



Maahi

 **maahi**[®]
MAAHI MILK PRODUCER
COMPANY LIMITED

6th Annual Report
2017-2018



Maahi



Milk | Dahi | Chass | Ghee | Paneer | Flavoured Milk

Maahi Milk Producer Company Limited

(CIN: U01403GJ2012PTC070646)

Annual Report - 2017-2018

BOARD OF DIRECTORS (As on August 1, 2018)

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

COMPANY SECRETARY

Shri Sanjay Talati

AUDITORS

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

BANKERS

State Bank of India
Yes Bank Ltd
ICICI Bank Ltd
HDFC Bank Ltd
Axis Bank Ltd
Dena Bank
Union Bank of India

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REGISTERED OFFICE:

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Opp. Rajkumar College, Dr. Radhakrishnan Road, Rajkot-360 001, Gujarat
Tel.: 0281 2460732, Fax: 0281 2460734
email: info@maahimilk.com / website : www.maahimilk.com

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present their Sixth (6th) Annual Report on the operations of the Company along with the Audited Accounts for the year ended 31st March, 2018.

Financial Results

(Rs. in Lakhs)

Particulars	2017-18	2016-17
Total Revenue	1,44,473.47	1,19,016.63
Total Expenses/(Loss)	1,41,644.99	1,16,298.20
Profit Before Tax	2,828.48	2,718.43
Tax Expense		
a. Current Tax	1,071.00	995.00
b. Deferred Tax	(68.04)	(51.55)
Net Tax Expense	1,002.96	943.45
Net Profit After Tax /(Loss)	1,825.52	1,774.98

The Company has achieved a total revenue of Rs. 1444.73 Crores during the financial year 2017-18 as against Rs. 1190.16 Crore in the previous year, which is 21% higher than previous year. Further, the Company has earned a profit after tax of Rs.1825.52 Lacs as against Rs. 1774.98 Lacs of the previous year.

Limited Return (Dividend)

Looking to the profit earned by the Company, the Directors of your Company has recommended dividend of Rs. 9/-per equity share of Rs.100/- each. The dividend, subject to the approval of Members at the ensuing 7th Annual General Meeting, shall be payable to those Members, whose names appear in the Register of Members as on 31.03.2018.

This dividend shall absorb Rs. 352.16 lacs, including Dividend Distribution Tax of Rs. 60.00 lacs.

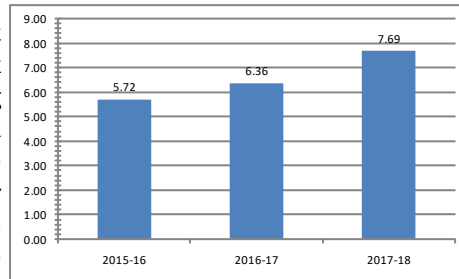
Transfer to Reserve

The Board proposes to transfer amount of Rs. 100 lacs 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.

Business and Operations

(A) Milk Procurement

The Company has total 2881 Milk Pooling Points (MPPs) in 2603 villages under milk procurement system in its 11 operational districts. To bring transparency and fairness in milk procurement system, automation has been done at all the MPPs for milk weighment, Fat and SNF testing and payment calculation. The average Milk Procurement per day during the year is 7.69 Lakh KG which is 21% higher as compared to the previous year. The number of consistent pourers have been increased from 25352 to 30839, which is 22% higher than previous year. Even,



(Milk Procurement-(LKGPD))

average quantity poured per member is also increased by 4% (6.18 to 6.41 LPD). In spite of heavy flush, without declaring "milk holiday", Company has continued to collect milk from the members.

As of now, the Company has total 51 location having cluster BMCs in its operational area for milk chilling and Company is managing most of the BMCs with its employees. As a Quality improvement measures, 25 cluster BMCs are recommended for ISO 22000 and ISO 9001 accreditations. In order to bring efficiency and reduce errors, various Standard Operating Processes (SOPs) have been implemented resulting in increasing productivity.

Inward logistic contracts were awarded through tendering process. This has helped the company to bring more transparency in logistic operations and also helped in creating conducive atmosphere.

Village Based Milk Procurement System (VBMPs)

During the year, two 5KL BMCs were installed at MPP level under National Dairy Plan - I (NDP-I). Under NDP-1, various training

programs have been organized for Company staff and Sahayaks in accordance with the guidelines of VBMPS. Total 51 employees of BMC and Chilling Centers were trained in Operation and Maintenance BMC/CC, 42 employees were given quality assurance training and 76 employees were trained under soft skills development training. Total 336 Sahayaks were trained and 205 Sahayaks were given refresher training on milk collection and quality.

(B) Field Engineering Services (FES)

With a view to improve the efficiency and efficacy of BMC's operations, Palitana, Lakhtar, Mahuva, Talaja, Keshod and Malgam BMCs have been equipped with better infrastructure.

During the year, Two Chilling Centers with instant chilling facility have also been outsourced at Jamkhambaliya and Prachi. On similar line, work is in progress at Bhanavad (Balva), Adasang (Rajula) and Bhogat (Bhatiya) locations, will result into further improvement in raw milk quality.

To enhance transparency in the system, 2000 sets of solar powered based DPMCU with Milk Analyzer for testing of milk at Milk Pooling Points which works on ULTRASONIC PRINCIPLE are being purchased and have started installing. These New DPMCU with Milk Analyzer has the features like

- Milk Analyzer works on ultrasonic based principle.
- Both milk SNF and Fat are tested in the milk analyzers.
- In the Milk Analyzer, Real time Data through GPRS, are instantly transferred and milk pourer can immediately get the information about the milk poured through SMS.
- Tracking of Cleaning and Calibration, password protection facility is available in Milk Analyzer.

The members who have registered their mobile numbers with Company are getting an SMS of amount of bill payment made by the Company at the end of every bill cycle.

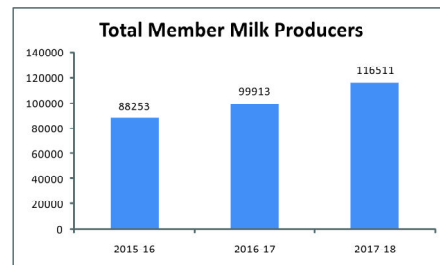
In house trained technically qualified staff, has maintained and repaired, whenever required 108 BMCs units and 8 Instant Milk Cooling Units which has resulted into sizable saving in spares and consumables as compared to the previous year.

Keeping in view the requirement of cow milk, infrastructure has been modified to receive cow and buffalo milk separately at Vallabhipur, Malgam and Prachi centers.

Company has installed 9 Effluent Treatment Plant (ETP) at BMC Centers to protect the environment.

As energy conservation measures, all conventional tube light fittings were replaced with LED type energy efficient fittings at 27 BMC centers resulting in savings in Electricity Cost.

(C) Producer Institution Building (PIB)



During the year 2017-18, Company has initiated membership drive only once and registered 11092 milk producers as members of the Company. As a result total membership is 116511 as on 31st March, 2018, which is the highest figure of membership since inception of

the Company.

Awareness Programs

In order to associate more and more milk producers with the Company and to create awareness amongst the members about their roles and responsibilities, PIB officials have conducted 932 Member Awareness Programs (MAP), in which 24,769 members have participated.

23 Children Awareness Programs (CAP) of rural areas were conducted to create awareness about milk, milk products, importance of cleanliness & hygiene in day-to-day life and importance of cooperation. 1260 Children of primary & secondary schools were educated about the activities of MPC.

43 Youth Awareness Programs (YAP) have been conducted during the year 2017-18, in which 1222 rural youth have participated. The objective of the program is to make them aware about the dairying as an important source of livelihood and sensitize them to accept it as a profession.

In order to develop a leadership skill and to enhance the confidence level amongst the members, a Leadership Development Program (LDP) was organized wherein 40 members have participated.

Company has hired the services of qualified and professionally managed NGOs for bringing awareness of members about best practices. During the year, Company in association with this NGO has conducted following programs in which around 45000 milk producer members have participated:

- i. Women Awareness Program (WAP) - Considering the vital role of women in animal husbandry activities, Company has organized 226 programs covering 6439 women participants with aim to make them aware about various scientific animal husbandry practices, best health & hygiene practices. Women are encouraged to become a member of MPC and active participation.
- ii. Producer Awareness Program (PAP) - Producers have been educated about the benefits of the membership, their role and responsibilities as a member, importance of clean milk practices and best animal husbandry practices. A total of 557 programs were organized in which 19,302 milk producers members have participated.
- iii. Clean Milk Production Program (CMP) - A total of 533 programs have been organized in which 19301 milk producers participated.

Some of the training programs organized have been well received by Print and Electronic media.

To establish two way communication channel between the Company and members, VCGs (Village Contact Groups) and MRGs (Member Relation Groups) have been constituted. The meeting of these groups with members help to identify the members, who possess leadership skills and to train them to take lead in resolving the members' grievances at an initial stage. Through VCG and MRG meetings, Company shares latest news and developments about the Company as well as to provide the important information about the dairy sector to the members. A total of 2415 VCGs with 12075 members and 213 MRGs with 2415 members have been constituted during the year 2017-18.

In order to strengthen the efficiency of VCG and MRG Members, 608 VCG Training programs and 125 MRG Training Programs have been conducted.

Company's magazine ""MAAHI MITRA" is published regularly and distributed among the milk producer members free of cost.

Frequently asked questions along with their answers were published in Company's magazine "Maahimitra" with detailed explanation for the benefit of the members.

The magazine, gives glimpse of achievement, events, news and create awareness amongst our milk producers, update and guide them about scientific way of Animal Husbandry like good milking practices, artificial insemination and health related awareness program.

The information related to the various schemes/benefits announced by the Company for the members are also being informed through an SMS as well as through phone call alert on their registered mobile numbers.

(D) Productivity Enhancement Services (PES)

Sub Project Plan under NDP - I

Under the National Dairy Plan - I, Maahi Milk Producer Company Limited has successfully implemented Ration Balancing Programme (RBP), Pilot Model for Viable Artificial Insemination Delivery at doorstep, Fodder Development Programme and Village Based Milk Procurement System (VBMPS) with the financial assistance of World Bank through National Dairy Development Board (NDDB).

Ration Balancing Programme (RBP)

Under this programme, milk producers are advised on balanced diet feeding for animals which has been formulated with the help of experts. Milk producers are advised to make balanced diet using available food ingredients with them which results into increase in milk production, animal health and decrease in milk production cost.

Due to social taboo, there is constraint over animal tagging which was resulting into low response from beneficiaries. To overcome the constraint, mass extension drive was conducted under which around 30000 new animals were tagged and registered in INAPH. The said tagged animals are covered under RBP and AI programme.

Total 28144 animals of 13972 milk producers of 587 villages have availed the advise of 544 trained Local Resource Persons (LRP) and benefited under the programme. The milk producers are able to reduce feeding cost by Rs. 42 per day per animal with approx. saving of 13% by implementing RBP 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. During the year, 76,998 artificial inseminations with 100 % tagging have been performed in 2895 villages by 264 trained MAITs. A total of 3220 calves borned have been registered from artificial insemination. A total of 428 fertility camps and 95 calf show have been organized.

Fodder Development Programme (FDP)

To increase the availability of fodder for livestock and to increase the availability of fodder crops, a lot of focus was given on distribution of improved and high yielding seeds.

During the year under report, Company distributed 25.7 MT of high quality fodder seeds to 1400 milk producers in 249 villages. In order to make green fodder available at affordable price even to small and marginal farmers, less expensive silage bag (185 nos.) having 1 MT capacity were made available at subsidized rate to 174 farmers throughout the year.

SPP-FD project was successfully implemented and closed on September'17 with overall rating of 86% (highly satisfactory).

NDP I Sub Projects review by Chairman, NDDB

Shri Dilip Rath, Chairman, NDDB has visited Maahi operational area during 28-30 March, 2018. During his visit, he had interaction with Elected Board of Directors and Senior Officials of the MMPCL and provided valuable guidance. He also appreciated the progress made by MMPCL in short span of time. He has inaugurated one of the milk chilling centre of MMPCL at Jam Khambhaliya and addressed the gathering of LRP, MAIT, Sahayak and milk producer members.

Model Dairy Farm Project (MDF)

During the year 2017-18, total 8 Farms were selected under Model Dairy Farm Project. In these programme, Farm owners were educated and trained on importance and relevance of various model animal husbandry practices like Clinical Mastitis Test (CMT), Teat Dip Test, Milk Recording system, Breeding Calendar, Free housing, Silage making in plastic bag, importance of AI and RBP programme etc. These practices later implemented by the farm owners. The

trained farm owners became facilitators and imparted training on model animal practices at farm level to 805 farmers who had visited to these farms.

(E) Quality and Manufacturing

The Company was honored with "The Quality Excellence Award" by International Achievers Conference in Dec 2017.

During the year, the Company has made significant improvement in the infrastructure of the BMC/ Chilling centers to successfully fulfill the requirements of ISO 22000 & ISO 9001 and accordingly recommended for both Quality and Food Safety Certifications of 25 BMC/ CC sites.

The Company has been able to substantially improve MBRT of Raw Chilled Milk by 13%. The Company has introduced many quality checks other than the routine test to further strengthen the quality of raw milk at the procurement level.

In the year 2017-18, Maahi, the only Dairy organization in Gujarat which has launched its' Milk and milk products from two of Mother Dairy plants located at Junagadh and Kutch with Quality Mark logo of National Dairy Development Board (NDDB), which is a symbol of quality and safe products.

In order to address the deficiency of micronutrients, the Company has recently joined a social mission with NDDB and Tata Trust to implement the project of Fortification of milk with Vitamin A & D as per the guidelines of the FSSAI by June 2018.

Through our consistent endeavor to offer quality in each and every droplet of milk with fortification as value addition we can strengthen the wheel to move faster towards excellence.

(F) Sales & Marketing

During the year 2017-18, Company has marketed 3.34 LLPD poly packed milk, 0.78 LLPD butter milk, 4.5 MTPD curd and 110 KGPD Paneer. In spite of GST implications Company was able to sale 1326 MT ghee in bulk and retailed pack and 125 LPD sterilized flavoured milk.

Company is continuously expanding and consolidating its presence in Gujarat, marching towards new horizons. Under digitization initiative, now all our distributors are placing orders online through user friendly android application.

Under robust expansion Plan, Company has added 185 new distributors and 2488 new retailers to penetrate the untapped markets. With a vision to become leading Milk Producer Company, we are constantly increasing our depth and width through innovative sales and marketing concepts and strategies. In line, Company is supplying 200 ml fortified pasteurized flavoured milk pouches to Doodh Sanjivani Yojna under Mid-Day Meal Scheme (MDM) and Integrated Child Development Scheme (ICDS). Through these Government schemes, we are nourishing 18540 children/Day and 6930 women/Day of Kutch and Devbhumi Dwarka districts.

Imbibing to the core of Company's philosophy we have created a new era of economic development, with a power packed network and team of 96 employees, 819 distributors, 16700 retailers, 537 Shoppes and 19 booths, we have not only created job or business opportunities but also generated economic freedom in their lives.

(G) Finance & Accounts (F & A)

1. Credit Rating: The Company has been able to maintain AA-credit Rating issued by CARE consistently for past three years including the year under review
2. Working Capital: The Company has restructured its working capital strategy and introduced cash credit facility, which ensured better & long term liquidity management, while keeping the cost of capital low and keeping intact the status priority sector lending (PSL).
3. Fund flow management: The finance cost during the year remained at Rs 3.54 crores which was Rs 4.77 crores in the previous year, registering a significant reduction of 25%. This has been possible due to restructuring of short-term borrowings & prudent fund management.
4. Internal Financial Controls (IFC): The Company continued to successfully implemented framework of Internal Financial Controls (IFC), as required under the Companies Act. During the year, the Company has also strengthened its controls related to Information Technology (Information Technology General Controls - ITGC) with the help of external consulting firm, M/s Ray & Ray, Chartered Accountants.
5. Income tax assessments: During the year, the Company received a favorable order from the Income Tax Appellate Tribunal (ITAT) for the past assessment years (from AY 2013-

14 to AY 2016-17). As a result, the contingent income tax liability to the tune of Rs 21 crores, which was under dispute, was nullified by ITAT.

(H) Information Technology (IT)

Through highly reliable technology and infrastructure, Company provides online services to members and customers which meets the changing needs of business.

(I) Human Resource Development (HRD)

As a part of capacity building among the employees various training programs were introduced i.e. Technical Training Programs for Non-Technical employees (Dairy Technology for Non Dairy Technologist), SOP training for process improvement, Situational Leadership Programs, Self-Development Programs, and Team Building & Leadership Programs. During the year total of 29 training programs were organized in which 335 employees participated.

With an aim to imbibe feeling of belongingness, care, unity, team spirit among the employees, various employee engagement programs were organized viz. Maahi Cricket League, Annual Employee's Get Together, Maahi Anniversary and Festival celebrations, Employee Health Check-ups and Health Talks.

As a part of Corporate Social Responsibility, various CSR activities were organized i.e. Voluntary participation in Swachh Bharat Campaign and cleaning of public places like Railway Stations, ST Bus Stands etc, blood donation camp and milk awareness programs in the schools.

Way Forward

- To improve transparency in operations and to strengthen trust amongst members, installation of 2000 modern Milk Analyzer with GPRS and text message facilities will be completed for all MPPs during the year 2018-19. MPC plans to cover 3390 MPPs, enroll 21000 new members and to procure average 8.78 LKGPD milk by March 2019. To penetrate horizontally, we have planned to cover at least 50% Milch Animal household (MAH) in next 5 years.
- Company foresee to cover additional 25000 animals under RBP programme by training and deploying new 500 LRPs. Company is also planning to perform 134400 tagged AI, 350 infertility camps, 90 calf shows and 34900 calf registration born through Artificial Insemination.

- Company is planning to come up with a new retail concept called "CODO Parlour" (Company Owned and Distributor Operated), that is exclusive Maahi Parlour where consumers can have all the Maahi Brand Products under one roof. Moreover we are eyeing Tea Vendors as customers and to associate with them on long term, we have created specially designed table for their usage that would definitely prove itself as an effective tool for business growth and relationship.

In sync of long term strategic objectives Company is planning to launch novel value added products to lure consumers like Vitamin fortified milk, sachets of Pure Ghee etc.

(J) Share Capital:

The Paid up share capital of the Company on the close of the financial year was Rs. 3245.75 lakhs while there were 1,16,511 members appeared on its Register of Members as on 31st March, 2018.

After the close of the financial year, because of admission of new members, cancellation of membership because of violation of Articles of Association and surrender of shares by the members, there are 97,138 members on the Register of members and the share capital of the Company stood at Rs. 2921.71 Lacs up to the date of this report.

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

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 1,16,511 members as on 31st March, 2018, only 57654 members are entitled for voting right and 58,857 members who did not pour milk for at least 200 days totaling to 500 liters in a previous financial year (2017-18) have lost their voting rights and are not entitled to vote at the ensuing Annual General Meeting.

Further, Out of 57,654 members who were entitled for voting, 61 members have surrendered their shares after the close of the financial year and up to the date of this report, hence effectively only 57,593 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 2018, but whose membership have been cancelled post 31st March, 2018

will be entitled to dividend for financial year 2017-18 but shall not be entitled to any share/membership related right entitlement or benefit (including attendance & voting at AGM) post such cancellation as they have ceased to be the members of the Company. Similarly new members, who were admitted as members of the Company post March 31, 2018 will not be entitled to dividend for FY 2017-18 as well as voting right at ensuing AGM.

(K) Board of Directors

During the year under review, Board has re-appointed Prof. Madhavi Mehta as an Expert Director on the Board of the Company w.e.f. 30th December, 2017 for a period of one year.

Further Shri Sriram Singh, whose term as an expert director expired on 10/06/2018 has been re-appointed for a period of two years w.e.f. 11.06.2018.

Shri Ramde Mipabhai Ratiya was a director of the Company representing Class- B. He is disqualified to continue as a Director of the Company in terms of Article 9.16(ix) of the Articles of Association of the Company as he has failed to complete the required training programme prescribed by the Board from time to time. Further, he has also tendered a resignation as a Director of the Company w.e.f. 16.06.2018. Board places on record the appreciation for services rendered by Shri Ramde Mipabhai Ratiya during his tenure as a Director of the Company.

Board Meetings

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

Board Meeting no.	Date of Board Meeting	Board Strength	No. of Directors Present
38 th Board Meeting	31 st May, 2017	15	15
39 th Board Meeting	17 th July, 2017	15	14
40 th Board Meeting	28 th August, 2017	15	14
41 st Board Meeting	15 th December, 2017	15	14
42 nd Board Meeting	24 th February, 2018	15	13
43 rd Board Meeting	28 th March, 2018	15	11

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
7 th Committee Meeting	30 th May, 2017
8 th Committee Meeting	8 th July, 2017
9 th Committee Meeting	23 rd September, 2017
10 th Committee Meeting	20 th November, 2017
11 th Committee Meeting	25 th January, 2018

Composition of Board

As per Article 9.4 and Article 9.5 of Articles of Association of the Company, 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 1,16,511 members on the Register of Members as on 31st March, 2018. Based on the pouring pattern of the members for F.Y. 2017-18, it reveals that out of 1,16,511 members as on 31st March, 2018, there were 65848 members i.e. 56.52% of the members have fulfilled all the criteria of membership including those members who were admitted for less than 365 days during 2017-18 but are deemed to belong to the class chosen by them and acquired the shares for that chosen class. Out of this 56.52% of the total members, 10.77% belong to Class - A, 26.12% belong to Class - B and 63.10% 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 45%, 29.45% and 25.55% during 2017-18. 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 respectively. As aforesaid, the

composition of Board of the Company, to the extent possible is as per Article 9.4.

Shri Ramde Mipabhai Ratiya, (DIN 07887395) the Director of the Company representing Class- B, disqualified to continue as a director of the Company and position became vacant in terms of Article 9.16 ix as he has failed to satisfactorily complete the prescribed training programme, as prescribed by the Board from time to time. Also he has delivered a resignation to the Board showing his unwillingness to continue as a Director. The Board of Directors on the basis of recommendation of Nominating Committee, recommended the appointment of Shri Nagabhai Lakhabhai Odedara (DIN 08190536) possessing Class B in his place.

As per Article 9.6 of the Articles of Association of the Company, Smt. Ramilaben Patel (DIN 06920710) representing Class - C, Shri Rambhai Ukabhai Ram (DIN 07235592) representing Class - A, will retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Board of Directors on the basis of recommendation of Nominating Committee, recommended the re-appointment of both Smt, Ramilaben Patel representing Class - C and Shri Rambhai Ukabhai Ram representing Class - A.

As per Article 9.6 of the Articles of Association of the Company, Shri Hamirbhai Karavadra (DIN 06369158) representing Class - A, will retire at the ensuing Annual General Meeting of the Company. As he has completed two terms to act as Director, he will be ineligible for re-appointment in terms of Article 9.6 iii. The Board of Directors on the basis of recommendation of Nominating Committee, recommended the appointment of Smt. Shobhanaben Dineshbhai Patoriya (DIN 08190006) possessing Class A in place of retiring director.

Shri Gopalbhai Varotra (DIN 05198510) and Shri Mahendrasingh Jadeja (DIN 07566111) are two directors in Class - A. There are three directors viz., Shri Lalbhai Algotar (DIN 07566162), Shri Mahendrabhai Goletar (DIN 07888303) and Shri Vishwaskumar Dodiya (DIN 07885716) who are representing Class - B. Shri Mathurbhai Raiyani is a director with "No Class".

(L) 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 had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 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 had 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.

(M) Auditors

M/s. S B Billimoria & Co., Chartered Accountants, Gurugram, (Firm Registration no. 01496W) retires at the ensuing Annual General Meeting and being eligible, offer themselves, for reappointment. 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., Chartered Accountants, 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.

(N) 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. In the previous year, Company had appointed M/s Ray & Ray, Chartered Accountants, Mumbai to review ICFR system. Company has implemented their advise and suggestions during the year under review.

As per Section 581 ZF of the Companies Act, 1956, Company has to carry out internal audit of its accounts. Accordingly, Company has re-appointed M/s Ernst & Young LLP, Chartered Accountants as Internal Auditors of the Company for the year 2017-18. The Internal Auditors independently evaluate the adequacy of internal control and concurrently audit the majority of the transactions in value terms.

(O) Corporate Social Responsibility policy

Section 465 of the Companies Act 2013, provides that Part IX A of the Companies Act, 1956 shall be applicable mutatis mutandis to a Producer Company in a manner as if the Companies Act, 1956 has not been repealed until a special Act is enacted for Producer Companies. In order to seek clarification regarding the applicability of Companies Act, 2013 including CSR provisions, Company has filed a representation with Ministry of Corporate Affairs (MCA), New Delhi on 12th July, 2014. However, reply from MCA is still awaited. Compliance of CSR provisions will be initiated on the receipt of clarification from MCA.

(P) Cost Audit/ Cost Compliance Report:

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

(Q) Personnel

Pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, none of the employees of the Company were in receipt of remuneration, which in the aggregate exceeds Rupees Sixty Lacs per annum or Rupees Five Lacs per month, as the case may be, during the period under review.

(R) 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.

(S) 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: 1-Aug-2018

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, 2018 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. All conventional tube light fittings are replaced with LED type energy efficient fittings at 27 Nos. BMC centers.
2. We have purchased 2000 sets of Solar powered based DPMCU with Milk Analyzer for testing of milk at Milk Pooling Points.

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

- Impact of Energy conservation measure (a1) is: Reduction in Energy bill approx by 35% at BMC / CC centers.
- Impact of Energy conservation measure (a2) is: Estimated Saving of Rs. 2500/- per annum in energy bill of every Sahayak, will indirectly add to the income of sahayak. Moreover this saving till the life span of solar panel i.e. 20 years minimum and will help in protection of environment.

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

FORM - A (see Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

(A) Power and fuel consumption

Sr. No.	Particulars	Unit	Year ended	
			2017-2018	2016-2017
1.	(a) Electricity Purchased			
	Unit	KWH	51,04,437	43,51,043
	Total amount	Rupees	4,13,01,916	3,51,10,817
	Rate/Unit	Rs./KWH	8.09	8.06
	(b) Own Generation			
	i) Through diesel generator			
	Unit	KWH	3,49,279	2,67,460
	Units per ltr. of diesel oil	KWH	5	5
	Cost / Unit	Rs.	13.80	11.6
	ii) Through steam turbine/ generator			
Units	KWH	N.A.	N.A.	
Units per ltr. of diesel oil/gas	KWH	N.A.	N.A.	
Cost / Units	Rs.	N.A.	N.A.	
2.	Coal (specify quality and where used)			
	Quantity (tonnes)	MT	N.A.	N.A.
	Total cost	Rs.	N.A.	N.A.
	Average rate	Rs.	N.A.	N.A.
3.	Furnace oil			
	Quantity (K. Ltrs.)	KL	N.A.	N.A.
	Total amount	Rs.	N.A.	N.A.
	Average rate	Rs./Ltrs.	N.A.	N.A.
4.	Others/internal generation (CNG)			
	Quantity	M ³	N.A.	N.A.
	Total cost	Rs.	N.A.	N.A.
	Rate/Unit	Rs./sm ³	N.A.	N.A.

(B) Consumption per unit of production

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

B. TECHNOLOGY ABSORPTION:

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

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

C. Total Foreign Exchange Earning and outgo:

Details of foreign Exchange Earning and outgo during the year is as under:

Foreign Exchange Earning	Nil
Foreign Exchange outgo	Nil

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 31 March, 2018, 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 Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 issued under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, 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/CARO 2016") 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 of the Company as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) 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.

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

**Jitendra Agarwal
Partner
(Membership No. 87104)**

**Place: Gurugram
Date : 1-Aug-2018**

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, 2018 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 authorizations 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, 2018, 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 : 1-Aug-2018

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) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (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 CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - a. 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, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any liability for Customs Duty and Excise Duty.

- b. 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, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable.
- c. Details of dues of Income-tax, which have not been deposited as on 31 March, 2018 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	19,38,574	16,47,780
Income Tax Act, 1961	Income Tax	CIT (Appeals)	2014-15	26,614,068	26,614,068

Further, demands aggregating to Rs. 19,01,96,570 included in Note 29 of the financial statements against which order has been passed in favour of the Company by the Income tax Appellate Tribunal have not been disclosed under this clause.

There are no dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31 March, 2018 on account of disputes.

- (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 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 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 : 1-Aug-2018

(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, 2018 are as per the financial statements of the Company as at and for the year ended 31 March, 2018.
- 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 : 1-Aug-2018**

MAAHI MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2018

	Note No.	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	324,575,700	306,162,800
(b) Reserves and surplus	4	597,345,275	411,361,833
		921,920,975	717,524,633
2. Share application money pending allotment	31	6 44,250	9,906,500
3. Deferred grant	5	116,967,423	143,176,170
4. Non - current liabilities			
(a) Deferred tax liabilities (net)	13	-	-
(b) Other long-term liabilities	6	159,686,172	132,332,136
(b) Long - term provisions	7	8 ,813,676	12,181,127
		168,499,848	144,513,263
5. Current liabilities			
(a) Short - term borrowings	8	952,815,188	986,888,498
(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		677,975,250	712,734,570
(c) Other current liabilities	10	99,674,903	82,550,665
(d) Short - term provisions	11	1 ,920,187	-
		1,732,385,528	1,782,173,733
Total		2,940,418,024	2,797,294,298
B. ASSETS			
1. Non - current assets			
(a) Fixed assets			
(i) Tangible assets	12A	346,321,516	382,886,603
(ii) Intangible assets	12B	4,587,731	10,469,789
(iii) Capital work-in-progress		5,776,048	35,280,364
		356,685,295	428,636,756
(b) Deferred tax assets (net)	13	10,322,145	3,517,961
(c) Long - term loans and advances	14	26,456,798	35,409,538
(d) Other non-current assets	15	-	216,910
		393,464,238	467,781,165
2. Current assets			
(a) Inventories	16	795,148,563	455,906,927
(b) Trade receivables	17	236,235,067	456,537,666
(c) Cash and cash equivalents	18	1,471,747,176	1,363,276,490
(d) Short - term loans and advances	19	10,778,982	31,352,838
(e) Other current assets	20	33,043,998	22,439,212
		2,546,953,786	2,329,513,133
Total		2,940,418,024	2,797,294,298

See accompanying notes forming part of the financial statements
In terms of our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Jitendra Agarwal
Partner

Place: Gurugram
Date: 1-Aug-2018

For and on behalf of the Board of Directors

Gopalbhai Varotra Hamirbhai Karavadra
Director Director

Yogesh M. Patel Sanjay Talati
Chief Executive Company Secretary

Place: Rajkot
Date: 1-Aug-2018

MAAHI MILK PRODUCER COMPANY LIMITED
Statement of Profit and Loss for the year ended 31 March, 2018

	Note No.	Year ended 31 March, 2018 Rupees	Year ended 31 March, 2017 Rupees
1. Revenue from operations	21	14,368,791,328	11,773,815,331
2. Other income	22	78,556,209	127,848,005
3. Total revenue (1+2)		14,447,347,537	11,901,663,336
4. EXPENSES			
(a) Cost of materials consumed	23	6,454,086,744	4,959,238,313
(b) Purchases of traded goods	24	7,024,555,798	5,521,647,557
(c) Changes in inventories of finished goods	25	(381,524,830)	22,300,673
(d) Employee benefits expense	26	163,553,353	174,110,923
(e) Finance costs	27	35,486,389	47,735,472
(f) Depreciation and	12C	64,887,455	54,822,578
(g) Other expenses	28	803,454,590	849,964,862
Total expenses		14,164,499,499	11,629,820,378
5. Profit before tax (3-4)		282,848,038	271,842,958
6. Tax expense:			
(a) Current tax		107,100,000	99,500,000
(b) Deferred tax charge/(credit)		(6,804,184)	(5,155,066)
Net tax expense		100,295,816	94,344,934
7. Profit for the year (5-6)		182,552,222	177,498,024
8. Earnings per equity share: 34 (Nominal value Rs. 100 per share)			
(a) Basic		60.52	66.67
(b) Diluted		60.52	66.67

See accompanying notes forming part of the financial statements
In terms of our report attached

For S.B. BILLIMORIA & CO.
Chartered Accountants

Jitendra Agarwal
Partner
Place: Gurugram
Date: 1-Aug-2018

For and on behalf of the Board of Directors

Gopalbhai Varotra Director	Hamirbhai Karavadra Director
Yogesh M. Patel Chief Executive	Sanjay Talati Company Secretary
Place: Rajkot Date: 1-Aug-2018	

MAAHI MILK PRODUCER COMPANY LIMITED
Cash Flow Statement For The Year Ended 31 March, 2018

	Year ended 31 March, 2018 Rupees	Year ended 31 March, 2017 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	282,848,038	271,842,958
Adjustments for :		
Finance costs	33,762,593	47,735,472
Interest income	(76,803,867)	(78,217,820)
Provision for employee benefits	(2,140,206)	4,417,388
(Profit)/Loss on sale of Fixed Assets	667,057	(365,227)
Depreciation and amortization expense	64,887,455	54,822,578
Operating profit before working capital changes	303,221,069	300,235,349
Adjustments for movement in working capital:		
Decrease/(Increase) in inventories	(339,241,636)	(223,493,068)
Decrease/(Increase) in trade receivables	220,302,600	(9,247,576)
Decrease/(Increase) in long term loans and advances	(274,505)	4,582,331
Decrease/(Increase) in short term loans and advances	20,573,856	(18,107,708)
Decrease/(Increase) in other non-current assets	216,910	(16,910)
Decrease/(Increase) in other long-term liabilities	27,354,036	(27,032,679)
(Decrease)/Increase in trade payables	(34,759,321)	166,681,599
(Decrease)/Increase in other current liabilities	(1,459,955)	8,205,912
Cash generated from/(used in) operations	195,933,054	201,807,249
Net income tax (paid)/refunds	(97,179,813)	(115,561,402)
Net cash flow from/(used in) operating activities - (A)	98,753,240	86,245,846
B. Cash Flow From Investing Activities:		
Purchase of fixed assets (including capital work in progress)	(9,085,148)	(131,254,964)
Proceeds from sale of fixed assets	3,316,254	950,999
Capital grant received (for purchase of fixed assets)	8,420,433	55,089,232
Bank balances not considered as Cash and cash equivalents	(77,051,646)	(137,526,669)
Interest received	66,199,081	69,162,582
Net cash flow from/(used in) investing activities - (B)	(8,201,025)	(143,578,820)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	8,506,400	36,301,400
Share application money received	644,250	9,906,500
Security Premium received	36,595,350	15,287,300
Dividend paid (including dividend tax)	(33,047,663)	(32,094,728)
Finance costs paid	(37,758,202)	(46,725,589)
increase/(decrease) in working capital borrowings	(34,073,310)	266,045,325
Net cash flow from/(used in) financing activities - (C)	(59,133,175)	248,720,208
Net increase in Cash and cash equivalents (A+B+C)	31,419,040	191,387,235
Cash and cash equivalents at beginning of the year	411,283,898	219,896,664
Cash and cash equivalents at the end of the year	442,702,939	411,283,898
Components of Cash and cash equivalents as at:		
Cash on hand	53,355	106,535
Balances with banks:		
- in current accounts	442,649,584	399,984,540
- Chaeque/Draft on Hand	-	11,192,824
Cash and cash equivalents as per Cash Flow Statement	442,702,939	411,283,899
Deposits (original maturity of more than 3 months)	323,720,929	349,784,884
Balances held as security against bank borrowings	703,000,000	600,000,000
In earmarked accounts		
- Unpaid dividend accounts	2,323,308	2,207,707
Cash and cash equivalents as per Balance Sheet (Note 18)	1,471,747,176	1,363,276,490

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: 1-Aug-2018

Gopalbhai Varotra
Director

Yogesh M. Patel
Chief Executive

Place: Rajkot
Date: 1-Aug-2018

Hamirbhai Karavadra
Director

Sanjay Talati
Company Secretary

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

1. Corporate information

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

The Company procures milk directly from milk producers through 'Milk Pooling Points' in the 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".

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
Notes forming part of the financial statements

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.

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

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

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

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
Notes forming part of the financial statements

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/

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

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.

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

r. Leases

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

s. Material events

Material 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, 2018		As at 31 March, 2017	
	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	3,245,757	324,575,700	3,061,628	306,162,800

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.

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

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

	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Number of Shares	Amount Rupees	Number of Shares	Amount Rupees
Shares outstanding at the beginning of the year	3,061,628	306,162,800	2,691,867	269,186,700
Shares issued during the year	184,129	18,412,900	369,761	36,976,100
Shares outstanding at the end of the year	3,245,757	324,575,700	3,061,628	306,162,800

(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, 2018 Rupees	As at 31 March, 2017 Rupees
(a) General reserve		
Opening balance	362,910,402	218,576,510
Add: Transferred from Surplus in Statement of Profit and Loss	10,000,000	144,333,892
Closing balance	<u>372,910,402</u>	<u>362,910,402</u>
(b) Security Premium account		
Opening balance		
Add: Premium on shares issued during the year	15,287,300	-
Closing balance	<u>36,595,350</u>	<u>15,287,300</u>
	<u>51,882,650</u>	<u>15,287,300</u>
(c) Surplus in Statement of Profit and Loss		
Opening balance	33,164,131	-
Add: Net profit for the year	182,552,222	177,498,023
Less:		
(i) Final limited return (dividend) to members for the year ended 31 March, 2017 (Rs. 9 per share)	(27,554,652)	-

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
(ii) Tax on above limited return (dividend)	(5,609,479)	-
(iii) Transferred to general reserve	(10,000,000)	(144,333,892)
Closing balance	172,552,222	33,164,131
	597,345,275	411,361,833
5. Deferred grant		
(a) Opening Balance	143,176,170	149,514,422
(b) Capital grant utilized during the year (see note 35)	8,425,452	55,089,232
(c) Less: depreciation pertaining to assets acquired from capital grant (see note 12)	34,629,181	61,427,485
(d) Less: other adjustment	5,018	-
	116,967,423	143,176,170
6. Other Long term provisions		
(a) Trade/security deposits received	159,686,172	132,332,136
	159,686,172	132,332,136
7. Long term provisions		
(a) Provision for employee benefits:		
(i) For compensated absences (net of fund value of Rs.18,762,391; Previous year Rs. 9,930,452)	7,542,769	12,181,127
(ii) For gratuity (net of fund value of Rs.1,68,06,429; previous year Rs. 1,46,98,429)	1,270,907	-
	8,813,676	12,181,127
8. Short term borrowings		
From banks:		
(a) Secured loans (see note (i) below)		
(i) Working capital loans (repayable on demand)	952,815,188	593,500,936
(b) Unsecured Loan		
(i) Bill discounting facility	-	393,387,562
	952,815,188	986,888,498

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
Note:		
(i) Working capital loan from bank is in the nature of bank overdraft, secured against fixed deposits of the Company with banks. (Refer Note 18)		
9. Trade payables		
(a) Trade Payables (other than acceptances) (See note 38)	677,975,250	712,734,570
	677,975,250	712,734,570
10. Other current liabilities		
(a) Interest accrued but not due on borrowings	-	3,995,609
(b) Advances from customers	27,830,025	40,734,420
(c) Application money received for allotment of securities and due for refund	-	100,699
(d) Unclaimed / unpaid dividends	2,329,008	2,212,540
(e) Payable on purchase of fixed assets	32,979,209	10,515,871
(f) Statutory dues (Contribution to PF, Service Tax, Withholding Tax etc.)	7,621,947	8,277,474
(g) Grant received from NDDDB (unutilised): (see note 35)		
(1) Capital grant	10,090,198	13,135,552
(2) Revenue grant	15,386,017	-
(h) Others	3,438,500	3,578,500
	99,674,903	82,550,665
11. Short term provisions		
(a) Provision for Income Tax (net of advance tax of Rs. 10,58,24,636; previous year Rs. nil)	1,920,187	-
	1,920,187	-

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

12. Fixed assets

Particulars	Gross block			Accumulated depreciation			Net block	
	As at 1 April, 2017	Additions	Disposals	As at 31 March, 2018	As at 1 April, 2017	Adjustment	As at 31 March, 2018	As at 31 March, 2017
A. Tangible assets (owned)								
Buildings	11,467,278	-	32,976	11,434,302	2,746,365	-	3,178,342	8,720,914
(Previous year)	(5,758,882)	(5,708,396)	(-)	(11,467,278)	(979,989)	(-)	(2,746,365)	(4,778,894)
Plant and equipment	519,514,402	58,021,523	7,540,263	569,995,662	184,186,779	-	252,083,387	317,912,275
(Previous year)	(354,207,357)	(166,179,072)	(872,027)	(519,514,402)	(106,659,887)	(-)	(184,186,779)	(335,327,622)
Furniture and fixtures	19,480,432	1,483,563	64,121	20,899,875	17,389,686	-	63,996	2,090,746
(Previous year)	(16,434,181)	(3,388,982)	(342,731)	(19,480,432)	(14,578,173)	(-)	(17,389,686)	(1,856,008)
Computers	81,785,025	905,343	77,220	82,613,147	55,322,800	-	66,680	26,462,224
(Previous year)	(74,884,822)	(6,900,203)	(-)	(81,785,025)	(29,315,393)	(-)	(55,322,800)	(45,569,428)
Office equipment	13,416,702	642,371	12,493	14,046,580	3,131,606	-	4,387,481	10,285,096
(Previous year)	(13,029,105)	(387,597)	(-)	(13,416,702)	(1,894,899)	(-)	(3,131,606)	(11,134,206)
Total	645,663,839	61,052,801	7,727,074	696,989,566	262,777,237	-	3,743,768	382,886,602
Previous year	(464,314,347)	(182,564,250)	(1,214,758)	(645,663,839)	(153,428,341)	(-)	(628,985)	(310,886,006)
B. Intangible assets								
Computer Software	19,969,466	-	939	19,968,527	9,499,677	-	15,380,795	10,469,790
(Previous year)	(17,932,745)	(2,036,722)	(1,10)	(19,969,466)	(3,227,495)	(-)	(9,499,677)	(14,705,251)
Total	19,969,466	(2,036,722)	939	19,968,527	9,499,677	-	15,380,795	10,469,790
Previous year	(17,932,745)	(2,036,722)	(1,10)	(19,969,466)	(3,227,495)	(-)	(9,499,677)	(14,705,251)

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
(1) Depreciation and amortisation:		
Tangible assets	93,634,583	109,977,881
Intangible assets	5,882,053	6,272,182
Less: Depreciation pertaining to assets acquired on grant	34,629,181	61,427,485
	64,887,455	54,822,578

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, 2017	Adjust- ment	As at 31 April, 2017	For the year	As at 31 March 2018	As at 31 March 2017
Tangible assets :						
Buildings	6,935,287	-	6,935,287	346,765	7,87,470	6,147,817
(Previous year)	(3,431,810)	(3,503,477)	(127,990)	(312,715)	(440,705)	(6,494,582)
Plant and equipment	132,790,336	-	132,790,336	11,334,852	57,772,391	99,510,011
(Previous year)	(62,935,193)	(69,855,143)	(18,272,573)	(28,164,966)	(46,437,539)	(86,352,797)
Office equipment	5,366,771	-	5,366,771	500,468	1,618,572	3,748,199
(Previous year)	(5,366,771)	(3,503,477)	(617,636)	(500,468)	(1,118,104)	(4,248,667)
Furniture and fixtures	16,995,382	-	16,995,382	668,055	16,870,002	733,126
(Previous year)	(14,174,295)	(2,821,088)	(13,321,311)	(2,880,637)	(16,201,947)	(793,435)
Computers	71,900,285	47,408	71,900,285	36,869	67,233,323	4,619,555
(Previous year)	(71,826,035)	(74,250)	(26,770,328)	(23,951,916)	(50,722,244)	(21,178,041)
Intangible assets :						
Computer Software	16,878,416	-	16,878,416	5,231,093	12,579,903	4,298,513
(Previous year)	(15,267,401)	(1,611,015)	(1,732,027)	(5,616,783)	(7,348,810)	(9,529,606)
Total	250,866,477	47,408	250,866,477	34,629,181	119,057,221	128,597,129
(Previous year)	(173,001,505)	(77,864,972)	(60,841,865)	(61,427,485)	(122,269,349)	(112,159,641)

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
13. Deferred tax assets/(liabilities) (net)		
(i) Tax effect of items constituting deferred tax assets:		
a. On difference between book balance and tax balance of fixed assets	7,170,309	-
b. Provision for compensated absences and gratuity	3,079,851	3,790,919
c. Disallowances under section 35D of the Income Tax Act	-	-
c. Others	71,985	71,293
	<u>10,322,145</u>	<u>3,862,212</u>
(ii) Tax effect of items constituting deferred tax liabilities:		
a. On difference between book balance and tax balance of fixed assets	-	(344,251)
Net deferred tax assets/(liabilities)	<u>10,322,145</u>	<u>3,517,961</u>
14. Long - term loans and advances (Unsecured, considered good)		
(a) Security deposits	6,264,097	5,989,592
(b) Gratuity Fund (net of gratuity liability of Nill; previous year Rs. 14,698,429)	-	1,227,245
(c) Income tax paid under protest	3,045,250	11,045,250
(d) Advance income tax (net of provisions of Rs. 22,08,44,213; previous year Rs. 22,08,44,213)	17,147,451	17,147,451
	<u>26,456,798</u>	<u>35,409,538</u>
15. Other non-current assets		
(a) Fixed deposits with banks*	-	216,910
	-	<u>216,910</u>

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
*This comprises fixed deposits under lien and having a maturity of more than 12 months from the balance sheet date.		
16. Inventories		
(At lower of cost and net realisable value)		
(a) Raw and packing materials	366,896,870	407,681,713
(b) Finished goods - manufactured	424,997,665	43,472,835
(c) Stores and spares	3,254,029	4,752,379
	795,148,563	455,906,927
17. Trade receivables		
(Unsecured)		
(a) Outstanding for a period exceeding six months from the date they were due for payment Considered good	197,556	-
Considered doubtful	206,000	206,000
	403,556	206,000
Less: Provision for doubtful debts	206,000	206,000
	197,556	-
(b) Others		
Considered good	236,037,511	456,537,666
	236,235,067	456,537,666
18. Cash and cash equivalents		
(a) Cash on hand	53,355	106,535
(b) Balance with banks:		
(i) In current accounts	442,649,584	399,984,540
(ii) Cheques/Draft on Hand	-	11,192,824
Cash and cash equivalents as per AS -3 - Cash flow statement	442,702,939	411,283,899
(c) Other bank balances		
(i) In deposit accounts original maturity of more than 3 months	323,720,929	349,784,884
(ii) Balances held as security against bank borrowings	703,000,000	600,000,000

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
(iii) In earmarked accounts		
-Unpaid dividend accounts	2,323,308	2,207,707
	1,471,747,176	1,363,276,490

Note :

- (i) Balances with banks include deposits amounting to Rs Nil (previous year Rs. 9,90,00,000) which have maturity of more than 12 months from the balance sheet date.
- (ii) Fixed deposit amounting to Rs. 700,000,000 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

19,000 279,170

(b) Advances to vendors

8,386,232 15,593,813

(c) Prepaid expenses

2,373,750 2,106,448

(d) Grant receivable from NDDB (see note 35)

(i) Revenue grant - 13,373,407

10,778,982 31,352,838

20. Other current assets

(Unsecured, considered good)

(a) Interest accrued on bank deposits

33,043,998 22,439,212

33,043,998 22,439,212

21. Revenue from operations

(a) Sale of products

(i) Gross sale

17,686,512,991 11,760,322,306

(ii) Less: sale to third parties (milk processors) (see note below (i) below)

3,327,049,714 -

(iii) Net sales

14,359,463,277 11,760,322,306

(b) Other operating revenue (see note (ii) below)

9,328,051 13,493,025

14,368,791,328 11,773,815,331

Notes:

- (i) This represents sales made to third parties for processing and packaging of milk which is re-purchased from them for sale to customers.

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
(ii) Sale of products comprises:		
a. Manufactured goods		
i) Polypack milk	4,930,477,196	4,523,853,068
ii) Milk products	1,575,785,492	1,148,361,707
iv) Others	5,119,864	12,551,235
	<u>6,511,382,552</u>	<u>5,684,766,010</u>
b. Traded goods		
i) Raw milk	7,748,576,672	5,983,923,228
ii) Cattle Feed	99,504,054	91,633,068
	<u>7,848,080,726</u>	<u>6,075,556,296</u>
	<u>14,359,463,277</u>	<u>11,760,322,306</u>
(iii) Other operating revenue comprises:		
a. Sale of scrap	2,224,551	2,133,455
b. Crate recovery charges	2,305,747	5,680,600
c. Others	4,797,753	5,678,970
	<u>9,328,051</u>	<u>13,493,025</u>
22. Other income		
(a) Interest income		
(i) On deposits with banks	76,106,680	78,217,820
(ii) On others	697,187	584,419
(b) Other non-operating income		
(i) Membership fees	1,009,579	3,731,300
(ii) Liabilities/provisions no longer required written back	-	43,858,692
(iii) Profit on sale of fixed assets (net)	-	365,227
(iv) Miscellaneous income	742,762	1,090,547
	<u>78,556,209</u>	<u>127,848,005</u>
23. Cost of materials consumed		
Raw and packing material		
(a) Opening stock	407,681,713	165,144,889
(b) Add: Purchases	6,413,301,902	5,201,775,138
	<u>6,820,983,615</u>	<u>5,366,920,027</u>
(c) Less: Closing stock	366,896,870	407,681,713
	<u>6,454,086,744</u>	<u>4,959,238,313</u>

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
Notes:		
(i) Raw and Packing material consumed comprises		
a. Raw milk	6,385,103,750	4,812,375,920
b. Packing material	68,982,994	146,862,393
	6,454,086,744	4,959,238,313
24. Purchases of traded goods		
(a) Raw milk	6,931,323,971	5,433,953,910
(b) Cattle feed	93,231,827	87,693,648
	7,024,555,798	5,521,647,557
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	43,472,835	65,773,508
(b) Inventories at the end of the year		
(i) Finished goods	424,997,665	43,472,835
	(381,524,830)	22,300,673
26. Employee benefits expense		
(a) Salaries and wages	142,366,464	153,459,761
(b) Contribution to provident fund	14,539,234	15,207,917
(c) Staff welfare expenses	6,647,655	5,443,245
	163,553,353	174,110,923
27. Finance costs		
(a) Interest expense		
(i) On borrowings / Bill Discounting	32,590,433	45,498,685
(ii) On trade/ security deposits	1,172,160	1,145,880
(b) Interest on delayed payment of Income Tax	682,092	409,813
(c) Other borrowing costs	1,041,703	681,094
	35,486,389	47,735,472

MAAHI MILK PRODUCER COMPANY LIMITED
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	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
28. Other expenses		
(a) Consumption of stores and spareparts	30,372,166	34,370,296
(b) Power and fuel	49,034,106	39,806,471
(c) Processing charges	213,182,097	286,741,719
(d) Water charges	1,028,524	1,019,035
(e) Rent	39,001,995	35,389,212
(f) Repair and maintenance - machinery	13,890,826	12,600,335
(g) Repair and maintenance - buildings	3,429,698	2,395,049
(h) Repair and maintenance others	7,525,994	3,304,340
(i) Rates and taxes	1,380,907	2,574,770
(j) Advertisement and business promotion	8,630,776	29,616,901
(k) Distribution, freight and forwarding expenses	230,815,049	211,385,985
(l) Insurance charges	1,662,064	1,271,456
(m) Legal and professional fees	33,262,747	25,686,857
(n) Auditor's remuneration (see note (i) below)	1,918,153	1,359,918
(o) Travelling and conveyance	17,970,172	23,514,041
(p) Sales discount and other charges	4,743,259	5,349,382
(q) Printing and stationary expenses	10,245,201	7,741,054
(r) Telephone and internet expenses	10,504,216	6,036,050
(s) Labour charges	100,176,949	97,310,060
(t) Loss on sale of fixed assets (net)	667,057	-
(u) Miscellaneous expenses	24,012,633	22,491,931
	803,454,590	849,964,862
Note:		
(i) Auditors' remuneration comprises:		
a. Statutory audit fee	1,225,000	900,000
b. Tax audit fee	165,000	150,000
c. Reimbursement of expenses	235,553	132,537
d. Service tax on above	292,600	177,381
	1,918,153	1,359,918

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
29. Contingent liabilities and commitments (to the extent not provided for)		
Contingent Liabilities		
(a) Claims against the Company not acknowledged as debt - Disputed demands Income Tax for A.Y. 2013-14 to 2015-16 (See note below)	218,749,212	167,282,802

Note :

Of the above, demands aggregating to Rs. 19,01,96,570 i.e., Rs. Rs. 1,14,16,970, Rs. 15,39,27,252 and Rs. 2,48,52,348 for the Assessment Years 2013-14, 2014-15 and 2015-16 respectively, were in appeal with the Income Tax Appellate Tribunal (ITAT). The ITAT passed an order dated 23 March, 2018 in favour of the Company squashing all the demands against the Company. Since the Income Tax Department has an option to appeal within 4 months from the date of receiving the order, these demands continue to be shown as contingent liability.

30. In respect of the year ended 31 March, 2018, the directors in their meeting dated 1st August 2018 have proposed a final dividend of Rs. 29,211,813 (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.29,211,813 and Rs. 6,004,574 respectively.

31. The Company has received share application money of Rs. 6,44,250 towards equity shares, against which allotment has been made at the Board meeting held on 17 May, 2018.

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

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

contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company has recognised Rs. 10,385,231/- (previous year Rs.10,445,984) 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 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:

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
i. Change in defined benefit obligation		
Present value of obligation at the beginning of the year	14,399,203	9,723,763
Interest expense	1,050,396	757,915
Past service cost	253,937	-
Current service cost	4,423,852	4,078,965
Benefit Paid	(1,452,926)	(1,009,505)
Actuarial (gain)/loss	(597,126)	848,065
Present value of obligations at the end of the year	18,077,336	14,399,203
ii. Fair value of plan assets		
Fair value of plan assets at the beginning of the year	15,626,448	14,522,967
Expected return on plan assets	1,178,959	1,133,156
Actuarial gains/(losses)	(204,030)	(210,144)
Contribution during the year	205,052	180,469
Fair value of plan assets at the end of the year	16,806,429	15,626,448
The scheme is funded through LIC.		

MAAHI MILK PRODUCER COMPANY LIMITED
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	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
iii. Amount recognised in the Balance Sheet		
Present value of defined benefit obligations	18,077,336	14,399,203
Fair value of plan assets	16,806,429	15,626,448
Net liability/(asset) recognised in the balance sheet	1,270,907	(1,227,245)
iv. Expenses recognised in the Statement of Profit and Loss		
Interest expense	1,050,396	757,915
Past service costs	251,810	-
Current service costs	4,423,852	4,078,965
Expected return on plan assets	(1,178,959)	(1,133,156)
Net actuarial gain/(loss) recognized during the year	(393,096)	1,058,209
Expenses recognized in the Statement of Profit and Loss	4,154,003	4,761,933
v. Balance Sheet reconciliation		
Present value of obligation at the beginning of the year	14,399,203	9,723,763
Fair value of plan assets at the beginning of the year	15,626,448	14,522,967
Net liability/(asset) at the beginning of the year	(1,227,245)	(4,799,204)
Expenses as above	4,154,003	4,761,933
Contributions	(205,052)	(180,469)
Benefits paid directly by the Company	(1,452,926)	(1,009,505)
Net liability/(asset) at the end of the year	1,268,780	(1,227,245)
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.		

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

vii. Estimated contribution to gratuity fund during the next financial year is Rs. 5,712,676.

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.

vi. Principal actuarial assumptions	31 March, 2018	31 March, 2017
Discount rate	7.65% p.a.	7.30% p.a.
Expected salary escalations	10% p.a.	10% p.a.
Expected return on plan assets	7.55% p.a.	7.55% 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, 2018	31 March, 2017	31 March, 2016
Present value of DBO	18,077,336	14,399,203	9,723,763
Fair value of plan assets	16,806,429	15,626,448	14,522,967
Funded status	(1,270,907)	1,227,245	4,799,204
Gain/(loss) on obligations	597,126	(848,065)	(1,640,778)
Gain/(loss) on plan assets	(204,030)	(210,144)	-

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

	31 March, 2018	31 March, 2017
Discount rate	7.65% p.a.	7.30% p.a.
Expected salary escalations	10% p.a.	10% p.a.
Expected return on plan assets	7.55% p.a.	7.55% 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. 38,929,068 (previous year Rs. 35,389,212) in respect of obligation under operating leases have been recognized in the statement of profit and loss. The leases taken by the Company are cancellable in nature.

34. Earnings Per Equity Share

Particulars	Unit	Year ended 31 March, 2018	Year ended 31 March, 2017
Net profit after tax	Rupees	1 82,552,222	177,498,024
Weighted average number of equity shares outstanding during the year	Numbers	3,016,458	2,662,194
Nominal Value of Equity Shares	Rupees	100.00	100.00
Basic Earnings per Share	Rupees	60.52	66.67
Effect of allotment against share application money	Numbers	18	271
Equity shares used to compute diluted earnings per share	Numbers	3,016,476	2,662,466
Diluted Earnings per Share	Rupees	60.52	66.67

35. Details of Government grants

	Year ended 31 March, 2018	Year ended 31 March, 2017
Details of grants received from NDDB and its utilisation is as under:		
(a) Capital grants (for purchase of fixed assets)		
(i) Opening Balance	13,135,552	2,133,265
(ii) Received during the year	5,380,098	66,091,519
(iii) Less: utilised during the year		
- For fixed assets	8,425,452	47,223,046
- For assets under installation (CWIP)	-	7,866,186
	8,425,452	55,089,232
(iv) Balance carried forward	10,090,198	13,135,552
(b) Revenue grant		
(i) Opening Balance	(13,373,407)	(8,671,346)
(ii) Received during the year	93,638,108	73,644,481

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

	As at 31 March, 2018 Rupees	As at 31 March, 2017 Rupees
(iii) Less: utilised/adjusted during the year	64,878,684	78,346,542
(iv) Balance carried forward	15,386,017	(13,373,407)

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. 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 Chief Executive

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	4,358,663 (650,518)	4,358,663 (650,518)

Figures in brackets represent previous year figures

- 37.** 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.
- 38.** 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.
- 39.** 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	Hamirbhai Karavadra
Director	Director

Place: Rajkot
Date: 1-Aug-2018

Yogesh M. Patel	Sanjay Talati
Chief Executive	Company Secretary

MINUTES OF THE 6TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MAAHI MILK PRODUCER COMPANY LIMITED HELD ON FRIDAY, THE 29TH DAY OF AUGUST 2017, AT 10:00 A.M., AT HEMU GADHAVI HALL, TAGORE ROAD, BESIDES VIRANI HIGH SCHOOL, RAJKOT-360 001, GUJARAT

Present:

Board of Directors :

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

Company Secretary :

Shri Sanjay Talati

Members :

In person : 794 members in person holding 36,687 shares
Through Proxy : 176 proxy representing 41,069 members holding 14,97,395 shares

The presence of 39.67% either in person or proxy of the Company are present.

Chairman:

Shri Gopalbhai Varotra, took the Chair. Thereafter, he welcomed the Directors and members to the 6th Annual General Meeting of the Company. The Chairman announced that the requisite quorum, being present the meeting was called to the order.

Shri Sanjay Talati, the Company Secretary stated that, the required statutory registers have been kept open at the entrance of the meeting hall for inspection by the Members.

The Chairman gave warm welcome to all the members, especially large number of women members present at the Sixth Annual General Meeting (AGM) of the Company. He also informed to the members that total number of members of the company have exceeded one lakh and presently, there are 1,05,516 members associated with the Company. He emphasized that only members' milk should be poured with Company so that Company can still pay competitive prices to the members. He further advised to the members to feed their animals with balanced cattle feed which ultimately results into reduction in milk production cost. He informed to the members that during the Financial Year 2016-17, for the second Consecutive year, Company's turnover has crossed 1000 Crore and profit after tax increased by 20.18% to that of the previous financial year.

Thereafter, Shri Y.M. Patel, the Chief Executive of the Company, welcomed and addressed the members present. He explained to the members present that they have set a target to establish 3066 MPP and to procure 7.47 lakh litre milk per day. He also informed to the members that the target for sale of poly packed milk is 4 lakh liter per day and that of Ghee and Curd is 5 MT per day each. He gave his views about the impact of GST on the business of the company.

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 Auditors' Report.

Thereafter, the following agenda items as per notice dated 17th July, 2017 convening the meeting were taken up for consideration.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 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.
- 1.1 The following resolution was proposed as an Ordinary Resolution by Shri Gopalbhai Varotra (Folio no. : 0000001)

Resolution No.: 6th AGM:29.08.17:1/2017-18

"RESOLVED THAT, the audited Balance Sheet as at 31st

March 2017 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. Meramanbhai Murubhai Modhwadiya (Folio no. 0017370)

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. 9/- per equity share of Rs.100/- each for the financial year ended on 31st March, 2017.

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

Resolution No.: 6th AGM:29.08.17:2/2017-18

"RESOLVED THAT, the limited return (dividend) on share capital of the Company at the rate of Rs. 9 per equity share, out of the current profits of the Company for the year ended 31st March 2017, on 30,61,628 equity shares of Rs. 100 each fully paid up absorbing Rs.3,31,64,131/- (inclusive of Rs. 56,09,479/- as Dividend Distribution Tax) for the FY 2016-17 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 2017."

The resolution was seconded by Shri. Dhirubhai Lakhabhai Modhwadiya (Folio no. 0001171)

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

3. Vajesinh Chudasama (DIN: 05198502), representing "Class-B" on the Board of Directors, retires by rotation and in his place to appoint Shri Vishwasbhai Dodiya (DIN: 07885716), representing "Class-B"

- 3.1 The following resolution was proposed as an Ordinary Resolution by Shri Kantibhai Bhimabhai Balas (Folio No: 0115196, Class-B).

Resolution No.: 6th AGM:29.08.17:3/2017-18

"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."

The resolution was seconded by Shri. Sanjaybhai Ranchhodhbhai Borad (Folio no. 0061575, Class - B)

Thereafter, the Chairman informed that only members belonging to Class "B" would be entitled to vote on the resolution.

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

4. Shri Ramde Modhvadiya (DIN: 05198543), with "No Class" on the Board of Directors, retires by rotation and in his place to appoint Shri Mahendrasinh Bhupatbhai Goletar (DIN:07888303), representing "Class-B" 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 Babariya Pradipbhai Mepabhai (Folio No: 0029016, Class - B)

Resolution No.: 6th AGM:29.08.17:4/2017-18

"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."

The resolution was seconded by Shri. Sarvaiya Lavjibhai Valabhai (Folio no. -0039965, Class - B)

Thereafter, the Chairman informed that only members belonging to Class "B" would be entitled to vote on the resolution.

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

- 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".

- 5.1** The following resolution was proposed as an Ordinary Resolution by Shri Karsan Nebha Odedara (Folio No: 0114150, Class - B)

Resolution No.: 6th AGM:29.08.17:5/2017-18

"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."

The resolution was seconded by Shri. Arjan Jiva Odedara (Folio no. 0113010, Class -B)

Thereafter, the Chairman informed that only members belonging to Class "B" would be entitled to vote on the resolution.

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

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

- 6.1** The following resolution was proposed as an Ordinary Resolution by Shri Dhanji Visram Patel (Folio No: 0008649 Class -B)

Resolution No.: 6th AGM:29.08.17:6/2017-18

"RESOLVED THAT pursuant to the provisions of Sections 224 of the Companies Act, 1956/Sec. 139, 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."

The resolution was seconded by Shri. Devashibhai Harijan (Folio no. 0096337 Class -B)

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 2017-18.
- 7.1 The following resolution was proposed as an Ordinary Resolution by Shri Vejabhai Vastabhai Odedara (Folio No: 0108158 Class - B)

Resolution No.: 6th AGM:29.08.17:7/2017-18

"RESOLVED THAT, the Budget of the Company for the Financial Year 2017-18, as placed before the meeting, be and is hereby approved."

The resolution was seconded by Shri. Karabhai Harbhambhai Modhavadiya (Folio no. 0017100 Class - B)

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

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.
- 8.1 The following resolution was proposed as an Ordinary Resolution by Shri Malde Meraman Modhvadiya (Folio No: 0071760, Class - A)

Resolution No.: 6th AGM:29.08.17:8/2017-18

"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."

The resolution was seconded by Shri. Dhanabhai Nathubhai Bariya (Folio no. - 0103695, Class - B)

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

9. Alteration of Articles of Association of the Company.

9.1 The following resolution was proposed as a Special Resolution by Shri Hareshbhai Kalabhai Madhar (Folio No: 0119106 Class - B)

Resolution No.: 6th AGM:29.087.17:9/2017-18

"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."

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. Vinubhai Bhadabhai Malakiya (Folio no. 0025792 Class - B)

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

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 : 11.20 a.m.
Minutes of Meeting entered on : 25th September, 2017

Date: 27.09.2017

Chairman

Place : Rajkot

MAAHI MILK PRODUCER COMPANY LIMITED

BUDGET FOR FINANCIAL YEAR 2018-19

(A) Financial Budget

Particulars	Rs. (Lacs)
Income:	
(a) Total Income	165524.32
Expenses:	
Variable Expenses	155671.21
Sales & Distribution Expenses	590.00
Fixed Expense	6325.44
(b) Total Expense	162586.65
(c) Profit Before Tax (a-b)	2937.67
(d) Corporate Tax	1026.54
(e) Profit After Tax (c-d)	1911.13

(B) Capitalised Budget

No.	Particulars	Rs. (Lacs)
(a)	Field Assets	1662.97
(b)	Office Assets	164.60
	Total (a + b)	1827.57

Maahi Milk Producer Company Limited

(Registered under Part IX-A of the Companies Act, 1956 as "Producer Company") (CIN:
U01403GJ2012PTC070646)
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

: NOTICE :

Notice is hereby given that the Seventh Annual General Meeting of the Members of MAAHI MILK PRODUCER COMPANY LIMITED., will be held on Friday, the 7th day of September, 2018 at 10.00 a.m. at Pramukh Swami Maharaj Auditorium, Raiya Rd, Rameshvar Park, Radhika Park, Rajkot, Gujarat 360005, to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Balance Sheet as on 31st March, 2018 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, 2018.
- (3) To appoint a director in place of Shri Rambhai Ukabhai Ram (DIN: 07235592), representing "Class-"A" on the Board of Directors, who retires by rotation and being eligible offers himself for re-appointment.
- (4) To appoint a director in place of Smt. Ramilaben Patel (DIN: 06920710), representing "Class-"C" on the Board of Directors, who retires by rotation and being eligible offers herself for re-appointment.
- (5) 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, 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 7th Annual General Meeting till the conclusion of the 8th Annual General Meeting of the Company, at a remuneration of Rs. 13.25 lacs (Rupees Thirteen Lacs Twenty five Thousand Only) plus applicable GST tax and reimbursement of travelling and out of pocket expenses incurred by the Auditors for the purpose of audit."

6. To Consider and approve the Budget of the Company for the Financial Year 2018-19.
7. APPOINTMENT OF SMT. SHOBHANABEN DINESHBHAI PATORIYA AS A DIRECTOR

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

"RESOLVED THAT, in terms of Article 9.6 and other relevant articles of the Articles of Association of the Company and applicable provisions, if any, of the Companies Act, 1956, (together with any statutory modification or re-enactment thereof for the time being in force), Smt. Shobhanaben Dineshbhai Patoriya (DIN 08190006), 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."

8. APPOINTMENT OF SHRI NAGABHAI LAKHABHAI ODEDARA AS A DIRECTOR

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

"RESOLVED THAT, in terms of Article 9.6 and other relevant articles of the Articles of Association of the Company and applicable provisions, if any, of the Companies Act, 1956, (together with any statutory modification or re-enactment thereof for the time being in force), Shri Nagabhai Lakhabhai

Odedara (DIN 08190536), representing "Class B" 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."

9. TO CONSIDER AND RECOMMEND THE PARTIAL MODIFICATION OF ORDINARY RESOLUTION NO. 1ST AGM:05.09.12:13/2012-13 ADOPTED AT THE 1st ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY.

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. 1st AGM:05.09.12:13/2012-13 adopted at the 1st Annual General Meeting of the Company be modified revising the criteria for categorizing members into different Classes as under:

Sl. No.	Parameter	Class - A	Class - B	Class - C
1	No. of days of milk supplied to the MPC in a year	>=330	>=270	>=200
2	Annual Milk Quantity supplied to the MPC (in litres)	>=10000	>=4000	>=500
3	Milk quantity supplied during Winter months namely November to February to that of the milk quantity supplied during Summer months namely April to July during a financial year;	winter to summer ratio shall not exceed 3.0	winter to summer ratio shall not exceed 3.0	winter to summer ratio shall not exceed 3.0
4	Minimum number of MPC shares, with the face value of Rs 100/- per share, subscribed	100 shares	40 shares	5 shares

* Note -

- a) The actual share contribution or the actual milk quantity supplied, whichever is lower, will be considered for the purpose of arriving at the categorization of class.

- b) For the purpose of patronage calculation, the following shall be considered:
- i. Members who have been admitted during the previous financial year and have not yet completed 365 days of their membership but have subscribed the minimum required share capital for the class chosen by them shall be considered to belong to that class.
 - ii. Any member who will not meet the criteria under Class A or Class B may slide to an appropriate lower class for which the member meets the criteria. However, they will not be eligible to contest for the Board of Directors position for that year.
 - iii. Those members who are not fulfilling the required criteria to retain at least 'Class C' will be issued notice for cancellation of membership as per the provisions of Article 4.3 read with Article 8 of the Articles of Association of the Company. Thereafter, the Board shall take a decision in the matter.

be and are hereby approved and adopted.

FURTEHR RESOLVED 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."

10. INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

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, in particular Sections 581H, 581ZQ, 581ZR and other applicable provisions, if any, of the Companies Act, 1956, including its Sections 16 & 94 (together with any statutory modification or re-enactment thereof for

the time being in force including the provisions, if and to the extent applicable mutatis mutandis or otherwise, of the Companies Act, 2013) and the applicable provisions of the Memorandum and Articles of Association of the Company, the Authorised Share Capital of the Company be increased from Rs.35,00,00,000 (Rupees Thirty-five Crore Only) divided into 35,00,000 (Thirty five Lac) Equity Shares of Rs.100/- (Rupees One Hundred) each to Rs. 50,00,00,000 (Rupees Fifty Crore Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.100/- (Rupees One Hundred) each by creation of an additional 15,00,000 (Fifteen Lac) Equity Shares of Rs.100/- (Rupees One Hundred) each.

RESOLVED FURTHER THAT, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause VI thereof by the following new Clause VI.

- VI. The Authorised Share Capital of the Company is 50,00,00,000 (Rupees Fifty Crore Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.100/- (Rupees One Hundred) each.

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

11. ALTERATIONS IN THE 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 Sec. 581- I, 581- ZQ, 581ZR and other applicable provisions if any, of the Companies Act, 1956, including its Sec. 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), Articles of the Company be and are hereby altered in the manner and to the extent following:

- (1) The existing Article 4.3 iii be altered and read as follows:

No person shall become a Member of the Company if,

 - a. he/she has any business interest which is in conflict with business of the Company; or
 - b. he /she was in employment of the Company directly on its rolls or through a Contractor or employed on a contractual basis with the Company for not less than consecutive six months in any of the two financial years immediately preceding the financial year or during the current financial year in which he/she is proposed to be enrolled.
- (2) The existing Article 8.1 be altered and read as follows:

8.1 Where the Board is satisfied that any Member has failed to retain the qualifications as a Member, the Board shall direct the member to surrender his/her/its shares to the Company at par value or such other value as may be determined by the Board.
- (3) The existing Article 9.6 i is to be altered and replaced with the following Article.

9.6i One fourth of total elected Directors shall retire by rotation at every Annual General Meeting of the Company and the position vacated by rotational retirement shall be filled up ensuring the representation in accordance with article 9.5. The directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
- (4) The existing Article 9.6 iii is to be altered and replaced with the following.

9.6iii Every Director, who retires in accordance with the articles, shall be eligible for re-appointment as Director. However, no person shall be elected / appointed as Director for more than two consecutive terms. Such director shall be eligible for appointment after the expiration of three years of ceasing to become a director. The appointment of a Director under article 9.7 will not be counted as a term under this article".

- (5) The existing Article 9.7 is to be altered by replacing the following Article.

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 provided that the member identified to fill the casual vacancy has fulfilled the membership continuation criteria at least for two financial years 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. However, such person cannot be co-opted to fill the vacant position on the Board in two subsequent years.

- (6) In existing Article 9.16, after clause xii, new clause xiii is to be added as under:

xiii. he/she or his/her relative has or had any pecuniary relationship or transaction directly or indirectly with company (except membership benefit) amounting to **two percent or more of its gross turnover or total income or twenty five thousand rupees or such higher amount as may be decided by the Board**, whichever is lower, during the two immediately preceding financial years or during the current financial year.

12. AUTHORIZATION TO BOARD TO PURCHASE SHARES AND TO ACCEPT SURRENDER OF SHARES AT PREMIUM.

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

"RESOLVED THAT in terms of Articles 6.4, 8 and other applicable articles of the 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 authorizing the Board of Directors of the Company to purchase the shares issued by the Company and also to accept the surrender of shares issued by the Company from, its members at a premium not exceeding the value determined by the Board 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, and income-tax law.

FURTHER, if a member, who has fulfilled the membership criteria of the Company, as applicable and as amended from time to time for six financial years from the date of his/her/ its membership, the surrender of the shares in full or in part, and the purchase of shares, as is the case, shall be eligible to get consideration from the Company not exceeding the premium value applicable at the time of surrender/ purchase along with the par value of such surrendered/ purchased shares, as may be decided by the Board of Directors of the Company; and that the shares so surrendered and purchased from the members by the Company before having fulfilled the above criteria for six financial years will be eligible only for the par value on surrender/ purchase of shares held by the member; and that the Board in its entire discretion based on specified criteria/ conditions/circumstances may waive the criteria of six financial years in deserving cases.

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 purchase of shares and to accept surrender of shares; and to settle any question, difficulty or doubt that may arise in

regard to purchase/surrender, and to do all such other acts, deeds, matters and things and to finalize 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."

By order of the Board of Directors

Date: 1-Aug-2018

Place: Rajkot

Sanjay Talati
(Company Secretary)

NOTES:

1. 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 (2017-18).
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).
4. Class Categorization of members and their entitlement to voting rights:
At the close of financial year (2017-18) on 31.03.2018, there were total 1,16,511 members on the roll (Register of Members) of the Company, whose class categorization, based on their patronage during F.Y. 2017-18, 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. 2017-18, there were 6753 members in Class-A, 15,396 members in Class-B and 23698 members in Class-C (aggregating to 45,847 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 12 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 11,807 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. 2017-18. Hence, they do not qualify to be in any of the three classes for the purpose of categorizing members into different classes, and consequently, they are not entitled to vote on class based election of Directors (at Item nos. 3, 4, 7 & 8), however, they can vote on other resolutions at Item nos. 1, 2, 5, 6, 9, 10,11 and 12 of the notice.
- (c) There were 58,857 members who did not pour milk for at least 200 days totalling to at least 500 litres in a previous financial year (2017-18), 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 1,16,511 members, on the register of members, as on 31st March, 2018 (45847+11807+58857) referred to above, membership of 20,437 members have been cancelled post 31-03-2018, hence, such 20,437 members will not be entitled to attend and vote at AGM, although they will be entitled to get dividend (Limited Return) for FY 2017-18, if declared by the AGM.
- (e) After the close of the of FY 2017-18 on 31.03.2018 and till the date of this notice, 1064 new members were admitted, who will not be entitled to get dividend (if declared) for FY 2017-18 as well as voting right at ensuing AGM. However, they can attend the AGM.
- (f) A milk producer, who was a member as on March 31, 2018, but whose membership has been cancelled post March 31, 2018, will be entitled to dividend for F.Y. 2017-18, 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.
- (g) Similarly, a new member, who was admitted as member of the Company post March 31,2018, will not be entitled to dividend for F.Y. 2017-18 as well as voting right at ensuing AGM. However, they may attend AGM.
- (h) MPP (Milk Pooling Point) wise list of aforesaid members are available at respective MPPs and will be available at AGM Venue.

- (i) 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, 2018 and Profit and Loss Account for the financial year ended 31st March 2018 together with Reports of the Board of Directors and Auditors thereon and the Minutes of the previous AGM held on 29th August, 2017 are annexed herewith. Budget for F.Y. 2018-19 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 Member code in all their correspondence.
 9. The Explanatory Statement setting out all material facts in respect of Item nos. 7 to 12 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, 2018.

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. 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, 7 and 8 respectively,

1. Shri Rambhai Ukabhai Ram (representing Class-A Member) has done B.A. He is engaged in Agriculture and Dairy Farming.
2. Smt. Ramilaben Patel (representing Class-C Member) is S.S.C. She is engaged in Agriculture and Dairy Farming.
3. Smt. Shobhnaben Patoriya (representing Class-A Member) is S.S.C. She is engaged in Agriculture and Dairy Farming.
4. Shri Nagabhai Lakhabhai Odedara (representing Class-B Member) is H.S.C. He is engaged in Agriculture and Dairy Farming.

By order of the Board of Directors

Date: 1-Aug-2018

Place: Rajkot

Sanjay Talati
(Company Secretary)

: Explanatory Statement :

(for item no. 7 to 12 of the accompanying notice dtd. 01.08.2018)

Item no. 7

Shri Hamirbhai Karavadra representing Class - A is a retiring director and is not eligible for re-appointment in terms of Clause 9.6(iii) of the Articles of Association of the Company as he has completed two consecutive terms as director of the Company. Nominating committee has at its meeting held on 20th June, 2018 proposed the appointment of Smt. Shobhanaben Patoriya as a Director in place of Shri Hamirbhai Karavadra.

Smt. Shobhanaben Patoriya (DIN:08190006) representing Class - A, whose statement of qualification pursuant to Sec. 581ZA(4)(C) of the Companies Act, 1956, is appended to the accompanying notice, being eligible proposes her candidature for the office of Director, whose period of office , if appointed, shall be liable to retire by rotation.

Except Smt. Shobhanaben Patoriya, none of the Directors/officers of the Company or their relatives is, in any way interested or concerned in the resolution.

The Board of Directors, based on the proposal of the Nominating Committee as aforesaid, recommends the resolution set out in Item no. 7 of the accompanying notice for the approval of members.

Item no. 8

Shri Ramde Mipabhai Ratiya was a director of the Company representing Class- B. He is disqualified to continue as a Director of the Company in terms of Article 9.16(ix) of the Articles of Association of the Company as he has failed to complete the required training programme prescribed by the Board from time to time. Further, he has also tendered a resignation as a Director of the Company. Nominating Committee has in his place proposed the appointment of Shri Nagabhai Lakhbhai Odedara (DIN 08190536), representing Class- B, as a Director of the Company.

Shri Nagabhai Lakhbhai Odedara representing Class - B, whose statement of qualification pursuant to Sec. 581ZA(4)(C) of the Companies Act, 1956, is appended to the accompanying notice, being eligible proposes his candidature for the office of Director, whose period of office, if appointed, shall be liable to retire by rotation.

Except Shri Nagabhai Lakhbhai Odedara, none of the Directors/officers of the Company or their relatives is, in any way interested or concerned in the resolution.

The Board of Directors, based on the proposal of the Nominating Committee as aforesaid, recommends the resolution set out in Item no. 8 of the accompanying notice for the approval of members.

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

Article 9.4 of the Articles of Association provides that the Board shall from time to time with the approval of the General Body of shareholders decide the criteria for categorizing members into different classes based on patronage.

Accordingly the members have at their 1st Annual General Meeting vide resolution no. 1st AGM:05.09.12:13/2012-13 approved the criteria for categorizing members into three classes viz., A, B and C on the basis of No. of days milk poured, Annual Milk Qty. supplied to the Company, no. of shares held and the lean to flush ratio.

As we are aware that the Company as a Milk producer Company (MPC) is growing year on year and more members are increasing their animal holding and milk supply per member to the MPC in a year is also increasing. It is expected that more number of members may increase their animal holding and per member milk supply to the Company may increase thereby further impacting the representation of each of the classes (i.e. Class A, Class B and Class C) on the Board. It would be appropriate for the Company to have each of the three classes, to the extent possible, contribute one third of the annual milk procurement of the Company and accordingly having one third representation of each class on the Board of the Company.

Hence, it is required that the criteria related to the class categorization necessitates modification of the Ordinary Resolution no. 1st AGM:05.09.12:13/2012-13 passed at the 1st 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. 9 of the accompanying notice for the approval of the members.

Item no. 10

At the close of the financial year 2017-18, the Authorised Share Capital of the Company is Rs. 35 Crore, and its issued, subscribed and paid-up share capital is 32.45 Crore. Therefore, in order to fulfil its growth and developmental objectives in its ordinary course of business as well as to facilitate accomplishment of certain objectives under the sub-project plans undertaken by the Company under the NDP-I (National Dairy Plan-I), the Company would be required to expand its paid up share capital base beyond Rs. 35 Crore. It is therefore deemed appropriate to increase the Authorized Share Capital of the Company to Rs. 50 Crore; and for that purpose, the Memorandum of Association of the Company is proposed to be suitably altered as set out in the resolution at Item no. 10 of the accompanying notice.

In terms of the applicable statutory provisions, as enumerated in the body of resolution, the Company is required to seek approval of members for increase in the Authorized Share Capital and for the alteration of Capital Clause of the Memorandum of Association 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. 10 of the accompanying notice for the approval of the members.

Item no. 11

Company has commenced its commercial operations since last five years. With the passage of time, its sales turnover and profit is increased thereby resulting into increase in the reserve fund. With this, the net worth of the Company has been increased significantly resulting into increase in the book value of its equity shares as compared to the face value.

The existing Article 6 of the Articles of Association of the Company deals with the share capital of the Company. Article 6.4 provides that the share capital of the Company shall be under the Control of the Board who may allot or otherwise dispose of the same to the members on such terms and conditions and for such consideration as the Board may decide.

At the 5th AGM, members have authorized the Board for issue of shares at a premium based on fair market value determined on a suitable methodology of valuation.

Article 6.8 provides that the Company may purchase its own equity shares in accordance with the provisions made under Act.

Article 8 deals with the surrender of equity shares. Article 8. 1 provides that where the Board is satisfied that any member has failed to retain qualifications as a member, the Board shall direct the member to surrender his/its equity shares to the Company at par value.

Hence, in order to authorize the Board to purchase the shares surrendered by the members at a premium, it requires alteration of Article 8.1 of Articles of Association.

This apart, the Board is informed that, 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 in line with the applicable provisions of the law implemented and amended from time to time, and to provide for suitable process for class representation of members on the board as well as to bring clarity in the process of admission of members, appointment, re-appointment, continuation and severance of director of the Company in certain circumstances; and to eliminate ambiguity and giving broader meaning to the definition clauses wherever required.

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 11 of the accompanying notice for the approval of the members.

Item no. 12

Day by day since the commencement of the operations of the Company, more and more members are associated with the Company and with the expansion of activities, there is significant increase in both the sales turnover and profits of the Company. Due to rise in Company's reserve fund and net worth, book value of its equity shares has been constantly rising compared to its face value.

Article 6.4 of the Articles of Association of the Company provides that the share capital of the Company shall be under the control of Board and Article 6.8 provides that the Company may purchase its own equity shares in accordance with the provisions made under the Act. Article 8.1 (as being amended in this AGM - agenda item No. 11) provides that where the Board is satisfied that any Member has failed to retain the qualifications as a Member, the Board shall direct the Member to surrender his/its shares to the Company at par value or such other value as may be determined by the Board.

The Value of Shares will be determined by a reputed firm of Chartered Accountants adopting a suitable and recognized method of valuation. The valuation for determining the premium will however remain valid and effective subject to the applicable laws, including Company law, and income-tax law.

Therefore, there is proposal from the Board that in future the Company may purchase shares issued by the Company and also to accept the surrender of shares issued by the Company from its members, in full or in part, at a premium not exceeding the 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, provided however subject to the applicable laws, including Company law, and income-tax law.

Further, if a member, who has fulfilled the membership criteria of the Company, as applicable and as amended from time to time for six financial years from the date of his/its membership, the surrender of the shares in full or in part, and the purchase of shares, as is the case, shall be eligible to get consideration from the Company not exceeding the premium value applicable at the time of surrender/ purchase along with the par value of such surrendered/ purchased shares, as may be decided by the Board of Directors of the Company; and that the shares so surrendered and purchased from the members by the Company before having fulfilled

the above criteria of six financial years will be eligible only for the par value on surrender/ purchase of shares held by the member; and that the Board in its entire discretion based on specified criteria/ conditions/circumstances may waive the criteria of six financial years in deserving cases.

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 12 of the accompanying notice for the approval of the members.

By order of the Board of Directors

Sanjay Talati
(Company Secretary)

Date: 1-Aug-2018

Place: Rajkot



**Visit of Chairman, NDDB
at Maahi Milk Producer
Company Limited**



**Visit of Chairman, NDDB
at Kolva MPP**



**Dy. Chief Executive
inaugurating New BMC**



**Chief Executive imparting training
session on "Train the Trainer"
under DT for Non DT programme.**



**Blood Donation Camp organized
on 18th March, 2018 on the
occasion of "Maahi Day".**



**Maahi employees observing
"swacchta Abhiyan" at railway
station and other public places on
2nd October, Gandhi Jayanti.**

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