	232,413,859
(b) Trade receivables	17	456,537,666	447,290,090
(c) Cash and cash equivalents	18	1,363,276,490	1,034,362,586
(d) Short - term loans and advances	19	31,352,838	13,245,130
(e) Other current assets	20	22,439,212	13,383,974
		2,329,513,133	1,740,695,639
Total		2,797,294,298	2,168,527,865

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

Gopalbhai Varotra Vajesinh Chudasama Yogesh M. Patel
Director Director Chief Executive

Jitendra Agarwal
Partner

R. R. Iyer
Chief Financial Officer

Sanjay Talati
Company Secretary

Place: Gurugram
Date: 17th July 2017

Place: Rajkot
Date: 17th July 2017

MAAHI MILK PRODUCER COMPANY LIMITED
Statement of Profit and Loss for the year ended 31 March, 2017

	Note No.	Year ended 31 March, 2017 Rupees	Year ended 31 March, 2016 Rupees
1. Revenue from operations	21	11,782,688,385	10,060,571,898
2. Other income	22	127,848,005	68,593,409
3. Total revenue (1+2)		11,910,536,390	10,129,165,307
4. EXPENSES			
(a) Cost of materials consumed	23	5,046,931,961	4,798,159,974
(b) Purchases of traded goods	24	5,433,953,910	4,106,199,173
(c) Changes in inventories of finished goods	25	22,300,673	(55,125,054)
(d) Employee benefits expense	26	174,110,923	154,179,711
(e) Finance costs	27	47,735,472	30,207,385
(f) Depreciation and	12C	54,822,578	34,412,277
(g) Other expenses	28	858,837,916	833,936,129
Total expenses		11,638,693,433	9,901,969,595
5. Profit before tax (3-4)		271,842,957	227,195,712
6. Tax expense:			
(a) Current tax		99,500,000	74,700,000
(b) Deferred tax charge/(credit)		(5,155,066)	4,805,408
Net tax expense		94,344,934	79,505,408
7. Profit for the year (5-6)		177,498,023	147,690,304
8. Earnings per equity share: 34 (Nominal value Rs. 100 per share)			
(a) Basic		66.67	51.21
(b) Diluted		66.67	51.21

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
Place: Gurugram
Date: 17th July 2017

Gopalbhai Varotra
Director
R. R. Iyer
Chief Financial Officer
Place: Rajkot
Date: 17th July 2017

Vajesinh Chudasama
Director
Yogesh M. Patel
Chief Executive
Sanjay Talati
Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED
Cash Flow Statement For The Year Ended 31 March, 2017

	Year ended 31 March, 2017 Rupees	Year ended 31 March, 2016 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	271,842,957	227,195,712
Adjustments for :		
Finance costs	47,735,472	30,207,385
Interest income	(78,217,820)	(65,668,584)
Provision for employee benefits	4,417,388	(6,288,620)
Profit on sale of fixed assets	(365,227)	(5,063)
Depreciation and amortization expense	54,822,578	34,412,277
Operating profit before working capital changes	300,235,348	219,853,107
Adjustments for movement in working capital:		
Decrease/(Increase) in inventories	(223,493,068)	(88,743,261)
Decrease/(Increase) in trade receivables	(9,247,576)	(440,340,911)
Decrease/(Increase) in long term loans and advances	4,582,331	(7,749,531)
Decrease/(Increase) in short term loans and advances	(18,107,708)	(8,485,761)
Decrease/(Increase) in other non-current assets	(16,910)	(50,000)
Decrease/(Increase) in other long-term liabilities	(27,032,679)	-
(Decrease)/Increase in trade payables	166,681,600	(72,833,718)
(Decrease)/Increase in other current liabilities	8,205,912	62,232,184
Cash generated from/(used in) operations	201,807,248	(336,117,891)
Net income tax (paid)/refunds	(115,561,402)	(136,498,375)
Net cash flow from/(used in) operating activities - (A)	86,245,846	(472,616,266)
B. Cash Flow From Investing Activities:		
Purchase of fixed assets (including capital work in progress)	(131,254,964)	(153,927,766)
Proceeds from sale of fixed assets	950,999	26,000
Capital grant received (for purchase of fixed assets)	55,089,232	95,359,131
Bank balances not considered as Cash and cash equivalents	(137,526,669)	(287,392,382)
Interest received	69,162,582	56,709,867
Net cash flow from/(used in) investing activities - (B)	(143,578,820)	(289,225,150)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	36,301,400	6,962,400
Share application money received	9,906,500	674,700
Security Premium received	15,287,300	-
Dividend paid (including dividend tax)	(32,094,728)	(29,652,110)
Finance costs paid	(46,725,589)	(27,221,659)
increase/(decrease) in working capital borrowings	266,045,325	270,750,633
Net cash flow from/(used in) financing activities - (C)	248,720,208	221,513,964
Net increase in Cash and cash equivalents (A+B+C)	191,387,234	(540,327,452)
Cash and cash equivalents at beginning of the year	219,896,664	760,224,117
Cash and cash equivalents at the end of the year	411,283,899	219,896,664
Components of Cash and cash equivalents as at:		
Cash on hand	106,535	55,219
Balances with banks:		
- in current accounts	399,984,540	219,841,445
- Chaeque/Draft on Hand	11,192,824	-
Cash and cash equivalents as per Cash Flow Statement	411,283,899	219,896,664
Deposits (original maturity of more than 3 months)	349,784,884	212,559,923
Balances held as security against bank borrowings	600,000,000	600,000,000
In earmarked accounts		
- Unpaid dividend accounts	2,207,707	1,905,999
Cash and cash equivalents as per Balance Sheet (Note 18)	1,363,276,490	1,034,362,586

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

Gopalbhai Varotra Vajesinh Chudasama Yogesh M. Patel
Director Director Chief Executive

Jitendra Agarwal
Partner

R. R. Iyer Sanjay Talati
Chief Financial Officer Company Secretary

Place: Gurugram
Date: 17th July 2017

Place: Rajkot
Date: 17th July 2017

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. The Company trades in Raw Milk and also processes the milk procured 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 under the brand of "Maahi". The Company also trade 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

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

expenses during the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which results are known/materialize.

c. 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,

MAAHI MILK PRODUCER COMPANY LIMITED
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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.

i. Depreciation and amortisation

Depreciation on tangible 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 as follows:

Description	Useful life (in years)
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.

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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 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

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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.

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

MAAHI MILK PRODUCER COMPANY LIMITED
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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/

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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 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.

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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 adjusting 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.

3. Share Capital

	As at 31 March, 2017		As at 31 March, 2016	
	Number of Shares	Amount Rupees	Number of Shares	Amount Rupees
(a) Authorised share capital Equity Shares of Rs. 100 each	3,500,000	350,000,000	3,500,000	350,000,000
(b) Issued, subscribed and fully paid up share capital Equity Shares of Rs. 100 each	3,061,628	306,162,800	2,691,867	269,186,700

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.

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

	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Number of Shares	Amount Rupees	Number of Shares	Amount Rupees
Shares outstanding at the beginning of the year	2,691,867	269,186,700	2,622,243	262,224,300
Shares issued during the year	369,761	36,976,100	69,624	6,962,400
Shares outstanding at the end of the year	3,061,628	306,162,800	2,691,867	269,186,700

(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.

4. Reserves and surplus

	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
(a) General reserve		
Opening balance	218,576,510	103,284,884
Add: Transferred from Surplus in Statement of Profit and Loss	144,333,892	115,291,626
Closing balance	362,910,403	218,576,510
(b) Security Premium account		
Premium on shares issued during the year	15,287,300	-
(c) Surplus in Statement of Profit and Loss		
Opening balance	-	-
Add: Net profit for the year	177,498,023	147,690,304
Less:		
(i) Proposed limited return (dividend) to members (Rs. 10 per share)	-	(26,918,670)
(ii) Tax on proposed limited return (dividend)	-	(5,480,008)
(iii) Transferred to general reserve	(177,498,022)	(115,291,626)
Closing balance	33,164,131	-
	411,361,833	218,576,510

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	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
5. Deferred grant		
(a) Opening Balance	149,514,422	91,147,515
(b) Capital grant utilized during the year (see note 35)	55,089,232	95,364,186
(c) Less: depreciation pertaining to assets acquired from capital grant	61,427,485	36,992,224
(d) Less: other adjustment	-	5,055
	143,176,169	149,514,422
6. Other Long term provisions		
(a) Trade/security deposits received	132,332,136	159,364,815
	132,332,136	159,364,815
7. Long term provisions		
(a) Provision for employee benefits:		
(i) For compensated absences (net of fund value of Rs. 9,930,452; Previous year Rs. 7,578,839)	12,181,127	7,763,739
	12,181,127	7,763,739
8. Short term borrowings		
From banks:		
(a) Secured loans (see note (i) below)		
(i) Working capital loans (repayable on demand)	593,500,936	222,115,947
(b) Unsecured Loan		
(i) Bill discounting facility	393,387,562	498,727,225
	986,888,498	720,843,172
Note:		
(i) Working capital loan from bank is in the nature of bank overdraft, secured against fixed deposit of the Company with banks.		
9. Trade payables		
(a) Trade Payables (other than acceptances) (See note 39)	712,734,570	546,052,971
	712,734,570	546,052,971

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	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
10. Other current liabilities		
(a) Interest accrued but not due on borrowings	3,995,609	2,985,726
(b) Advances from customers	40,734,420	42,847,373
(d) Application money received for allotment of securities and due for refund	100,699	-
(e) Unclaimed / unpaid dividends	2,212,540	1,908,590
(f) Payable on purchase of fixed assets	10,515,871	-
(g) Statutory dues (Contribution to PF, Service Tax, Withholding Tax etc.)	8,277,474	9,116,900
(h) Grant received from NDDB (unutilised): (see note 35)		
(1) Capital grant	13,135,552	2,133,265
(i) Others	3,578,500	3,523,200
	<u>82,550,665</u>	<u>62,515,054</u>
11. Short term provisions		
(a) Provision for proposed limited return (dividend)	-	26,918,670
(b) Provision for tax on proposed limited return	-	5,480,008
	-	<u>32,398,678</u>

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12. Fixed assets

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 1 April, 2016	Additions	Disposals	As at 31 March, 2017	As at 1 April, 2016	Adjustment	As at 31 March, 2017	As at 31 March, 2016
A. Tangible assets (owned)								
Buildings	5,758,882	5,708,396	-	11,467,278	979,989	-	2,746,365	8,720,913
(Previous year)	(238,381)	(5,520,501)	(-)	(5,758,882)	(48,938)	(-)	(979,989)	(4,778,894)
Plant and equipment	354,207,357	166,179,072	872,027	519,514,402	106,659,887	-	184,186,779	335,327,623
(Previous year)	(262,829,292)	(91,404,166)	(26,101)	(354,207,357)	(64,823,575)	(10,773)	(106,659,887)	(247,547,469)
Furniture and fixtures	16,434,181	3,388,982	342,731	19,480,432	14,578,173	-	17,389,686	2,090,746
(Previous year)	(11,407,935)	(5,026,246)	(-)	(16,434,181)	(9,469,707)	10,932	(14,578,173)	(1,856,008)
Computers	74,884,822	6,900,203	(-)	81,785,025	29,315,393	-	55,322,800	26,462,225
(Previous year)	(42,845,318)	(32,039,504)	(-)	(74,884,822)	(8,940,805)	(-)	(29,315,393)	(45,569,428)
Office equipment	13,029,105	387,597	(-)	13,416,702	1,894,899	-	3,131,606	10,285,096
(Previous year)	(8,966,249)	(4,062,856)	(-)	(13,029,105)	(838,469)	(158)	(1,894,899)	(11,134,206)
Total	464,314,347	182,564,250	1,214,758	645,663,839	153,428,341	-	109,977,881	382,886,603
Previous year	(326,287,175)	(138,053,273)	(26,101)	(464,314,347)	(84,091,494)	(-)	(69,342,009)	(310,886,007)
B. Intangible assets								
Computer Software	17,932,745	2,036,722	1.10	19,969,466	3,227,495	-	6,272,182	10,469,789
(Previous year)	(2,862,420)	(15,070,325)	(-)	(17,932,745)	(1,165,003)	(-)	(2,062,492)	(14,705,251)
Total	17,932,745	2,036,722	1.10	19,969,466	3,227,495	-	6,272,182	10,469,789
Previous year	(2,862,420)	(15,070,325)	(-)	(17,932,745)	(1,165,003)	(-)	(3,227,495)	(14,705,251)

MAAHI MILK PRODUCER COMPANY LIMITED
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	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
(1) Depreciation and amortisation:		
Tangible assets	109,977,881	69,342,009
Intangible assets	6,272,182	2,062,492
Less: Depreciation pertaining to assets acquired on grant	61,427,485	36,992,224
	<u>54,822,578</u>	<u>34,412,277</u>

Note:
(i) The details of assets purchased out of capital grant and included in the above schedule are given below (see note 33):

Assets	Gross Block		Accumulated Depreciation		Net Block	
	As at 1 April, 2016	Adjust- ment	As at 31 April, 2016	For the year	Adjust- ment	As at 31 March 2016
Tangible assets :						
Buildings (Previous year)	3,431,810 (-)	- (3,431,810)	6,935,287 (3,431,810)	312,715 (127,990)	- (-)	6,494,582 (3,303,820)
Plant and equipment (Previous year)	62,935,193 (19,260,579)	- (91,220)	132,790,336 (62,935,193)	18,272,573 (7,507,153)	28,164,966 (5,055)	86,352,797 (44,662,620)
Office equipment (Previous year)	5,366,771 (4,603,063)	- (-)	5,366,771 (5,366,771)	500,468 (485,571)	- (-)	4,248,667 (4,749,135)
Furniture and fixtures (Previous year)	14,174,295 (9,315,576)	- (-)	16,995,382 (14,174,295)	13,321,311 (8,401,947)	2,880,637 (4,919,364)	1,118,104 (13,321,311)
Computers (Previous year)	71,826,035 (99,854,635)	- (22,428)	71,900,285 (31,993,828)	26,770,328 (7,408,874)	23,951,916 (19,361,454)	21,178,041 (45,055,707)
Intangible assets :						
Computer Software (Previous year)	15,267,401 (1,615,827)	- (-)	16,878,416 (15,267,401)	1,732,027 (394,547)	5,616,783 (1,337,480)	9,529,606 (13,535,374)
Total (Previous year)	173,001,505 (74,649,680)	- (113,648)	250,866,477 (173,001,505)	60,841,865 (36,992,224)	61,427,485 (5,055)	128,597,128 (112,159,641)

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	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
13. Deferred tax assets/(liabilities) (net)		
(i) Tax effect of items constituting deferred tax assets:		
a. Provision for compensated absences and gratuity	3,790,919	1,025,966
b. Disallowances under section 35D of the Income Tax Act	-	149,873
c. Others	71,293	71,293
	<u>3,862,212</u>	<u>1,247,132</u>
(ii) Tax effect of items constituting deferred tax liabilities:		
a. On difference between book balance and tax balance of fixed assets	(344,251)	(2,884,236)
Net deferred tax assets/(liabilities)	<u>3,517,961</u>	<u>1,637,104</u>
14. Long - term loans and advances (Unsecured, considered good)		
(a) Security deposits	5,989,592	6,999,963
(b) Gratuity Fund (net of gratuity liability of Rs. 14,698,429; previous year Rs. 9,723,763)	1,227,245	4,799,204
(c) Income tax paid under protest	11,045,250	8,000,000
(d) Advance income tax (net of provisions of Rs. 950,000,000; previous year Rs. 74,700,000)	17,147,451	4,131,299
	<u>35,409,538</u>	<u>23,930,466</u>
15. Other non-current assets		
(a) Fixed deposits with banks*	216,910	200,000
	<u>216,910</u>	<u>200,000</u>

*This comprises fixed deposits under lien and having a maturity of more than 12 months from the balance sheet date.

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	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
16. Inventories		
(At lower of cost and net realisable value)		
(a) Raw and packing materials	407,681,713	165,144,889
(b) Finished goods - manufactured	43,472,835	65,773,508
(c) Stores and spares	4,752,379	1,495,462
	<u>455,906,927</u>	<u>232,413,859</u>
17. Trade receivables		
(Unsecured)		
(a) Outstanding for a period exceeding six months from the date they were due for payment Considered good	-	-
Considered doubtful	206,000	206,000
	<u>206,000</u>	<u>206,000</u>
Less: Provision for doubtful debts	<u>206,000</u>	<u>206,000</u>
(b) Others		
Considered good	456,537,666	447,290,090
	<u>456,537,666</u>	<u>447,290,090</u>
18. Cash and cash equivalents		
(a) Cash on hand	106,535	55,219
(b) Balance with banks:		
(i) In current accounts	399,984,540	219,841,445
(ii) Cheques/Draft on Hand	11,192,824	-
Cash and cash equivalents as per As -3 - Cash flow statement	<u>411,283,899</u>	<u>219,896,664</u>
(c) Other bank balances		
(i) In deposit accounts original maturity of more than 3 months	349,784,884	212,559,923
(ii) Balances held as security against bank borrowings	600,000,000	600,000,000
(iii) In earmarked accounts -Unpaid dividend accounts	2,207,707	1,905,999
	<u>1,363,276,490</u>	<u>1,034,362,586</u>

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	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
Note :		
(i) Balances with banks include deposits amounting to Rs 99,000,000 (previous year Rs. Nil) which have maturity of more than 12 months from the balance sheet date.		
(ii) Fixed deposit amounting to Rs. 600,000,000 have been pledged against bank overdraft facility. (Refer Note 8)		
19. Short-term loans and advances (Unsecured, considered good)		
(a) Loans and advances to employees	279,170	61,431
(b) Advances to vendors	15,593,813	4,512,353
(c) Prepaid expenses	2,106,448	-
(d) Grant receivable from NDDB (see note 35)		
(i) Revenue grant	13,373,407	8,671,346
	<u>31,352,838</u>	<u>13,245,130</u>
20. Other current assets (Unsecured, considered good)		
(a) Interest accrued on bank deposits	22,439,212	13,383,974
	<u>22,439,212</u>	<u>13,383,974</u>
21. Revenue from operations		
(a) Sale of products (see note (i) below)	11,769,195,360	10,049,572,895
(b) Other operating revenue (see note (ii) below)	13,493,025	10,999,003
	<u>11,782,688,385</u>	<u>10,060,571,898</u>
(i) Sale of products comprises:		
a. Manufactured goods		
i) Polypack milk	4,532,726,122	4,448,653,766
ii) Milk products	1,148,361,707	973,857,985
iii) Cattle feed	91,458,130	25,057,340
iv) Others	12,726,173	12,189,067
	<u>5,785,272,132</u>	<u>5,459,758,156</u>

MAAHI MILK PRODUCER COMPANY LIMITED
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	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
b. Traded goods		
Raw milk	5,983,923,228	4,589,814,739
	11,769,195,360	10,049,572,895
(ii) Other operating revenue comprises:		
a. Sale of scrap	2,133,455	708,400
b. Crate recovery charges	5,680,600	2,663,850
c. Others	5,678,970	7,626,753
	13,493,025	10,999,003
22. Other income		
(a) Interest income		
(i) On deposits with banks	78,217,820	65,668,584
(ii) On others	584,419	-
(b) Other non-operating income		
(i) Membership fees	3,731,300	1,617,950
(ii) Liabilities/provisions no longer required written back	43,858,692	-
(iii) Profit on sale of fixed assets (net)	365,227	5,063
(iv) Miscellaneous income	1,090,547	1,301,812
	127,848,005	68,593,409
23. Cost of materials consumed		
Raw and packing material		
(a) Opening stock	165,144,889	129,888,541
(b) Add: Purchases	5,289,468,785	4,833,416,322
	5,454,613,674	4,963,304,863
(c) Less: Closing stock	407,681,713	165,144,889
	5,046,931,961	4,798,159,974
Notes:		
(i) Raw and Packing material consumed comprises		
a. Raw milk	4,900,069,568	4,671,151,526
b. Packing material	146,862,393	127,008,448
	5,046,931,961	4,798,159,974

MAAHI MILK PRODUCER COMPANY LIMITED
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	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
24. Purchases of traded goods		
(a) Raw milk	5,433,953,910	4,106,199,173
	5,433,953,910	4,106,199,173
25. Changes in inventories of finished goods		
Decrease/(increase) in inventories of finished goods		
(a) Inventories at the beginning of the year		
(i) Finished goods	65,773,508	10,648,454
(b) Inventories at the end of the year		
(i) Finished goods	43,472,835	65,773,508
	22,300,673	(55,125,054)
26. Employee benefits expense		
(a) Salaries and wages	153,459,761	134,733,598
(b) Contribution to provident fund	10,445,984	9,398,410
(c) Gratuity expense/contribution	4,761,933	5,690,520
(d) Staff welfare expenses	5,443,245	4,357,183
	174,110,923	154,179,711
27. Finance costs		
(a) Interest expense		
(i) On borrowings / Bill Discounting	45,498,685	27,168,750
(ii) On trade/ security deposits	1,145,880	1,115,074
(b) Interest on delayed payment of Income Tax	409,813	1,574,148
(c) Other borrowing costs	681,094	349,413
	47,735,472	30,207,385

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

	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
28. Other expenses		
(a) Consumption of stores and spareparts	34,370,296	24,827,487
(b) Power and fuel	39,806,471	35,921,730
(c) Processing charges	286,741,719	278,767,291
(d) Water charges	1,019,035	954,334
(e) Rent	35,389,212	28,878,537
(f) Repair and maintenance - machinery	12,600,335	13,862,866
(g) Repair and maintenance - buildings	2,395,049	1,300,329
(h) Repair and maintenance - others	3,304,340	2,759,618
(i) Rates and taxes	2,574,770	2,002,150
(j) Advertisement and business promotion	29,616,901	59,619,019
(k) Distribution, freight and forwarding expenses	211,385,985	176,800,581
(l) Insurance charges	1,271,456	735,123
(m) Legal and professional fees	25,686,857	24,621,098
(n) Auditor's remuneration (see note (i) below)	1,359,918	1,416,364
(o) Travelling and conveyance	23,514,041	21,086,954
(p) Sales discount and other charges	14,222,436	51,848,588
(q) Printing and stationary expenses	7,741,054	6,269,182
(r) Telephone and internet expenses	6,036,050	2,474,437
(s) Labour charges	97,310,060	81,319,615
(t) Miscellaneous expenses	22,491,931	18,470,826
	858,837,916	833,936,129
Note:		
(i) Auditors' remuneration comprises:		
a. Statutory audit fee	900,000	850,000
b. Tax audit fee	150,000	150,000
c. Reimbursement of expenses	132,537	232,632
d. Service tax on above	177,381	183,732
	1,359,918	1,416,364

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

	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
29. Contingent liabilities and commitments		
(i) Disputed Demand of Income Tax for A.Y. 2013-14 to 2015-16 for which appeals have been preferred	167,282,802	80,495,150

30. In respect of the year ended 31 March, 2017, the directors in their meeting dated 17 July, 2017 have proposed a final dividend of Rs. 27,554,652 (Rs. 9 per share) to be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in the financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total equity dividend and tax thereon amounts to Rs. 27,554,652 and Rs. 5,609,479 respectively.

31. The Company has received share application money of Rs. 99,06,500 towards equity shares, against which allotment has been made at the Board meeting held on 30th May, 2017.

32. Employee benefit plans :

Defined-Contribution Plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company has recognised Rs. 10,445,984/- (previous year Rs.9,398,410) for Provident 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

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

	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
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:		
i. Change in defined benefit obligation		
Present value of obligation at the beginning of the year	9,723,763	5,157,895
Interest expense	757,915	403,173
Current service cost	4,078,965	3,646,569
Benefit Paid	(1,009,505)	(1,124,652)
Actuarial (gain)/loss	848,065	1,640,778
Present value of obligations at the end of the year	14,399,203	9,723,763
ii. Fair value of plan assets		
Fair value of plan assets at the beginning of the year	14,522,967	-
Expected return on plan assets	1,133,156	-
Actuarial gains/(losses)	(210,144)	-
Contribution during the year	180,469	14,522,967
Fair value of plan assets at the end of the year	15,626,448	14,522,967
The scheme is funded through LIC.		
iii. Amount recognised in the Balance Sheet		
Present value of defined benefit obligations	14,399,203	9,723,763
Fair value of plan assets	15,626,448	14,522,967
Net liability/(asset) recognised in the balance sheet	(1,227,245)	(4,799,204)

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

	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
iv. Expenses recognised in the Statement of Profit and Loss		
Interest expense	757,915	403,173
Current service costs	4,078,965	3,646,569
Expected return on plan assets	(1,133,156)	-
Net actuarial gain/(loss) recognized during the year	1,058,209	1,640,778
Expenses recognized in the Statement of Profit and Loss	4,761,933	5,690,520
v. Balance Sheet reconciliation		
Present value of obligation at the beginning of the year	9,723,763	5,157,895
Fair value of plan assets at the beginning of the year	14,522,967	-
Net liability/(asset) at the beginning of the year	(4,799,204)	5,157,895
Expenses as above	4,761,933	5,690,520
Contributions	(180,469)	(14,522,967)
Benefits paid directly by the Company	(1,009,505)	(1,124,652)
Net liability/(asset) at the end of the year	(1,227,245)	(4,799,204)

vi. Categories of plan assets as a percentage of total assets

The planned assets of the Company are managed by Life Insurance Corporation of India (LIC) in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. The categories of plan assets with respect to investment pattern of LIC is not available with the company.

vii. Estimated contribution to gratuity fund during the next financial year is Rs. 3,319,478.

The actuarial calculations used to estimate defined benefit obligations and expenses are based on the following assumptions, which if changed, would affect the defined benefit obligation and expense.

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

vi. Principal actuarial assumptions	31 March, 2017	31 March, 2016
Discount rate	7.30% p.a.	7.80% p.a.
Expected salary escalations	10% p.a.	10% p.a.
Expected return on plan assets	7.55% p.a.	7.80% p.a.
Mortality table used	IALM(2006-08)	IALM(2006-08)

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario etc.

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

The estimates of future salary increases considered, takes into account the inflation, seniority, promotions, increments and other relevant factors.

Experience adjustment	31 March, 2017	31 March, 2016	31 March, 2015
Present value of DBO	14,399,203	9,723,763	5,157,895
Fair value of plan assets	15,626,448	14,522,967	-
Funded status	1,227,245	4,799,204	(5,157,895)
Gain/(loss) on obligations	(848,065)	(1,640,778)	(1,089,613)
Gain/(loss) on plan assets	(210,144)	-	-

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

	31 March, 2017	31 March, 2016
Discount rate	7.30% p.a.	7.80% p.a.
Expected salary escalations	10% p.a.	10% p.a.
Expected return on plan assets	7.55% p.a.	7.80% p.a.
Mortality table used	IALM(2006-08)	IALM(2006-08)

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

33. 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. 35,389,212 (previous year Rs. 28,878,537) in respect of obligation under operating leases have been recognized in the statement of profit and loss.

34. Earnings Per Equity Share

Particulars	Unit	Year ended 31 March, 2017	Year ended 31 March, 2016
Net profit after tax	Rupees	177,498,023	147,690,304
Weighted average number of equity shares outstanding during the year	Numbers	2,662,194	2,884,015
Nominal Value of Equity Shares	Rupees	100.00	100.00
Basic Earnings per Share	Rupees	66.67	51.21
Effect of allotment against share application money	Numbers	271	18
Equity shares used to compute diluted earnings per share	Numbers	2,662,466	2,884,033
Diluted Earnings per Share	Rupees	66.67	51.21

35. Details of Government grants

	Year ended 31 March, 2017	Year ended 31 March, 2016
Details of grants received from NDDB and its utilisation is as under:		
(a) Capital grants (for purchase of fixed assets)		
(i) Opening Balance	2,133,265	10,347,582
(ii) Received during the year	66,091,519	87,149,869
(iii) Less: utilised during the year		
- For fixed assets	47,223,046	63,754,690
- For assets under installation (CWIP)	7,866,186	31,609,496
	<u>55,089,232</u>	<u>95,364,186</u>
(iv) Balance carried forward	<u>13,135,552</u>	<u>2,133,265</u>

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

	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
(b) Revenue grant		
(i) Opening Balance	(8,671,346)	12,236,386
(ii) Received during the year	73,644,481	87,697,131
(iii) Less: utilised/adjusted during the year	<u>78,346,542</u>	<u>108,604,863</u>
(iv) Balance carried forward	<u>(13,373,407)</u>	<u>(8,671,346)</u>

Note:

Capital grant utilised for purchase of capital assets has been reflected as 'Deferred Grant'. Revenue grant utilised has been netted off with respective expense (see note 2k)

36. Disclosure on Specified Bank Notes (SBNs)

In accordance with MCA notification G.S.R. 308(E) dated March 30, 2017 details of Specified Bank Notes (SBNs) and other denomination notes which were held and transcted during the period 8 November, 2016 to 30 December, 2016 is given below:

Particlaurs	SBN's	Other denomination	notes
	Rupees	Total Rupees	Rupees
(i) Closing cash in hand on 8 November, 2016	126,500	500	127,000
(ii) Add: Withdrawal from Bank	-	260,000	260,000
(iii) Add : Non-Permitted receipt (see note below)	3,935,500	-	3,935,500
(iv) Permitted Receipt	-	4,836,408	4,836,408
(v) Less: Permitted payments	-	111,340	111,340
(vi) Less: Amount deposited in banks	4,062,000	4,836,408	8,898,408
(vii) Closing cash in hand on 30 December, 2016	<u>-</u>	<u>149,160</u>	<u>149,160</u>

Note :

These Specified Bank Notes (SBN's) have been deposited by distributors/customers in the Company's bank accounts. In the absence of any detail of the currency deposited, the Company has relied upon the certification from the bank with respect to the SBN's.

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

37. Related party disclosures

A. Name of the related parties and nature of relationship

Nature of Relationship	Name of person
Key Management Personnel:	Yogeshkumar M Patel (Appointed w.e.f. 16 th January, 2017)
	Harshad Joshi (Till 16 th January, 2017)

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

Nature of transactions	KMP	Total
Managerial remuneration:		
Yogeshkumar M Patel	650,518	650,518
	(-)	(-)
Harshad Joshi	5,268,433	5,268,433
	(4,433,200)	(4,433,200)

Figures in brackets represent previous year figures

- 38.** 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.
- 39.** 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.
- 40.** Previous Year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

Yogeshkumar M. Patel
Chief Executive

R. R. Iyer
Chief Financial Officer

Sanjay Talati
Company Secretary

Place: Rajkot
Date: 17-July-2017

MINUTES OF THE 5TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MAAHI MILK PRODUCER COMPANY LIMITED HELD ON FRIDAY, THE 29TH DAY OF JULY 2016, AT 10:00 A.M., AT CEREMONY CLUB, NEAR RANGOLI PARK, B/H HOTEL AVEJIKA, KALAWAD ROAD, RAJKOT-360 005, GUJARAT

Present:

Board of Directors :

Shri Gopalbhai Varotra	:	Chairman & Shareholder
Shri Vajesinh Chudasama	:	Director & Shareholder
Shri Ramde Modhwadiya	:	Director & Shareholder
Shri Meraman Zala	:	Director & Shareholder
Shri Hamir Raja Karavadra	:	Director & Shareholder
Shri Rudra Dave	:	Director & Shareholder
Shri Vijubha Gohil	:	Director & Shareholder
Smt. Ramilaben Patel	:	Director & Shareholder
Shri Rambhai Ukabhai Ram	:	Director & Shareholder
Dr.Omveer Singh	:	Expert Director
Prof.Madhvi Mehta	:	Expert Director
Shri Sriram Singh	:	Expert Director
Shri Harshad Joshi	:	Chief Executive Officer
Company Secretary	:	Shri Sanjay Talati

Members :

In person :	921 members holding 39,633 shares
Through Proxy :	163 proxies representing 27,819 members holding 11,89,618 shares

The presence of 32.57% of the total membership, either in person or proxy of the Company.

Chairman:

Shri Gopalbhai Varotra took the Chair. He declared that the required quorum was present and called the meeting to the order.

Shri. Sanjay Talati, Company Secretary introduced Board of Directors on the Dias. He informed the members that the Register of Members, Register of Director's Shareholding with other Statutory Registers have been kept open for inspection by members at the venue and that the same were accessible during the continuance of the meeting.

The Chairman gave warm welcome to all the members, especially large number of women members present at the Fifth Annual General Meeting (AGM) of the Company. He briefed the members about the operations and performance of the Company and stated that financial year 2015-16 is remarkable year as the Company has crossed the sales turnover of more than 1000 cr. during the year.

He informed about the new products launched during the year and gave a plan of the company to introduce new products in the years to come.

Upon request of the Chairman, Shri Harshad Joshi, the Chief Executive of the Company, welcomed and addressed the members present. He explained the importance of quality in milk business and need for pouring clean milk and insisted to observe the discipline of patronage criteria by the members. He solicited members' cooperation and support in making the Company a leader in the milk business.

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. Company Secretary then read out the Auditor's Report.

Thereafter, the following agenda items as per notice dated 04th July, 2016 convening the meeting were taken up for consideration.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2016 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
- 1.1 The following resolution was proposed as an Ordinary Resolution by Shri Rudra Dave (Folio no. : 0000028)

Resolution No.: 5th AGM:29.07.16:1/2016-17

"RESOLVED THAT, the audited Balance Sheet as at 31st March 2016 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. Kanabhai Arjanbhai Chatiya (Folio no. 0109613)

Thereafter, the Chairman put the motion to vote and on a show of hands declared the same as carried unanimously.

2. To declare a Limited Return (dividend) of Rs. 10/- per equity share of Rs.100/- each for the financial year ended on 31st March, 2016.

- 2.1 The following resolution was proposed as an Ordinary Resolution by Shri Vajesinh Chudasama (Folio No: 0000002).

Resolution No.: 5th AGM:29.07.16:2/2016-17

"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 2016, on 26,91,867 equity shares of Rs.100 each fully paid up absorbing Rs.3,23,98,678/- (inclusive of Rs.54,80,008/- as Dividend Distribution Tax) for the FY 2015-16, 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 2016."

The resolution was seconded by Shri.Sanjaybhai Chothebhai Algotar (Folio no. 0009625)

Thereafter, the Chairman put the motion to vote and on a show of hands declared the same as carried unanimously.

3. Shri Meraman Zala (DIN: 05215566), representing "Class-B" on the Board of Directors, retires by rotation and in his place to appoint Shri LALABHAI ALGOTAR (DIN:07566162), representing "Class-B"

- 3.1 The following resolution was proposed as an Ordinary Resolution by Shri Rajeshbhai Nathabhai Dabhi (Folio No: 0066826, Class - B)

Resolution No.: 5th AGM:29.07.16:3/2016-17

"RESOLVED THAT, Shri. Meraman Zala, representing "Class-B" on the Board of Directors, who retires by rotation and in terms of Article 9.6(iii) of Articles of Association of the Company, not being eligible for re-appointment, Shri LALABHAI ALGOTAR (DIN: 07566162), representing "Class-B" of the members of the Company, be and is hereby appointed as Director 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, 1956/2013 and rules framed thereunder (together with any statutory modification or re-enactment thereof for the time being in force), whose

period of office shall be liable to retire by rotation."

The resolution was seconded by Shri. Jinabhai Panchabhai Hadiya (Folio no. 0007440, Class - B)

Thereafter, the Chairman informed that only members belonging to Class "B" would be entitled to vote on the resolution. He then put the motion to vote and on a show of hands declared the same as carried with Majority.

4. Shri. Rudra Dave (DIN: 06369116), representing "Class-B" on the Board of Directors, retires by rotation and in his place to appoint Shri MATHUR RAMBHAI RAIYANI (DIN: 07566166), representing "Class-C" of the members of the Company in order to ensure Class representation of members on the Board based on patronage criteria.
- 4.1 The following resolution was proposed as an Ordinary Resolution by Shri Ajaybhai Hardasbhai Bapodara (Folio No: 0045182, Class - C)

Resolution No.: 5th AGM:29.07.16:4/2016-17

"RESOLVED THAT, Shri. Rudra Dave (DIN: 06369116), representing "Class-B" on the Board of Directors, who retires by rotation and in terms of Article 9.6(iii) of Articles of Association of the Company, not being eligible for re-appointment, Shri MATHUR RAMBHAI RAIYANI (DIN: 07566166), representing "Class-C" of the members of the Company, be and is hereby appointed as Director 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, 1956/2013 and rules framed thereunder (together with any statutory modification or re-enactment thereof for the time being in force), whose period of office shall be liable to retire by rotation."

The resolution was seconded by Shri. Ratilal Punjabhai Patel (Folio no. 0047747, Class - C)

Thereafter, the Chairman informed that only members belonging to Class "C" would be entitled to vote on the resolution. He then put the motion to vote and on a show of hands declared the same as carried with majority.

5. Shri Parbatbhai Suvagiya (DIN: 05273672), representing "Class-C" on the Board of Directors, retires by rotation and in his place to appoint Shri ANIRUDHBHAINAJKUBHAI KHUMAN (DIN: 07572201), representing "Class-C".

- 5.1** The following resolution was proposed as an Ordinary Resolution by Shri Neetesh Varjangbhai Kher (Folio No: 0009375, Class - C)

Resolution No.: 5th AGM:29.07.16:5/2016-17

"RESOLVED THAT, Shri. Parbatbhai Suvagiya, representing "Class-C" on the Board of Directors, who retires by rotation and in terms of Article 9.6(iii) of Articles of Association of the Company, not being eligible for re-appointment, Shri ANIRUDHBHAI NAJKUBHAI KHUMAN (DIN: 07572201), representing "Class-C" of the members of the Company, be and is hereby appointed as Director 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, 1956/2013 and rules framed thereunder (together with any statutory modification or re-enactment thereof for the time being in force), whose period of office shall be liable to retire by rotation."

The resolution was seconded by Shri. Rudach Bharatbhai Samatbhai (Folio no. 0057254, Class - C)

Thereafter, the Chairman informed that only members belonging to Class "C" would be entitled to vote on the resolution. He then put the motion to vote and on a show of hands declared the same as carried with Majority.

- 6.** To appoint the Statutory Auditors and to fix their remuneration.

- 6.1** The following resolution was proposed as an Ordinary Resolution by Shri Parbatbhai Gigabhai Odedara (Folio No : 0000531).

Resolution No.: 5th AGM:29.07.16:6/2016-17

"RESOLVED THAT pursuant to the provisions of Sections 224 of the Companies Act, 1956/Sec. 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, M/s S.B. Billimoria & Co., Chartered Accountants, (Firm Registration No. 101496W), from whom consent and eligibility letter u/s 139(1) of the Companies Act, 2013 has been received, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 5th Annual General Meeting till the conclusion of the 6th Annual General Meeting of the Company, at a remuneration of Rs. 9.00 lacs (Rupees Nine

Lacs Only) plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by the Auditors for the purpose of audit."

The resolution was seconded by Shri. Ramshibhai Mepabhai Ravaliya (Folio no. 0058414)

Thereafter, the Chairman put the motion to vote and on a show of hands declared the same as carried unanimously.

- 7.** To Consider and approve the Budget, of the Company for the Financial Year 2016-17.

- 7.1** The following resolution was proposed as an Ordinary Resolution by Shri Devshi Jeshabhai Godhaniya (Folio No : 0018358).

Resolution No.: 5th AGM:29.07.16:7/2016-17

"RESOLVED THAT, the Budget of the Company for the financial year 2016- 2017, as placed before the meeting, be and is hereby approved."

The resolution was seconded by Shri. Devshibhai Devanandbhai Vasara (Folio no. 0007195).

Thereafter, the Chairman put the motion to vote and on a show of hands declared the same as carried unanimously.

SPECIAL BUSINESS:

- 8.** APPOINTMENT OF SHRI. MAHENDRASINH MAHIPATSINH JADEJA AS ADIRECTOR.

- 8.1** The following resolution was proposed as an Ordinary Resolution by Shri Dhundhabhai Budhabhai Gurjar (Folio No : 0018386, Class - A)

Resolution No.: 5th AGM:29.07.16:8/2016-17

"RESOLVED THAT, to ensure Class representation of members on the Board based on patronage criteria, in terms of Article 9.6 and other relevant articles of the Articles of Association of the Company and subject to the applicable provisions of the Companies Act, 1956/2013 and rules framed thereunder (together with any statutory modification or re-enactment thereof for the time being in force), Shri. MAHENDRASINH MAHIPATSINH JADEJA (DIN:07566111), 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."

The resolution was seconded by Shri. Dolatbhai Givabhai Balgariya (Folio no. 0043567, Class - A)

Thereafter, the Chairman informed that only members belonging to Class "A" would be entitled to vote on the resolution. He then put the motion to vote and on a show of hands declared the same as carried with Majority.

9. AUTHORISATION TO BOARD FOR ISSUE OF SHARES WITH A PREMIUM BASED ON FAIR MARKET VALUE.

9.1 The following resolution was proposed as a Special Resolution by Shri Rajendrasinh Indrasinh Sodha (Folio No : 0099998).

Resolution No.: 5th AGM:29.07.16:9/2016-17

"RESOLVED THAT in terms of Article 6.4 and other applicable articles of Articles of Association of the Company, Chapter IXA of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956/2013 (together with modifications and amendments for the time being in force), and such other approvals, consents, permissions, sanctions and the like, the approval of the Members of the Company be and is hereby granted authorising the Board of Directors of the Company for further issue of shares at a premium based on fair market value determined on a suitable methodology of valuation, and on such terms and conditions and at such times and for such consideration as the Board may decide as provided, subject however to the applicable laws, including company law, income-tax law.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable in regard to the offer, issue and allotment of the Equity including premium; and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, and to do all such other acts, deeds, matters and things and to finalise and execute all such deeds documents and writings as may be necessary, desirable or expedient as the Board may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred by the aforesaid resolution on it to any committee of directors or any director (s) or officer(s) of the Company to give effect to the above resolution."

The resolution was seconded by Shri. Nathubhai Hardasbhai Bera (Folio no. 0104856).

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

10. ALTERATION IN THE ARTICLES OF ASSOCIATION OF THE COMPANY.

10.1 The following resolution was proposed as a Special Resolution by Shri Menshibhai Pithabhai Barad (Folio No : 0074700).

Resolution No.: 5th AGM:29.07.16:10/2016-17

"RESOLVED THAT, pursuant to the relevant provisions of Part IX-A of the Companies Act, 1956, in particular Section 581-I, 581ZQ, 581ZR and other applicable provision 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 provision if and to the extent applicable mutatis mutandis or otherwise, of the Companies Act 2013) and the applicable provision of the Memorandum and Articles of Company be and are hereby altered in the manner and to the extent following.

(1) The existing Article 9.7 (i) and 9.7 (ii) be deleted and the article 9.7 is altered and read as follow:-

9.7 To fill the vacant position(s) on the Board or otherwise, the Board may co-opt Additional Director(s) or Director to fill the casual vacancy and the Additional Director or Director , so appointed shall hold office till the next Annual General Meeting of the Company or for a shorter period if the Board decides so at the time of appointment.

(2) The existing Article 9.18(l) be renumbered to read as Article 9.18(m) and the following new Article 9.18(l) be inserted immediately before the renumbered Article 9.18(m).

9.18 (l).To approve the interim budget which shall form integral part of the budget to be approved at Annual General Meeting (AGM).

The resolution was seconded by Shri. Hiteshkumar Balvantaray Kelaya (Folio no. 0073755).

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

Chairman and Chief Executive of the Company placed on record, the deep appreciation for the services rendered by

the retiring directors Shri. Meraman Zala, Shri Rudra Dave and Shri Parbatbhai Suvagiya for the services rendered during the tenure of their directorship.

Vote of Thanks:

There being no other business, the meeting concluded with a vote of thanks to the Chair.

Time of Commencement of Meeting : 10.00 a.m.
Time of Conclusion of Meeting : 11.15 a.m.
Minutes of Meeting entered on : 24th August, 2016

Date: 28.08.2016
Place : Rajkot

Chairman

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

(A) Financial Budget

Particulars	Rs. (Lac)
Income :	
(a) Total Income	1,41,104.69
Expences :	
Variable Expence	1,34,294.72
Sales & Distribution Expence	600.00
Fixed Expence	4,953.09
(b) Total Expences	1,39,847.81
(f) Profit before Tax (a-b)	1,256.88
(z) Tax	434.88
(E) Profit after Tax (f-z)	821.90

(B) Capitalised Budget

No.	Particulars	Rs. (Lac)
(a)	Field Assets	3,510.00
(b)	Office Assets	148.00
(c)	Total (a+b)	3,658.00

: NOTICE :

Notice is hereby given that the Sixth Annual General Meeting of the Members of MAAHI MILK PRODUCER COMPANY LIMITED., will be held on Tuesday, the 29th day of August 2017 at 10.00 a.m. at Hemu Gadhavi Hall, Tagore Road, Besides Virani High School, Rajkot- 360001, Gujarat, to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Balance Sheet as 31st March, 2017 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
- (2) To declare a Limited Return (dividend) of Rs. 9/- per equity share of Rs.100/- each for the financial year ended on 31st March, 2017.
- (3) To appoint a director in place of Shri Vajesinh Chudasama (DIN: 05198502), representing "Class-"B" on the Board of Directors, who retires by rotation and in his place to appoint Shri Vishwasbhai Ramsinhbhai Dodiya, (DIN :07885716), representing "Class-"B" to ensure class representation of members on the Board based on patronage criteria.

"RESOLVED THAT, Shri Vajesinh Chudasama (DIN: 05198502), representing "Class-B" on the Board of Directors, who retires by rotation and in terms of Article 9.6(iii) of Articles of Association of the Company, not being eligible for re-appointment, Shri Vishwasbhai Ramsinhbhai Dodiya (DIN: 07885716), representing "Class-B" of the members of the Company, be and is hereby appointed as Director 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, 1956/2013 and rules framed thereunder (together with any statutory modification or re-enactment thereof for the time being in force), whose period of office shall be liable to retire by rotation."

- (4) To appoint a director in place of Shri Ramde Modhvadiya (DIN: 05198543), with "No Class" on the Board of Directors, who retires by rotation and in his place to appoint Shri Mahendrasinh Bhupatbhai Goletar (DIN:07888303), representing "Class-B" in order to ensure Class representation of members on the Board based on patronage criteria.

"RESOLVED THAT, Shri. Ramde Modhvadiya (DIN:05198543), with "No Class" on the Board of Directors, who retires by rotation and in terms of Article 9.6(iii) of Articles of Association of the Company, not being eligible for re-appointment, Shri Mahendrasinh Bhupatbhai Goletar (DIN: 07888303), representing "Class- B" of the members of the Company, be and is hereby appointed as Director 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, 1956/2013 and rules framed thereunder (together with any statutory modification or re-enactment thereof for the time being in force), whose period of office shall be liable to retire by rotation."

5. Shri Vijubha Gohil (DIN: 06853140), representing "Class C" on the Board of Directors, retires by rotation and in his place to appoint Shri Ramdebhai Mipabhai Ratiya (DIN: 07887395), representing "Class-B".

"RESOLVED THAT, Shri. Vijubha Gohil (DIN: 06853140), representing "C" Class on the Board of Directors, who retires by rotation and in terms of Article 9.6(iii) of Articles of Association of the Company, not being eligible for re-appointment as he has not maintained his class for consecutive two years, Shri Ramdebhai Mipabhai Ratiya (DIN: 07887395), representing "Class-B" of the members of the Company, be and is hereby appointed as Director 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, 1956/2013 and rules framed thereunder (together with any statutory modification or re-enactment thereof for the time being in force), whose period of office shall be liable to retire by rotation."

6. To appoint the Statutory Auditors and to fix their remuneration and in this regard to pass, the following resolution :

"RESOLVED THAT pursuant to the provisions of Sections 224 of the Companies Act, 1956/Sec. 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, M/s. S. B. Billimoria & Co., Chartered Accountants, Gurugram, (Firm Registration No. 101496W), from whom consent and eligibility letter u/s 139(1) of the Companies Act, 2013 has been received, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 6th Annual General Meeting till the conclusion of the 7th Annual General Meeting of the Company, at a remuneration of Rs. 12.25 lacs (Rupees Twelve Lacs Twenty Five Thousand Only) plus applicable GST and reimbursement of travelling and out of pocket expenses incurred by the Auditors for the purpose of audit."

7. To Consider and approve the Budget of the Company for the Financial Year 2017-18.
8. To Consider and approve Partial modification of an Ordinary Resolution no. 3rd AGM:26.08.14:11/2014-15 passed at the 3rd Annual General Meeting.

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

"RESOLVED THAT, pursuant to the relevant provisions of Part IX-A of the Companies Act, 1956, and the applicable provisions of the Memorandum and Articles of Association of the Company, the Ordinary Resolution no. 3rd AGM:26.08.14:11/2014-15 adopted at the 3rd Annual General Meeting of the Company be partially modified by replacement of clause 5 ii of the resolution with the following clause:

5 ii. "One expert from any Management Institute of repute or an institution having done considerable work for development of producer owned enterprises."

RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps/actions 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."

9. Alteration of Articles of Association of the Company

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

"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) The existing Article 4.3 be replaced with the following revised Article 4.3.
- 4.3 Conditions for continuation and cancellation of Membership
- (i) Membership shall continue as long as a Member does not fail to meet the criteria as may be prescribed by the Board from time to time. In addition, the Member is not eligible to continue as a Member, if:
 - a) the Member acquires any business interest which is in conflict with the business of the Company.
 - b) the member is indulging / has indulged in an act which is detrimental to the functioning of the Company or which has damaged or likely to damage

the interest and reputation of the company.

- (ii) Any Member who is not eligible to continue as a Member shall be served a written notice by the Company for removal as Member and given an opportunity of being heard. The Member would need to reply to the notice within the stipulated period as specified in the notice. Thereafter, the Board shall take a decision in the matter.

RESOLVED FURTHER THAT, the Chief Executive and the Company Secretary of the Company be and are hereby severally authorized 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."

By order of the Board of Directors

Date: July 17, 2017

Sanjay Talati

Place: Rajkot

(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 (2016-17).
3. The members of the company has at their First Annual General Meeting approved and adopted the criteria for categorizing members into different classes (Class A, B and C) based on the members' participation in business (i.e., patronage criteria).

Class Categorization of members and their entitlement to voting rights:

At the close of financial year (2016-17) on 31.03.2017, there were total 99,913 members on the roll (Register of Members) of the Company, whose class categorization, based on their patronage during F.Y. 2016-17, 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. 2016-17, there were 5628 members in Class-A, 14854 members in Class-B and 20788 members in Class-C (aggregating to 41270 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 9 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 8929 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. 2016-17. 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 to 5), however, they can vote on other resolutions at Item nos. 1, 2, 6, 7, 8 and 9 of the notice.
- c) There were 49714 members who did not pour milk for at least 200 days totalling to at least 500 litres in a previous financial year (2016-17), and hence, they lost their voting right and are not entitled to vote on any resolution to be moved at this Annual General Meeting.
- d) Out of the total 99,913 members, on the register of members, as on 31st March, 2017 (41270+8929+49714) referred to above, membership of 8127 members have been cancelled post 31-03-2017, hence, such 8127 members will not be entitled to attend and vote at AGM, although they will be entitled to get dividend (Limited Return) for FY 2016-17, if declared by the AGM.
- e) After the close of the of FY 2016-17 on 31.03.2017 and till the date of this notice, 13,730 new members were admitted, who will not be entitled to get dividend (if declared) for FY 2016-17 as well as voting right at ensuing AGM. However, they can attend the AGM.
- f) A member who did not pour milk for at least 200 days totaling to at least 500 liters in a previous FY 2016-17, has no right to vote on any resolution.
- g) A milk producer, who was a member as on March 31, 2017, but whose membership has been cancelled post March 31, 2017, will be entitled to dividend for F.Y. 2016-17, 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 31,2017, will not be entitled to dividend for F.Y. 2016-17 as well as voting right at ensuing AGM. However, they may attend AGM.
 - i) MPP (Milk Pooling Point) wise list of aforesaid members are available at respective MPPs 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, 2017 and Profit and Loss Account for the financial year ended 31st March 2017 together with Reports of the Board of Directors and Auditors thereon and the Minutes of the previous AGM held on 29th July, 2016 are annexed herewith. Budget for F.Y. 2017-18 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 pourer code in all their correspondence.
 9. The Explanatory Statement setting out all material facts in respect of Item nos. 8 to 9 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 in the Register of Members of the

Company as on the 31st March, 2017.

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 no 3,4 and 5 respectively,

1. Shri Vishwasbhai Ramsinhbhai Dodiya (representing Class-B Member) has done P.T.C. and M.A. He is engaged in Agriculture and Dairy Farming.
2. Shri Mahendrasinh Bhupatbhai Goletar (representing Class-B Member) has done B.A. B.Ed. He is engaged in Agriculture and Dairy Farming.
3. Shri Ramdebhai Mipabhai Ratiya (representing Class-B Member) is B.A. He is engaged in Agriculture and Dairy Farming.

By order of the Board of Directors

Date: July 17, 2017

Place: Rajkot

Sanjay Talati
(Company Secretary)

: Explanatory Statement :

(for item no. 8 and 9 of the accompanying notice dtd. 17.07.2017)

Item no. 8

In order to identify the potential candidates on the Board, the members of the Company at their 3rd AGM approved the Guidelines for constitution of Nominating Committee. Clause 5 of the resolution provides for the persons who should be in the Nominating Committee. Accordingly, Nominating Committee should comprise of:

- (i) 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;
- (ii) One expert from any Management Institute of National repute, having done considerable work for development of producer owned enterprises; and
- (iii) One Expert Director who is on the Board of the Company

There are number of institutes working at the national level which have established themselves in the area of management to render effective services to the corporate sector.

In order to have wider scope for representation of talented experts on the Nominating Committee, it is proposed to modify the said Ordinary Resolution no. 3rd AGM:26.08.14:11/2014-15 by replacement of existing clause 5 ii of the resolution with the following:

"One expert from any Management Institute of repute or an institution having done considerable work for development of producer owned enterprises."

The approval of the members as per item no. 8 of this Notice is required to carry out the partial modification of the Ordinary Resolution passed at the 3rd AGM.

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 recommends the resolution set out in Item no.08 of the accompanying notice for the approval of the members.

Item no. 9.

The existing Articles of Association of the Company necessitate certain changes to incorporate and reflect in them certain provisions to bring in better clarity in understanding and administering the provisions of Articles. Changes in the Articles of Association dealing with the continuation and severance of members requires more clarity in order to eliminate ambiguity as also to widen the scope of the said Articles.

The proposed alterations detailed in the Special Resolution recommended, which would entail inclusion of some new provisions in the Articles of Association of the Company, to provide flexibility and ease in the business operation and management of the Company and to avoid any unintended ambiguity.

Further, the members are informed that, as per the requirement of Section 581-I (1) of the Companies Act, 1956, any amendment of the Articles of Association shall be proposed by not less than two-third of the elected directors or by not less than one third of the Members of the Producer Company, and adopted by the Members by a special resolution at a general meeting of the shareholders of the Company.

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 recommends the resolution set out in Item no. 9 of the accompanying notice for the approval of the members.

By order of the Board of Directors

Date: July 17, 2017

Place: Rajkot

Sanjay Talati
(Company Secretary)



Maahi Milk Producer Company Limited

(CIN: U01403GJ2012PTC070646)

Annual Report - 2016-2017

BOARD OF DIRECTORS (As on July 17, 2017)

Shri Gopalbhai Varotra	Chairman
Shri Vajesinh Chudasama	Director
Shri Ramde Modhwadiya	Director
Shri Hamir Raja Karavadra	Director
Shri Vijubha Gohil	Director
Smt. Ramilaben Patel	Director
Shri Rambhai Ukabhai Ram	Director
Shri Lalabhai Algotar	Director
Shri Mathurbhai Raiyani	Director
Shri Mahendrasinh Jadeja	Director
Shri. Aniruddhbhai Khuman	Director
Shri Sriram Singh	Expert Director
Prof. Madhavi Mehta	Expert Director
Dr. Omveer Singh	Expert Director
Shri Yogeskumar M Patel	Chief Executive & Director

CHIEF FINANCIAL OFFICER

Shri Ramchandran R. Iyer

COMPANY SECRETARY

Shri. Sanjay Talati

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 Ltd
Yes Bank Ltd
Dena Gujarat Gramin Bank

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REGISTERED OFFICE:

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

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