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Maahi Milk Producer Company Limited

3rd and 4th Floor, Sakar Building, Dr. Radhakrishnan Road, Opp. Rajkumar College, Rajkot - 360001 (Gujarat)
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MAAHI MILK PRODUCER COMPANY LIMITED

CIN : U01403GJ2012PTC070646

Annual Report – 2019-2020

BOARD OF DIRECTORS (As on October 27, 2020):

Shri Mahendrasinh Jadeja	Chairman
Shri Rambhai Ukabhai Ram	Director
Smt. Ramilaben Patel	Director
Shri Lalabhai Algotar	Director
Shri Vishwaskumar Dodiya	Director
Shri Mathurbhai Raiyani	Director
Shri Aniruddhbhai Khuman	Director
Shri Mahendrasinh Goletar	Director
Smt. Shobhanaben Patoriya	Director
Shri Nagabhai Odedara	Director
Shri Goganbhai Arshibhai Kandoriya	Director
Shri Sriram Singh	Expert Director
Prof. Madhavi Mehta	Expert Director
Dr. Devanand Chakkingal Pathayapura	Expert Director (w.e.f. 27rd Oct, 2020)
Dr. Sanjaykumar Govani	Chief Executive & Director

COMPANY SECRETARY:

Shri Sanjay Talati

AUDITORS

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

BANKERS

State Bank of India
ICICI Bank Ltd.
HDFC Bank Ltd.
Axis Bank Ltd.
Bank of Baroda
Union Bank of India

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 | RTA: Link Intime India Pvt. Ltd.

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Values

- Quality at each level •
 - Trust •
 - Accountability •
- Mutual Co-operation •
 - Innovation •
 - Passion •
- Long Term view •
- Honesty & Transparency •

Mission

Maahi Milk Producer Company Limited is committed to giving maximum return to the members through dairying.

Vision

With strong commitment to our values, Maahi will be known as one of the World's leading companies in the area of milk business.

Chairman's Message:

On behalf of the Board of Directors, I am pleased to present to you Annual Report of Maahi Milk Producer Company Limited for the financial year ended on 31st March, 2020. During the financial year 2019-20, the company has achieved a turnover of Rs. 1586.43 Crore which is 8.68% higher than the preceding year. With the continues support of all the members, sahayak, employees, customers and all the stakeholders who are associated with the company directly or indirectly, company has recorded profit before tax of Rs. 9.08 Crore in the financial year 2019-20.

It's my pleasure to inform you that during the lean period i.e. April to July, members have poured 9.32% more milk in comparison to the last year for the same period which shows that members have kept their unwavering faith in the company.

Our company has also shown strong commitments toward our milk producer members by paying the average milk price of Rs. 44.14 per liter during the year which is 13.58% higher as compared to the last year. This resulted into payment of Rs. 138 Crore more to the members in comparison to the previous year which have aided overall financial benefits to the members. This apart, company has also released Rs. 30.05 crore towards incentive to those members who have fulfilled the milk procurement criteria for the Annual Incentive.

I am thankful to all the milk producer members for their awe-inspiring response upon company's request to feed their cattles with "Maahi Daan" which help to boost the overall health and productivity of animals. As a result of this, there is a sharp increase in the sales of "Maahi Daan" i.e. 18,203.61 MT which is 81.78% higher against the preceding year.

During the year, all our producers have taken proper care for timely vaccination of their animals which helps us to keep our animal free from the disease like Hemorrhagic Septicemia and FMD which is really a matter of relief for all of us.

Lastly, I would like to thank all the Experts Directors, Officials and Employees for successfully conducting various operations and activities by the company and further I extend my sincere gratitude to the Members, Board of Directors, Mother Dairy, Customers, Vendors, Collaborators, all the Service Providers and Bankers for their continues support. Further, I would also like to heartily appreciate the technical supports provided by the NDDB and NDDB Dairy Services.

Mahendrasinh Jadeja

Chairman

Chief Executive's Message:

It is my honour and privilege to interact with you as the Chief Executive of the Company. During the last financial year, with the hard work and unconditional cooperation of all our beloved members, our company has achieved numerous new milestones.

The company is enduring to adopt cutting edge technologies in the milk procurement functions with the help of impeccable strategies which have drastically optimized the overall milk procurement cost and also resulted to reduce administrative cost efficiently in the company's operations.

By carrying the DNA of aggressing selling attitude in Sales verticals and ensuring uncompromised quality in milk there is significant achievement in sales volumes during 2019-20 in comparison to the last year i.e. 335,027 LPD of Milk, 74,687 LPD of Butter Milk, 3,181 MT of Curd, 1,760 MT of Ghee and 42.65 MT of Paneer.

The company has also fulfilled the imminent aspiration of health conscious consumer by launching "Gir Amrut" a premium quality Ghee exclusively processed through the cow belt milk of Gir region enriched with the Goodness of Gir Cow Milk which is highly praised by the consumer of all sections.

With the help of financial assistance of NDDDB under National Dairy Plan – 1, the company has successfully completed 90% targets of AI, RBP, FD and VBMPs projects.

The company is also providing quality cattle feed manufactured at it's own Cattle Feed Plant.

The company is also manufacturing cattle feed enriched with bypass protein through special process which scale up the overall nutrition value in the animal.

During the last financial year, the company is also awarded prestigious India Dairy Award – 2020 under the category of "Best Company in Social Impact" by Agriculture Today Group.

At last, I express my earnest thanks with gratitude to all of them directly or indirectly who have contributed and remain intact as a family with us notwithstanding of testing times and I firmly believe that with the direction, continual guidance and timely decision by the Board of Directors of the company, Maahi will outpaced all its challenges by converting them into the accomplishments.

I express my sincere thanks to all our stakeholders i.e. Board of Directors, NDDDB, NDDDB Dairy Services, Mother Dairy, Customers, Retailers, Distributors, all service providers and all banking partners for their continuous support to the company.

I believe that in the years to come, the company will successfully face the new challenges for the inclusive development of its members and will keep on touching new heights of success.

Dr. Sanjaykumar Govani

Chief Executive & Director

DIRECTORS' REPORT

To,
The Members of
Maahi Milk Producer Company Limited.

The Directors of the Company are pleased to present their Eighth (8th) Annual Report together with the Audited Financial Statements for the financial year ended 31st March, 2020.

Financial Results:

The company's financial condition for the year ended on 31st March, 2020 is summarized below:

(Rs. in Lacs)

Particulars	2019-20	2018-19
Total Revenue	1,58,642.68	1,45,976.22
Total Expenses	1,57,735.05	1,42,920.03
Profit Before Tax/(Loss)	907.63	3,056.19
Tax Expense		
a. Current Tax	205.61	1,087.54
b. Deferred Tax	21.51	14.00
Net Tax Expense	227.12	1,101.54
Net Profit After Tax/(Loss)	680.51	1,954.65

During the year under review, Company has earned a total revenue of Rs. 1586.42 Crores as against Rs. 1459.76 Crore for the previous year, registering an increase of 8.68% as compared to the previous year. Further, the Company has earned a profit after tax of Rs. 680.51 Lacs as against Rs. 1,954.65 Lacs of the previous year.

Limited Return (Dividend):

Your Directors have pleasure to recommend a dividend of Rs. 8/- per equity share on 32,42,603 Equity Shares of Rs. 100/- each for the financial year ended

on 31st March, 2020. The dividend on Equity Shares is subject to the approval of members at the ensuing Annual General Meeting (“AGM”). The dividend once approved by the members will be paid to those members whose names appear in the Register of Members as on 31st March, 2020. If approved, the dividend would result in cash outflow of Rs. 259.41 lacs.

Transfer to Reserve:

The Board proposes to transfer an 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.

Transfer to Investor Education and Protection Fund:

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the Company along with interest accrued, if any to the Investor Education and Protection Fund (‘the IEPF’), a fund established under sub-section (1) of section 125. During the year under review, Company is not required to transfer any amount of Unpaid/unclaimed dividend to the Investor Education and Protection Fund.

Business and Operations:

Company is in the business of collection of milk, processing and selling of milk and milk products since inception. Brief of the activities carried out and achievements made by the Company is highlighted below:

1. Milk Procurement:

- During the year 1,21,556 members have poured 8,01,203 KGPD milk through 2928 Milk Pooling Points (MPPs) of 11 districts of Saurashtra and Kutch and further the same was chilled at 47 BMC centers of Maahi Milk Producer Company Limited.
- Maahi is able to almost maintain the milk procurement at last year’s level with average milk procurement of 8.01 LKGPD (98.6% against last year’s volume). During last 6 years, milk procurement

has progressed at CAGR of 6.5%. Whereas, milk procurement of Cooperatives (Pan India) reduced by around 6% against last financial year due to natural decline in milk productivity.

- Average price paid to milk producers during 2019-20 is Rs. 44.14 per liter with an increase of 13.6% over last year along with additional payment of Rs. 30.05 Cr. towards incentive.

2. Field Engineering Services (FES):

- To preserve quality of fresh milk collected from members, Four new Third Party Chilling Centers have been established at Gadu, Porbandar, Adsang and Dhunai.
- As per operational requirement, new infrastructure has been developed at Kutiyana Chilling Center. Raw milk chilling operation transferred at new building having latest testing facility with expanded chilling capacity.
- Raw milk chilling facility has also been developed at MPP level at Tukda Miyani MPP of Porbandar district by installing one 5 KL capacity BMC for further improvement in milk quality.
- For environment protection, Effluent Treatment Plants (ETP) have been installed at Babra, Adesar, Malgam and Vallabhipur BMCs.
- For better data transfer and to minimize repairing issue, area wise DPMCU operation is separated.
- 50 Solar based DPMCU installed at new MPPs.

3. Producer Institution Building (PIB):

- During the year 26,669 new members were enrolled, out of which 86.8% are female members. The total number of registered members as on 31st March, 2020 reached to 1,21,556 out of which 39.5% are of female member's participation.
- Maahi has been awarded India Dairy Award 2020 under category of "Best Company in Social Impact" organized by Agriculture Today Group on 10th January, 2020 at Hotel Taj Palace, New Delhi. This is for the contribution of MMPCL in creating employment

opportunities and providing financial, social, technological and economic development of the people associated with organization.

- One of the woman member Smt. Laxmiben Mota, who is from Baag MPP of Dhunai BMC, Kutch District has been awarded for "Best Women Dairy Farmer 2019" for West Zone during 48th Dairy Industry Conference held at Jaipur, Rajasthan during 20-22 February, 2020.
- During the year, Maahi has conducted
 - 1702 Member Awareness Programs (MAPs) under which 35841 members have participated.
 - 42 Children Awareness Programs(CAP) for 3923 Primary & Secondary school children located in the MPP village
 - 42 Youth Awareness Programs (YAP) under which 1117 rural youth have participated.
 - 7 Leadership Development Programs (LDPs) under which total 130 members participated.
 - 576 VCG Training and 113 MRG Training.
- 34 exposure visits have been arranged for VCG-MRG members of the Company at Cattle Feed Factory, Khandheri and Mother Dairy Plant, Junagadh & Madhapar (Kutch) in which 1704 MRG members have participated.
- 37 members along with 5 functionaries visited Kolhapur District Co-operative Milk Union Limited, Kolhapur under cross learning exposure visit supported by NDDB under NDP-I.
- To disseminate latest information, services provided by the Company and to resolve the alarming questions of members, 61060 VCG Meetings and 228 MRG Meetings were conducted. The questions raised by the members on various issues have been replied through quarterly published "Maahimitra" magazine.
- The information about the quantity and number of day's milk poured by the individual member and about the patronage, Maahi has

practice to display details every month on the notice board of each and every MPP. Further, the same is also discussed with members during VCG and MRG Meetings to educate members about fulfilment of membership criteria.

- To develop the skill and knowledge of new and experienced directors, training programs conducted for BOD. Exposure visit of producer directors to Alamadhi Semen Station, Shreeja Mahila Milk Producer Company Limited, Tirupati and Ethno Veterinary Medicine Centre, Thanjavur was arranged during 19–27 February, 2020.

4. Productivity Enhancement Services (PES):

Pilot Artificial Insemination (AI) Delivery Services:

- 3047 villages of 5 districts were covered under Pilot AI delivery Services by 205 trained Mobile AI Technicians
- Total 74035 numbers of AI were carried out following SOPs and about 4318 numbers of high genetic merit female calves were born under the programme.
- About 443 Farmers Awareness Meetings were organized for better extension and awareness of PES activity.
- 172 infertility camps were conducted and 5499 numbers of animals treated during camp for various type of disorders.
- 10 calf-shows were organized.

Ration Balancing Programme:

- 276 villages covered under Ration Balancing Program
- 5622 animals of 2632 farmers benefitted under the RBP
- For better nutrition, 17004 MT cattle Feed under brand “Maahidan” & 38.4 MT Mineral Mixture under brand “Maahimin” were sold to our Milk producers.
- Average 9% reduction of feed cost per animal per day through adoption of RBP.
- Increase of 0.17 Kg milk/animal/day and 0.08% milk fat.

Mastitis Control Popularization Project (MCP):

- 50 MPPs were selected and covered under MCP project.
- 7 veterinarians had taken training at TDU Bengaluru and Thanjavur (Tamilnadu) regarding EVM (Ethno Veterinary Medicine) practices under MCP project.
- Out of 7885 numbers of pooled milk samples, 513 milk samples found positive for subclinical mastitis tested by CMT. Provided Tri-Sodium Citrate powder (TSC Powder) and other EVM preparations to animals found positive by CMT.
- Total 658 numbers of cases found with various types of disorders and treated with EVM practices, out of which 579 Nos of cases cured by using EVM practices (88% Cured Rate).
- Carried out Antibiotic Residue and somatic cell count test in milk from MCP MPPS twice in a year and results uploaded in MCP portal.

Model Dairy Farm:

- 23 Model Dairy Farms were set up in 7 districts.
- Various interventions were conducted at farmer level. Approx. 2352 farmers have been trained on Good Dairy Farming Practices and 327 farmers have adopted various types of interventions after training at MDF.

Fodder Development Programme:

- Total 28.5 MT high quality Fodder seed of Maize & Jowar variant is sold.
- Total 2113 members of 582 villages benefited through use of Fodder Seed.
- Two tractors, One Reaper Binder and One Rotavator provided to interested members on rent.

5. Quality Assurance:

MMPCL has been focusing on quality since the inception of the

Company which enable us to sustain as a consistent quality producer over the years. This helps us to ensure that our customers are provided with high-quality, safe and nutritious products.

Brief of the activities and achievements by the Company on the quality front is stated herein below:

A. Awards/ Recognitions:

- (i) In the reporting year, Company has been awarded “Dandi se Handi” Award given by FSSAI for participating and making valuable contribution in Fortification Campaign.

B. Performance:

- (i) Average MBRT of raw chilled milk improved from 124 to 128 minutes indicating the Company’s focus on good quality of raw milk.
- (ii) New Products developed, standardized and launched in the market – Matka Dahi 5 kg, Masala Chhash 200 ml and Premium Cow Ghee, Toned milk Dahi in 5 kg pouch and SMP in 500 g packs.
- (iii) Internal testing facilities upgraded at 3P Plants and BMCs for testing of new adulterants and contaminants including Aflatoxin M1, Melamine and Antibiotics.
- (iv) Installation of Milkoscreen at all District cluster BMC/MCCs for quick testing of milk adulteration.
- (v) Purchased Digital micrometer for precise testing of packaging materials.
- (vi) Provided Technical trainings like FoStac, DT for Non DT etc. to employees.
- (vii) Convinced M/s Mehsana Dairy and Food Products Ltd. to acquire ISO 9001, ISO 22000, ISO 14001 & ISO 45001 Standards.

6. Manufacturing:

- MMPCL has built a reputation for consistently fulfilling the demand of milk and milk product in the market at the right time in compliance with all defined safety and regulatory standards.

7. Sales & Marketing:

- In the Financial Year 2019-20, Company achieved the highest ever sale per day in poly packed milk 4,43,018 LPD on 12th Aug, 2019 along with yearly average of 3,35,027 LPD, with 7.12% growth over previous year.
- Other products sale set new milestone such as, Butter Milk 74,687 LPD, Dahi 8,692 KGPD, Paneer 3,554 KGPM, Ghee 1,760 MT, Sterilized flavored milk 142 LPD, Skimmed Milk Powder (SMP) 529 MT.
- Fortified pasteurized flavored milk 21, 38,504 ltr. in pouch supplied under Mid-Day Meal and Integrated Child Development Scheme of Government of Gujarat, nurturing 22,205 children in 407 schools and 18,015 women every day in area of Kutch and Devbhumi Dwarka districts.
- Set up 87 Maahi Preferred Outlet (MPO)s at prominent locations in various districts of Gujarat.
- Launched “Gir Amrut Cow Premium Ghee” in pack of 500 ML with rich aroma and quality enrich fat soluble vitamin A,D,E and K.
- Launched commercial film with the Tag line of “Maa hi Sub kuch hai”
- Launched “Maahi Mobile Parlour” in Rajkot City.
- Maahi initiated rapid actions to meet the customer's needs during lockdown period to fulfil milk and milk product requirements at their door step.

8. Finance & Accounts (F & A):

- Retained the credit rating at AA-from CARE Rating.
- Increased interest income by 1.39 % and reduced Finance cost by 11.03 % in 2019-20 by efficient fund management.

9. Information Technology (IT):

- Developed and Launched “Maahi Sahayak” Android base Application for all Sahayak to show their milk pouring data, logged and closed their equipment complaints using this mobile application.

- Developed and Launched “Maahi Sarthi” Android base Application for all Field staffs to monitor MPP’s milk pouring data, MIS Reports, information of MPP’s equipment complaints, animal holding data using this mobile application.
- Developed and Launched “Milk on Mobile” Android base Application for Rajkot city customer for buying Milk and Milk Products at door step.

10. Human Resource Development (HRD):

- Implemented “Annual Training Planner” from the beginning of the year combining all training needs of the organization, under which 21 various training programs were organized covering 232 employees from various departments and functions.
- Recognizing the importance of employees’ connection with their family, facilitation of meritorious program was organized to award employee’s children having outstanding academic grades at the levels of 10th, 12th and Graduation or any other equivalent courses.
- As a part of employee’s connect and engagement initiatives to reinforce the feeling of Maahi as family, various employees activities were conducted round the year in the form of Maahi Cricket League, Employee’s Get Together, Children day gift distribution, Employee birthday wishes with gift distribution, Festival celebration like Holi, Janmasthan, Diwali, Xmas, New year etc.
- Continuing our commitment for serving the society, voluntary participation by the employees on various CSR programs i.e. Swachh Bharat Abhiyan, Tree Plantation under National Urban Forest Campaign at all districts as well as BMCs.

11. Animal Feed & Nutrition Unit :

The glimpse of the achievements of AFNU is stated below:

- The Unit has achieved the production target by 116%. During the year under review, Unit has achieved a production of 18377 MT of animal feed of different variants against the target of 15803 MT.

- The Animal Feed & Nutrition Unit has launched new feed additive, “PASHU SHEETVARDHAK”, a heat stress formulation, recommended by NDDB.
- The Unit has started using Formaldehyde treated protein (Bypass Protein) source for the production of Cattle feed.
- The Unit has ISO 9001:2015 certified production facilities.
- The production of “MAAHIDAN POWER”- the maximum selling variant possesses ISI mark, certified by Bureau of Indian Standards.

12. Stores & Inventory Management:

For Better Inventory Management and Tracking of the Assets and Some Critical Spares and Consumables, Maahi has planned and prepared District Wise Cluster Stores for all Districts. Required SOPs have been prepared for Handling Assets at Cluster Stores as well at BMCs Locations.

13. Share Capital:

The Paid up share capital of the Company at the close of the financial year remained Rs. 3,242.60 lakhs while there were 1,21,556 members appeared on its Register of Members as on 31st March, 2020.

After the close of the financial year, because of admission of new members, cancellation of membership due to violation of Articles of Association and surrender of shares by the members, there are 95,034 members on the Register of members and the share capital of the Company stood at Rs. 3,300.68 Lacs up to the date of this report.

Voting rights and attendance at Annual General Meeting:

With regard to exercise of voting right at the ensuing Annual General Meeting of the Company, out of the said 1,21,556 members as on 31st March, 2020, only 60,611 members are entitled for voting right and 60,945 members who did not pour milk for at least 200 days totaling to 500 liters in a previous financial year (2019-20) have lost their voting rights and are not entitled to vote at the ensuing Annual General Meeting.

Further, Out of 60,611 members who were entitled for voting, 1307 members have surrendered their shares while membership of 75 members have been cancelled and name of one member is removed from register of members due to the transfer of shares after the close of the financial year and up to the date of this report, hence effectively only 59,228 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 2020, but whose membership have been cancelled post 31st March, 2020 will be entitled to get the dividend for financial year 2019-20 but shall not be entitled to any share/membership related rights or benefits (including attendance & voting at AGM) as they have ceased to be the members of the Company. Similarly new members, who were admitted as members of the Company post 31st March, 2020 will not be entitled for dividend for FY 2019-20 as well as voting right at ensuing AGM.

14. Board of Directors:

Shri Gopalbhai Varotra (DIN: 05198510) was a Chairman of the Company since incorporation and during the year his tenure as a chairman of the Company has expired and the Board has in his place appointed Shri Mahendrasinh Jadeja (DIN: 07566111) as a Chairman of the Company for a period of four years w.e.f. 7th August, 2019 or upto the date of Annual General Meeting of the Company in which his two consecutive tenure as a director is expiring whichever is earlier. Further, Shri Gopalbhai Varotra also retired as a Director of the Company at the Eighth Annual General Meeting and in his place Shri Goganbhai Arsibhai Kandoriya (DIN:08517743) (Class – B) has been appointed as a director of the Company.

Further, Shri Mahendrasinh Jadeja and Shri Lalabhai Algotar (DIN:07566162) retired at the Eighth Annual General Meeting and were re-appointed as Directors.

Shri Yogesh M Patel (DIN: 07706715), Chief Executive & Director has completed his tenure on 31st July, 2020 and in his place Board

has appointed Dr. Sanjaykumar Govani (DIN: 08814861) as a Chief Executive & Director w.e.f. 1st August, 2020 for a period of five Years. The Board placed on record the sincere appreciation for the contribution, support and performance of Shri Yogesh M Patel during his tenure as Chief Executive.

After the close of the financial year, Dr. Omveer Singh (DIN: 02702981) an Expert Director on the Board of the Company, has resigned w.e.f. 28th September, 2020, in his place Board has at its 59th Board Meeting held on 27th October, 2020 appointed Dr. Devanand Chakkingal Pathayapura (DIN: 07773929) as an Expert Director for the tenure of 2 years. Board acknowledges guidance and valuable advices received from Dr. Omveer Singh during his tenure as an Expert Director of the Company.

15. Board Meetings & Committee Meetings:

The Board periodically meets for the transactions of business of the Company. During the year under review, five Board meetings were held and the intervening gap between the two meetings was within the period prescribed under the provisions of the Companies Act. The details of the Board Meeting held during the year is as under:

Board Meeting No.	Date of Board Meeting	Board Strength	No. of Directors Present
50 th Board Meeting	28 th May, 2019	15	13
51 th Board Meeting	25 th July, 2019	15	15
52 nd Board Meeting	09 th September, 2019	15	14
53 rd Board Meeting	03 rd December, 2019	15	13
54 th Board Meeting	18 th February, 2020	15	13

Member Related Committee Meetings:

For the approval of applications for Transmission of Shares of the Company and name correction of members, company has Member Related Committee. During the year under review, Committee met five times as under:

Committee Meeting No.	Date of Committee Meeting
7 th Committee Meeting	26 th April, 2019
8 th Committee Meeting	05 th July, 2019
9 th Committee Meeting	15 th October, 2019
10 th Committee Meeting	19 th December, 2019
11 th Committee Meeting	05 th February, 2020

16. Composition of Board:

Article 9.4 to article 9.6 deals with the composition of Board. Article 9.4 provides for the criteria for categorizing the members into different classes, Article 9.5 provides that to the extent possible, representation on the Board shall be based on the patronage of the respective class and Article 9.6 provides that one fourth of the total elected directors shall retire by rotation at every Annual General Meeting and the directors who have been longest in office since their last appointment shall retire. As per Article 9.6 i, 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.

Considering the above provisions, the new composition of the Board has been explained as below:

There were 1,21,556 members on the Register of members as on 31st March, 2020. Based on pouring pattern of members for FY 2019-20, there were 72,218 i.e. 59.41% of members who have fulfilled all the criteria of membership including those members who are admitted during the year 2019-20, but are deemed to belong to the class chosen by them and acquired the shares for that chosen class. Out of this, 59.41% of the total members, 4.15% belongs to class – A, 13.89% belongs to class – B and 81.96% belongs to class – C. Whereas, the proportionate percentages of Quantity of milk supplied by the said Class – A , Class-B and Class – C of members were respectively 24.94%, 30.92% and 44.14% during 2019-20.

On the basis of the Qty. of milk poured by the respective class of members, the desirable no. of Directors on the Board should be 3

Directors of Class- A, 3 Directors of Class- B and 5 Directors of Class – C. As against this, on the close of the financial year, there are 3 Directors of Class- A, 4 Directors of Class- B and 3 Directors of Class – C. One Director falls under “No Class” category.

Taking into account the provisions of Articles and present representation of the directors of the respective class on the Board, the retirement and reappointment of directors on the basis of the recommendation of Nominating committee is recommended as under:

Out of the 11 elected directors on the Board of the Company, Shri Mathurbhai Raiyani, Shri Aniruddhbhai Khuman, Shri Mahendrasinh Goletar and Shri Vishwaskumar Dodiya have been longest in the office. As per Article 9.6 i of the Articles of Association, 1/4th i.e. three directors will retire at the ensuing AGM.

Shri Mathurbhai Raiyani (Class – C) and Shri Aniruddhbhai Khuman (No Class) have been appointed on the same day i.e. 29th July, 2016, while Shri Mahendrasinh Goletar (Class-B) and Shri Vishwaskumar Dodiya (Class – C) have been appointed on 29th August, 2017. Shri Mathurbhai Raiyani and Shri Vishwaskumar Dodiya will retire at the ensuing Annual General Meeting and being eligible offer themselves for the re-appointment. The Board on the recommendation of the Nominating Committee, recommended the re-appointment of Shri Mathurbhai Raiyani and Shri Vishwaskumar Dodiya.

Shri. Aniruddh Khuman will retire at the next AGM and falling in “No Class” category cannot now represent Class-C and is not eligible for re-appointment and in his place the Board has on the basis of the recommendation of Nominating Committee has recommended the appointment of Shri Arvindbhai Lakhmanbhai Makwana (DIN: 08915484) representing Class – C.

17. Directors’ Responsibility Statement:

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

- a) In the preparation of the annual accounts for the financial year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the financial year ended on that date;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts for the financial year ended 31st March, 2020 on a going concern basis;
- e) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. Statutory Auditors:

Statutory Auditors M/s. S.B.Billimoria & Co., Chartered Accountants have been appointed in the previous Annual General Meeting to hold office upto the conclusion of the next Annual General Meeting of the Company. They have furnished their consent and requisite eligibility certificate pursuant to the Act and rules mentioned there under in respect of their continuation pursuant to Section 139 of the Act for upcoming financial year 2020-21.

During the year under review, the Statutory Auditors has not reported any instances of frauds committed in the Company by its officers or employees to the Board under section 143(12) of the Companies Act, 2013 details of which needs to be mentioned in this Report.

19. Internal Auditors:

M/s. Ernst & Young LLP, Chartered Accountants, New Delhi has been appointed as Internal Auditors of the Company in terms of Section 581ZF of the Companies Act, 1956 and rules and regulations, made thereunder, for the Financial Year 2020-21 by the Board of Directors.

20. Corporate Social Responsibility:

The Company believes that it is vital for surrounding communities and stakeholders to progress with the Company. Being a producer company, during the year under review, it followed part IX-A of the Companies Act, 1956 and Companies Act, 1956 does not have the provisions related to the compliance of CSR. However, being a producer company it carries out various activities for the upliftment of the milk producers and farmers.

21. Cost Audit:

As per the provisions of the Companies (Cost Records & Audit) Amendment Rules, 2014, Cost Audit is not Applicable to the Company.

22. Policy relating to Anti Sexual Harassment of Women at workplace:

The Company has a policy to treat women employees with dignity and no discrimination against them plus zero tolerance towards any sexual abuse. The policy is in line of the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed there under. All employees (permanent, contractual, temporary and trainees) are supposed to adhere to and conduct themselves as prescribed in this policy. During the year under review no complaint was reported to the Board and accordingly the Company has no information to report on filing and disposal of the cases pursuant to Section 22 of the said Act.

23. Deposits:

The Company has neither accepted nor renewed any deposits within the meaning of Sec. 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time.

24. Particulars of Loans, Guarantees given and Investments made by the Company:

The Company has not granted any loans, nor given any guarantee or securities or made investments within the meaning of Sec. 186 of the Act.

25. Particulars of Contracts, Arrangements with related parties referred in Section 188 of the Companies Act, 2013:

There were no related party transactions entered into during the financial year within the meaning of Section 188 of Companies Act, 2013. Further, during FY 2019-20, there were no materially significant related party transactions entered into by the Company with the Promoters, Directors, Key Managerial Personnel or other designated persons which might have potential conflict with the interest of the Company at large.

26. Internal Financial Control:

The Company has appropriate internal financial control systems and procedures in place with regard to effective utilization of resources, efficiency in operation, financial reporting and compliance with various rules and regulations and keeping in view the organization's pace of growth and increasing areas of operations. 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. 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 2019-20. The Internal Auditors independently evaluate the adequacy of internal control and concurrently audit the majority of the transactions in value terms.

During the year under review, no reportable material weakness in the operation was observed.

27. Risk Management:

Company has proper risk management through compliance with provisions of Policies laid down by the board of directors on various

operational aspect i.e. strategic, financial, market, property, legal and regulatory matters.

28. 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.

29. 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.

30. Acknowledgement:

The Board places on records and express its gratitude for the continuous support, encouragement and guidance received from World Bank, National Dairy Development Board, NDDDB Dairy Services, Mother Dairy Fruit & Vegetable Private Limited.

The Board also extend its deep appreciation for the cooperation and active support provided by the Bankers, hired dairy plants owners, distributors, retailers, consumers, transportors, employess and other Government bodies.

For and on behalf of the Board of Directors

Mahendrasinh Jadeja
Chairman

Date : 27th October, 2020

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, 2020 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 are as under:

- 1) The Company has installed 65 Nos. LED light fittings replaced with conventional Tube light in BMC Centers & Milk Chilling Centers.
- 2) The Company has 1942 sets of solar powered based DPMCU's with Milk Analyzer for testing of milk at Milk Pooling Points.
- 3) The Company has intensified the cleaning of all condensing unit with specially designed chemical to improve the efficiency of machine and optimum use of energy.

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

- 1) Impact of Energy conservation measure –
Reduction in Energy bill approx. 35% for lighting at BMC/CC centers.
- 2) Impact of Energy conservation measure –
Estimated Saving of Rs. 2500/- per annum is expected in Energy bill of every milk pooling points, will indirectly add to the income of sahayak. Moreover this saving will be a recurring saving for life span of solar panel for minimum 20 years 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 there to 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	
			2019-2020	2018-2019
1	(a) Electricity Purchased (Milk Operations)			
	Unit	KWH	41,08,928	48,71,772
	Total amount	Rupees	3,51,05,061	3,99,74,542
	Rate/Unit	Rs./ KWH	8.54	8.21
	(AFNU Operations)			
	Unit	KWH	6,04,263	3,50,220
	Total amount	Rupees	49,58,764	30,80,412
	Rate/Unit	Rs./ KWH	8.21	8.80
	(b) Own Generation			
	i) Through diesel generator			
Unit	KWH	2,95,280	3,49,460	
Units per liter of diesel oil	KWH	5	5	
Cost / Unit	Rs.	13.89	14.71	
ii) Through steam turbine/ generator				
Units				
Units per ltr. of diesel oil/gas	N. A.	N.A	N.A	
Cost / Units				
2	Coal (specify quality and where used)			
	Quantity (Tones)	N. A.	N.A.	N. A.
	Total cost			
	Average rate			
3	Furnace Oil (AFNU Operations)			
	Quantity (Ltrs.)	Ltrs.	49,703	32,935
	Total amount	Rs.	19,83,356	14,65,512
	Average rate	Rs./Ltrs	39.90	44.50
4	Others/internal generation (CNG)			
	Quantity - - - -			
	Total cost	Rs.	N.A.	N. A.
Rate/unit	Rs./sm3			

(B) Consumption per unit of production

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 contract manufacture of various milk products, it is not feasible to maintain data of energy consumption per unit of product at present.

B. TECHNOLOGY ABSORPTION:

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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **MAAHI MILK PRODUCER COMPANY LIMITED** (“the Company”), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity 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, of the state of affairs of the Company as at 31st March, 2020, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon:

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with the audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of the audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements:

1. As required by Section 143(3) of the Act, based on our audit 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.
- e) On the basis of the written representations received from the directors of the Company as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 of Section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration not applicable.
- h) 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 to note 28 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. 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.
3. 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 C” a statement on the matters specified in that Section.

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

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN:20087104AAAADM8731)

Place: New Delhi

Date : 28th July, 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT **(Referred to in paragraph 1(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 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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
(Registration No. 101496W)

Place: New Delhi
Date : 28th July, 2020

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 20087104AAAADM8731)

ANNEXURE "B" 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) In respect of its plant, property and equipment:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the plant, property and equipment.
 - b. The plant, property and equipment 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 plant, property and equipment 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 and the records examined by us, the Company has constructed buildings on land taken on lease and the lease agreements are in the name of the Company.
- (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, 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.

- b. There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2020 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 31st March, 2020 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	CIT (Appeals)	2012-13	1,938,574	-
Income Tax Act, 1961	Income Tax	CIT (Appeals)	2014-15	26,614,068	15,245,693

There are no dues of Goods and Services Tax as on 31st March, 2020 on account of disputes. The operations of the Company during the year did not give rise to any liability for Customs Duty and Excise Duty.

- (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 government or 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) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed 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
(Registration No. 101496W)

Place: New Delhi
Date : 28th July, 2020

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN:20087104AAAADM8731)

ANNEXURE "C" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 3 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 16 to the financial statements. According to the information and explanations given to us, no debts other than those disclosed in note 16 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 31st March, 2020 are as per the financial statements of the Company as at and for the year ended 31st March, 2020.
- 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
(Registration No. 101496W)

Place: New Delhi
Date : 28th July, 2020

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN:20087104AAAADM8731)

MAAHI MILK PRODUCER COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH, 2020

(In Rupees)

	Note No.	As at 31 March 2020	As at 31 March 2019
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	324,260,300	347,202,100
(b) Reserves and surplus	4	839,604,391	797,027,626
		<u>1,163,864,691</u>	<u>1,144,229,726</u>
2. Share application money pending allotment	30	74,488,050	270,750
3. Deferred grant	5	84,276,463	95,666,703
4. Non - current liabilities			
(a) Other long-term liabilities	6	173,866,328	169,615,586
(b) Long - term provisions	7	2,096,429	-
		<u>175,962,757</u>	<u>169,615,586</u>
5. Current liabilities			
(a) Short - term borrowings	8	578,732,289	926,978,889
(b) Trade payables	9		
(1) Total outstanding dues of micro enterprises and small enterprises		17,597,585	14,392,136
(2) Total outstanding dues of creditors other than micro enterprises and small enterprises		779,585,299	790,534,796
(c) Other current liabilities	10	89,281,872	65,090,109
(d) Short - term provisions	11	13,233,488	11,662,384
		<u>1,478,430,533</u>	<u>1,808,658,314</u>
Total		<u>2,977,022,494</u>	<u>3,218,441,079</u>
B. ASSETS			
1. Non - current assets			
(a) Property, Plant and Equipment			
1. Tangible assets	12-A	369,956,027	397,967,025
2. Intangible assets	12-B	-	67,071
3. Capital work-in-progress		941,882	1,746,122
		<u>370,897,909</u>	<u>399,780,218</u>
(b) Deferred tax assets (net)	13	6,770,954	8,922,160
(c) Long - term loans and advances	14	53,439,184	24,421,333
		<u>431,108,047</u>	<u>433,123,711</u>
2. Current assets			
(a) Inventories	15	802,671,213	763,804,133
(b) Trade receivables	16	665,359,566	407,938,164
(c) Cash and cash equivalents	17	1,060,787,693	1,583,527,933
(d) Short - term loans and advances	18	11,549,117	11,391,437
(e) Other current assets	19	5,546,858	18,655,701
		<u>2,545,914,447</u>	<u>2,785,317,368</u>
Total		<u>2,977,022,494</u>	<u>3,218,441,079</u>

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report attached
For S.B. BILLIMORIA & CO.
Chartered Accountants

Mahendrasinh Jadeja
Director

Rambhai Ram
Director

Yogesh M. Patel
Chief Executive

JITENDRA AGARWAL
Partner
Place: New Delhi
Date: 28, July, 2020

Sanjay Talati
Company Secretary
Place: Rajkot
Date: 28, July, 2020

Jaysukh Solanki
Manager - Acc. & Fin.

MAAHI MILK PRODUCER COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020 (In Rupees)

	Note No.	Year ended 31 March, 2020	Year ended 31 March, 2019
1. Revenue from operations	20	15,768,847,577	14,492,624,301
2. Other income	21	95,420,228	104,997,730
3. Total revenue (1+2)		15,864,267,805	14,597,622,031
4. EXPENSES			
(a) Cost of materials consumed	22	7,163,204,049	5,676,612,086
(b) Purchases of traded goods	23	7,537,465,030	7,328,569,217
(c) Changes in inventories of finished goods	24	(184,972,745)	251,302,589
(d) Employee benefits expense	25	220,475,342	180,233,951
(e) Finance costs	26	21,637,522	25,012,430
(f) Depreciation and amortization expense	12C	44,509,711	56,218,123
(g) Other expenses	27	971,185,963	774,055,011
Total expenses		15,773,504,872	14,292,003,407
5. Profit before tax (3-4)		90,762,933	305,618,624
6. Tax expense:			
(a) Current tax		23,300,000	106,000,000
(b) Short/(excess) provision for tax relating to prior years		(2,738,981)	2,754,450
(c) Deferred tax charges		2,151,206	1,399,985
Net tax expense		22,712,225	110,154,435
7. Profit for the year (5-6)		68,050,708	195,464,189
8. Earnings per equity share:	33		
(Nominal value Rs. 100 per share)			
(a) Basic		19.25	62.86
(b) Diluted		18.94	62.86

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report attached
For S.B. BILLIMORIA & CO.
 Chartered Accountants

Mahendrasinh Jadeja
 Director

Rambhai Ram
 Director

Yogesh M. Patel
 Chief Executive

JITENDRA AGARWAL
 Partner
 Place: New Delhi
 Date: 28, July, 2020

Sanjay Talati
 Company Secretary
 Place: Rajkot
 Date: 28, July, 2020

Jaysukh Solanki
 Manager - Acc. & Fin.

MAAHI MILK PRODUCER COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March, 2020

(In Rupees)

	Year ended 31 March, 2020	Year ended 31 March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	90,762,933	305,618,624
Adjustments for :		
Finance costs	20,907,293	23,533,610
Interest income	(92,710,701)	(90,980,162)
Provision for employee benefits	7,677,790	(1,161,549)
Provision for doubtful debts	106,019	-
Loss / (Profit) on sale of property, plant and equipments	184,833	(3,595,404)
Depreciation and amortization expense	44,509,711	56,218,123
Operating profit before working capital changes	71,437,878	289,633,242
Adjustments for movement in working capital:		
(Increase)/Decrease in inventories	(38,867,080)	31,344,430
(Increase)/Decrease in trade receivables	(257,527,421)	(171,703,097)
(Increase)/Decrease in long term loans and advances	405,037	(4,118,632)
Decrease in short term loans and advances	(157,680)	(612,455)
Increase in other long-term liabilities	4,250,742	9,929,414
Increase/(Decrease) in trade payables	(7,744,048)	126,951,682
Increase/(Decrease) in other current liabilities	26,104,290	(10,691,679)
Cash generated from operations	(202,098,282)	270,732,905
Net income tax paid	(53,994,164)	(100,510,283)
Net cash flow from operating activities - (A)	(256,092,446)	170,222,622
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (including capital work in progress)	(34,923,172)	(164,674,505)
Proceeds from sale of property, plant and equipment	3,793,155	21,660,915
Capital grant received (for purchase of property, plant and equipment)	1,237,274	490,591
Decrease in bank balances not considered as Cash and cash equivalents	298,349,674	26,419,463
Interest received	105,819,544	105,368,459
Net cash flow used in investing activities - (B)	374,276,475	(10,735,077)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of share capital	(23,212,550)	21,982,150
Share application money received	74,488,050	270,750
Security premium received	8,011,700	39,434,550
Dividend paid (including dividend tax)	(33,461,915)	(35,112,530)
Finance costs paid	(20,153,281)	(23,533,610)
Decrease in working capital borrowings	(348,246,600)	(24,328,636)
Net cash flow used in financing activities - (C)	(342,574,596)	(21,287,326)
Net increase in Cash and cash equivalents (A+B+C)	(224,390,566)	138,200,219
Cash and cash equivalents at beginning of the year	580,903,159	442,702,939
Cash and cash equivalents at the end of the year	356,512,593	580,903,159
Components of Cash and cash equivalents as at:		
Cash on hand	52,600	46,908
Balances with banks:		
- in current accounts	356,459,993	480,856,251
- in deposit accounts	-	100,000,000
Cash and cash equivalents as per Cash Flow Statement	356,512,593	580,903,159
Deposits (original maturity of more than 3 months)	200,000,000	300,191,909
Balances held as security against bank borrowings	501,818,507	700,000,000
In earmarked accounts		
- Unpaid dividend accounts	2,456,593	2,432,865
Cash and cash equivalents as per Balance Sheet (Note 17)	1,060,787,693	1,583,527,933

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report attached

For S.B. BILLIMORIA & CO.

Chartered Accountants

Mahendrasinh Jadeja

Director

Rambhai Ram

Director

Yogesh M. Patel

Chief Executive

JITENDRA AGARWAL

Partner

Place: New Delhi

Date: 28, July, 2020

Sanjay Talati

Company Secretary

Place: Rajkot

Date: 28, July, 2020

Jaysukh Solanki

Manager - Acc. & Fin.

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 7th 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), Butter Milk, Ghee, Dahi, Skimmed Milk Powder, White Butter. The Company also manufactures Cattle Feed and Mineral Mixtures.

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

c. 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.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

g. Property, Plant and Equipment and Intangible Assets

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, plant and equipment 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 Property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on Property, plant and equipment after its purchase is capitalized only of such expenditure results in an increase in the future benefits from such asset beyond its previous assessed standard of performance.

Intangible assets

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

The company capitalizes software costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over the management's estimate of its useful life of three years.

h. Capital work-in-progress

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

i. Depreciation and amortization

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	3 - 10
Furniture and fixtures	5 - 15
Computers (including software)	3
Office equipment	5 - 10

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

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

j. Inventories

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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 Property, plant and equipment 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 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.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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 benefits include 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 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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legal enforceable right for such set off.

o. Borrowing cost

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

p. Impairment of assets

At each balance sheet date, the Company reviews the carrying values of its Property, plant and equipment 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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Assets are not recognized in the financial statements. Contingent liabilities are disclosed in the notes to accounts. Contingent assets are not recognized in the financial statements.

r. Leases

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

s. Material events

Material 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, 2020		As at 31 March, 2019	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
(a) Authorised share capital Equity Shares of Rs. 100 each	5,000,000	500,000,000	5,000,000	500,000,000
(b) Issued, subscribed and fully paid up share capital Equity Shares of Rs. 100 each	3,242,603	324,260,300	3,472,021	347,202,100

See notes (i) to (iii) below

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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 Articles of Association of the Company.

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

	As at 31 March, 2020		As at 31 March, 2019	
	No. of Shares	Amount of Rupees	No. of Shares	Amount of Rupees
Shares outstanding at the beginning of the year	3,472,021	347,202,100	3,245,757	324,575,700
Shares issued during the year (net of shares cancelled and reissued during the year)	304,745	30,474,500	788,691	78,869,100
Shares cancelled / surrendered during the year	(534,163)	(53,416,300)	(562,427)	(56,242,700)
Shares outstanding at the end of the year	3,242,603	324,260,300	3,472,021	347,202,100

(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

(In Rupees)

	As at 31 March 2020	As at 31 March 2019
(a) General Reserve		
Opening balance	382,910,402	372,910,402
Add: Transferred from surplus in Statement of Profit and Loss	10,000,000	10,000,000
Closing balance	<u>392,910,402</u>	<u>382,910,402</u>
(b) Security Premium		
Opening balance	91,317,200	51,882,650
Add: Premium on shares issued during the year	15,237,250	39,434,550
Less: Premium paid on cancellation/surrender of shares	7,225,550	-
Closing Balance	<u>99,328,900</u>	<u>91,317,200</u>

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March 2020	As at 31 March 2019
(c) Surplus in Statement of Profit and Loss		
Opening balance	322,800,024	172,552,222
Add: Net profit for the year	68,050,708	195,464,189
Less:		
(1) Final limited return (dividend) to members for the year ended 31 March, 2019 (Rs. 8 per share)	27,776,170	29,211,813
(2) Tax on above limited return (dividend)	5,709,473	6,004,574
(3) Transferred to general reserve	10,000,000	10,000,000
Closing balance	<u>347,365,089</u>	<u>322,800,024</u>
	<u>839,604,391</u>	<u>797,027,626</u>
5. Deferred grant		
(a) Opening balance	95,666,703	116,967,423
(b) Capital grant utilized during the year (see note 34)	1,237,274	490,591
(c) Less: Depreciation on assets acquired from capital grant (see note 12)	12,627,514	21,791,311
	<u>84,276,463</u>	<u>95,666,703</u>
6. Other long-term liabilities		
(a) Trade / security deposits received	173,866,328	169,615,586
	<u>173,866,328</u>	<u>169,615,586</u>
7. Long term provisions		
(a) Provision for employee benefits:		
(i) For compensated absences (see note 11(a)(i))	2,096,429	-
	<u>2,096,429</u>	<u>-</u>
8. Short term borrowings		
From banks:		
(a) Secured loan (see note (i) below)		
(i) Working capital loan (repayable on demand)	300,782,291	639,175,535
(b) Unsecured loans		
(i) Bill discounting facility	277,949,998	287,803,354
	<u>578,732,289</u>	<u>926,978,889</u>

Note:

- (i) Working capital loan from Axis Bank is in the nature of bank overdraft and is secured against fixed deposits of the Company with the bank (Refer Note 17) and working capital loan from Yes Bank is in the nature of cash credit and is secured by hypothecation of current and moveable fixed assets of the Company.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March 2020	As at 31 March 2019
9. Trade payables		
(Other than acceptances)		
Total outstanding dues of micro enterprises and small enterprises (See note 37)	17,597,585	14,392,136
Total outstanding dues of creditors other than micro enterprises and small enterprises	779,585,299	790,534,796
	797,182,884	804,926,932
10. Other current liabilities		
(a) Advances from customers	60,103,651	27,993,734
(b) Interest accrued but not due on borrowings	2,261,675	1,507,663
(c) Application money received for allotment of securities and due for refund	64,500	27,150
(d) Unclaimed / unpaid dividends	2,456,593	2,432,865
(e) Payable on purchase of property, plant and equipment	4,784,304	7,474,571
(f) Statutory dues	16,276,049	11,914,058
(g) Grant received from NDDDB (unutilised) (see note 34)		
(i) Capital grant	-	3,608,274
(ii) Revenue grant	-	6,790,394
(h) Others	3,335,100	3,341,400
	89,281,872	65,090,109
11. Short term provisions		
(a) Provision for employee benefits		
(i) For compensated absences (net of fund value of Rs. 29,323,122) Previous year Rs. 23,230,103)	11,021,535	7,569,414
(ii) For gratuity (net of fund value of Rs. 22,205,822; previous year Rs. 17,622,899)	2,211,953	82,713
(b) Provision for Income Tax (net of advance tax of Rs. Nil; previous year Rs.284,303,732)	-	4,010,257
	13,233,488	11,662,384

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(in Rupees)

12. Property, Plant and Equipment

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 April, 2019	Additions	Disposals	As at 31 March, 2020	As at 1 April, 2019	Adj. Depreciation Charges for the year	On Disposals	As at 31 March, 2020	As at 31 March, 2019
A. Tangible assets									
(owned)									
Building	11,657,354	8,755,705	-	20,413,059	3,718,028	-	1,080,867	4,798,895	15,614,164
(Previous year)	(11,434,302)	(239,540)	(16,488)	(11,657,354)	(3,178,342)	(-)	(556,173)	(3,718,028)	(7,939,326)
Plant & Equipment	642,698,578	24,003,036	7,274,589	659,427,025	265,131,790	-	53,354,054	315,185,089	344,241,936
(Previous year)	(569,995,662)	(141,577,664)	(68,874,748)	(642,698,578)	(252,083,387)	(-)	(63,973,845)	(265,131,790)	(377,566,788)
Furniture and fixtures	21,000,145	-	61,187	20,938,958	18,939,486	-	197,174	19,079,615	1,859,343
(Previous year)	(20,899,874)	(299,265)	(198,994)	(21,000,145)	(18,738,920)	(-)	(342,143)	(18,939,486)	(2,060,659)
Computers	82,146,370	223,210	217,764	82,151,816	80,472,877	-	1,124,083	81,379,205	772,611
(Previous year)	(82,613,148)	(571,186)	(1,037,964)	(82,146,370)	(74,279,920)	(-)	(7,230,855)	(80,472,877)	(1,673,493)
Office Equipments	14,422,924	55,194	13,583	14,464,535	5,696,166	-	1,313,976	6,996,562	7,467,973
(Previous year)	(14,046,580)	(512,139)	(135,795)	(14,422,924)	(4,387,482)	(-)	(1,386,147)	(5,696,166)	(8,726,758)
Total	771,925,371	33,037,145	7,567,123	797,395,393	373,958,345	-	57,070,154	427,439,366	369,956,027
(Previous year)	(698,989,566)	(143,199,794)	(70,263,989)	(771,925,371)	(352,668,051)	(-)	(73,489,163)	(373,958,347)	(397,967,025)
B. Intangible assets									
Computer Software	19,871,321	-	-	19,871,321	19,804,250	-	67,071	19,871,321	67,071
(Previous year)	(19,968,527)	(-)	(97,206)	(19,871,321)	(15,380,795)	(-)	(4,520,270)	(19,804,250)	(4,587,731)
Total	19,871,321	-	(97,206)	19,871,321	19,804,250	-	67,071	19,871,321	67,071
(Previous year)	(19,968,527)	(-)	(97,206)	(19,871,321)	(15,380,795)	(-)	(4,520,270)	(19,804,250)	(4,587,731)

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

C. Depreciation and amortisation:

(In Rupees)

As at
31 March 2020

As at
31 March 2019

Tangible assets	57,070,154	73,489,163
Intangible assets	67,071	4,520,270
Less: Depreciation pertaining to assets acquired on grant	12,627,514	21,791,311
	44,509,711	56,218,123

Note:
(i) The details of assets purchased out of capital grant and included in the above schedule are given below (see note 34):

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	On Disposals	Change for Year	As at 31 March 2020	As at 31 March 2019	As at 31 March 2019
Tangible assets:									
Buildings	6,935,287	-	-	6,935,287	-	346,765	5,454,287	5,801,052	5,801,052
(Previous year)	(6,935,287)	(-)	(-)	(6,935,287)	(-)	(346,765)	(5,801,052)	(6,147,817)	(6,147,817)
Plant and equipment	157,772,994	(-)	(-)	157,772,994	(-)	11,698,186	76,313,072	88,011,258	88,011,258
(Previous year)	(157,282,403)	(490,591)	(-)	(157,772,994)	(-)	(11,989,345)	(88,011,258)	(99,510,012)	(99,510,012)
Office equipment	5,366,771	-	-	5,366,771	-	500,468	2,747,263	3,247,731	3,247,731
(P previous year)	(5,366,771)	(-)	(-)	(5,366,771)	(-)	(500,468)	(3,247,731)	(3,748,199)	(3,748,199)
Furniture and fixtures	17,601,183	-	58,237	17,542,946	54,100	60,319	16,934,925	608,021	672,477
(Previous year)	(17,603,128)	(-)	(1,945)	(17,601,183)	(1,945)	(60,649)	(16,928,706)	(672,477)	(733,126)
Computers	71,805,470	-	(47,408)	71,805,470	(47,408)	12,580	71,803,262	2,208	14,788
(Previous year)	(71,852,878)	(-)	(-)	(71,805,470)	(-)	(4,604,767)	(14,788)	(4,619,555)	(4,619,555)
Intangible assets:									
Computer Software	16,878,416	-	-	16,878,416	-	9,196	-	-	9,196
(Previous year)	(16,878,416)	(-)	(-)	(16,878,416)	(-)	(4,289,317)	(9,196)	(4,298,513)	(4,298,513)
Total	276,360,121	-	58,237	276,360,121	(49,353)	12,627,314	85,124,851	97,756,502	97,756,502
(Previous year)	(275,918,883)	(490,591)	(49,353)	(276,360,121)	(49,353)	(21,791,311)	(97,756,502)	(119,057,221)	(119,057,221)

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

	As at 31 March 2020	As at 31 March 2019
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 property, plant and equipment & intangible assets	2,834,192	6,176,216
b. Provision for compensated absences and gratuity	3,858,233	2,673,959
c. Others	78,529	71,985
Net deferred tax assets/(liabilities)	6,770,954	8,922,160
14. Long - term loans and advances		
(Unsecured, considered good)		
(a) Security deposits	9,117,575	8,656,576
(b) Prepaid Exp	860,117	1,726,153
(c) Income tax paid under protest	13,306,951	13,306,951
(d) Advance income tax (net of provisions of Rs. 11,44,55,167 ; previous year Rs. 9,38,94,148)	30,154,541	731,653
	53,439,184	24,421,333
15. Inventories		
(At lower of cost and net realisable value)		
(a) Raw and packing materials	439,061,295	585,379,598
(b) Finished goods - manufactured	358,667,821	173,695,076
(c) Stores and spares	4,942,097	4,729,459
	802,671,213	763,804,133

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

	As at 31 March 2020	As at 31 March 2019
16. Trade receivables		
(a) Outstanding for a period exceeding six months from the date they were due for payment		
(i) Secured, considered good	13,500	14,651
(ii) Unsecured, considered good	92,058	1,70,788
(iii) Unsecured, considered doubtful	312,019	206,000
	417,577	391,439
Less: Provision for doubtful debts	312,019	206,000
	105,558	185,439
(b) Others		
(i) Secured, considered good	8,214,737	9,719,780
(ii) Unsecured, considered good	657,039,271	398,032,945
	665,359,566	407,938,164
17. Cash and cash equivalents		
(a) Cash on hand	52,600	46,908
(b) Balance with banks:		
(i) In current accounts	356,459,993	480,856,251
(ii) In deposit accounts		
- original maturity of 3 months or less	-	100,000,000
Cash and cash equivalents as per AS -3 - Cash flow statement	356,512,593	580,903,159
(c) Other bank balances		
(i) In deposit accounts		
- original maturity of more than 3 months	200,000,000	300,191,909
(ii) Balances held as security against bank borrowings		
- refer note (i)	501,818,507	700,000,000
(iii) In earmarked accounts		
- Unpaid dividend accounts	2,456,593	2,432,865
	1,060,787,693	1,583,527,933

Note: (i) Fixed deposits amounting to Rs. 501,818,507 have been pledged against bank overdraft facility (see note 8)

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

	As at 31 March 2020	As at 31 March 2019
18. Short - term loans and advances (Unsecured, considered good)		
(a) Loans and advances to employees	17,000	45,451
(b) Advances to vendors	5,015,639	5,248,833
(c) Prepaid expenses	6,516,478	6,097,153
	11,549,117	11,391,437
19. Other current assets (Unsecured, considered good)		
(a) Interest accrued on bank deposits	5,546,858	18,655,701
	5,546,858	18,655,701
	Year Ended 31 March 2020	Year Ended 31 March 2019
20. Revenue from operations		
(a) Sale of products		
(i) Gross sale	19,828,994,237	20,390,783,413
(ii) Less: sale to third parties (milk processors) for repurchase (see note (i) below)	4,073,623,688	5,910,200,607
(iii) Net sales (see note (ii) below)	15,755,370,549	14,480,582,806
(b) Other operating revenue (see note (iii) below)	13,477,028	12,041,495
	15,768,847,577	14,492,624,301

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.

(ii) Sales of products comprises:

a. Manufactured goods

i. Polypack milk	5,138,198,153	4,566,729,704
ii. Milk products	2,308,475,408	1,844,836,256
iii. Cattle feed	369,075,513	180,009,685
iv. Others	11,344,942	13,412,593
	7,827,094,017	6,604,988,238

b. Traded goods

i. Raw milk	7,928,276,532	7,875,594,568
	15,755,370,549	14,480,582,806

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

	Year Ended 31 March 2020	Year Ended 31 March 2019
iii. Other operating revenue comprises:		
a. Sale of scrap	4,342,840	2,603,602
b. Crate recovery charges	3,291,881	1,992,048
c. Others	5,842,307	7,445,845
	13,477,028	12,041,495
21. Other income		
(a) Interest income		
(i) On deposits with banks	90,943,318	89,696,224
(ii) On others	1,767,383	1,283,938
(b) Other non-operating income		
(i) Membership fees	1,301,530	590,269
(ii) Liabilities/provisions no longer required written back	-	8,524,411
(iii) Profit on sale of property, plant and equipment (net)	-	3,595,404
(iv) Miscellaneous income	1,407,997	1,307,484
	95,420,228	104,997,730
22. Cost of materials consumed		
Raw and packing material		
(a) Opening stock	585,379,598	366,896,870
(b) Add: Purchases	7,016,885,746	5,895,094,814
	7,602,265,344	6,261,991,684
(c) Less: Closing stock	439,061,295	585,379,598
	7,163,204,049	5,676,612,086
Notes:		
(i) Raw and Packing material consumed comprises		
a. Raw milk	6,806,847,861	5,520,654,270
b. Raw materials used for cattle feed	286,828,826	128,969,817
c. Packing material	69,527,362	26,987,999
	7,163,204,049	5,676,612,086
23. Purchases of traded goods		
(a) Raw milk	7,537,465,030	7,328,569,217
	7,537,465,030	7,328,569,217

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

	Year Ended 31 March 2020	Year Ended 31 March 2019
24. Changes in inventories of finished goods		
Decrease/(increase) in inventories of finished goods		
(a) Inventories at the beginning of the year	173,695,076	424,997,665
(b) Inventories at the end of the year	358,667,821	173,695,076
Net (increase)/decrease	(184,972,745)	251,302,589
25. Employee benefits expense		
(a) Salaries and wages	193,334,662	158,021,378
(b) Contribution to provident and other fund	21,031,893	15,480,109
(c) Staff welfare expenses	6,108,787	6,732,464
	220,475,342	180,233,951
26. Finance costs		
(a) Interest expense		
(i) On borrowings / Bill Discounting	20,348,748	22,871,823
(ii) On trade/security deposits	558,545	661,787
(b) Interest on delayed payment of taxes	463	920,948
(c) Other borrowing costs	729,766	557,872
	21,637,522	25,012,430

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

	Year Ended 31 March 2020	Year Ended 31 March 2019
27. Other expenses		
(a) Consumption of stores and spare parts	42,092,847	32,218,597
(b) Power and fuel	45,141,271	49,174,911
(c) Processing charges	271,549,763	129,153,053
(d) Water charges	748,885	1,012,663
(e) Rent	38,040,685	40,598,715
(f) Repair and maintenance - machinery	16,402,393	11,397,336
(g) Repair and maintenance - buildings	1,910,697	3,232,367
(h) Repair and maintenance - others	5,096,216	7,912,650
(i) Rates and taxes	506,467	721,091
(j) Advertisement and business promotion	21,341,727	14,083,253
(k) Distribution, freight and forwarding expenses	283,887,440	255,609,768
(l) Insurance charges	1,108,118	1,582,197
(m) Legal and professional fees	32,938,279	31,714,197
(n) Auditor's remuneration (see note (i) below)	1,722,058	1,690,578
(o) Travelling and conveyance	20,862,584	19,885,295
(p) Sales discount and other charges	19,853,832	11,953,622
(q) Printing and stationery expenses	5,450,629	6,670,445
(r) Telephone and internet expenses	14,826,402	12,189,080
(s) Labour charges	121,975,043	110,255,745
(t) Provision for doubtful debts	106,019	-
(u) Loss on sale of property, plant and equipment (net)	184,833	-
(v) Miscellaneous expenses	25,439,775	32,999,448
	971,185,963	774,055,011
Note:		
(i) Auditors' remuneration comprises:		
a. Statutory audit fee	1,391,250	1,325,000
b. Tax audit fee	210,000	200,000
c. Reimbursement of expenses	102,380	140,320
d. Goods and Services Tax on Reimbursement	18,428	25,258
	1,722,058	1,690,578

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

	As at 31 March 2020	As at 31 March 2019
28. Contingent liabilities and commitments (to the extent not provided for) Contingent Liabilities		
(1) Claims against the Company not acknowledged as debts: Disputed demands - Income Tax	28,552,642	28,552,642

29. In respect of the year ended 31st March, 2020, the directors in their meeting dated 28th July 2020 have proposed a final dividend of Rs. 2,59,40,824/- (Rs.8 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.

30. The Company has received share application money of Rs. 74,488,050 towards equity shares, against which allotment has been made at the Board meeting held on 27 May, 2020 and 30 June, 2020.

31. Employee benefit plans:

Defined-Contribution Plans

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

The Company has recognised Rs. 12,764,108/- (previous year Rs.11,429,469) 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.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

(In Rupees)

	As at 31 March 2020	As at 31 March 2019
i. Change in defined benefit obligation as on		
Present value of obligation at the beginning of the year	20,637,671	18,077,336
Interest expense	1,511,801	1,342,372
Past service cost	(163,664)	-
Current service cost	4,790,125	4,524,163
Benefit Paid	(1,545,622)	(2,532,296)
Actuarial (gain)/loss	3,407,686	(773,904)
Present value of obligations at the end of the year	28,637,997	20,637,671
ii. Fair value of plan assets as on		
Fair value of plan assets at the beginning of the year	20,554,958	16,806,429
Expected return on plan assets	1,688,696	1,463,657
Actuarial gains/(losses)	(410,533)	(419,539)
Contribution during the year	5,271,710	2,704,411
Benefit Paid	(678,787)	-
Fair value of plan assets at the end of the year	26,426,044	20,554,958

The scheme is funded through LIC.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March 2020	As at 31 March 2019
iii. Amount recognised in the Balance Sheet as on		
Present value of defined benefit obligations	28,637,997	20,637,671
Fair value of plan assets	26,426,044	20,554,958
Net liability/(asset) recognised in the balance sheet	2,211,953	82,713
iv. Expenses recognised in the Statement of Profit and Loss for the year ended		
Interest expense	1,511,801	1,342,372
Past service cost	(163,664)	2,127
Current service costs	4,790,125	4,524,163
Expected return on plan assets	(1,688,696)	(1,463,657)
Net actuarial (gain)/loss recognized during the year	3,818,219	(354,365)
Expenses recognized in the Statement of Profit and Loss	8,267,785	4,050,640
v. Balance Sheet reconciliation		
Present value of obligation at the beginning of the year	20,637,671	18,077,336
Fair value of plan assets at the beginning of the year	20,554,958	16,808,556
Net liability/(asset) at the beginning of the year	82,713	1,268,780

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March 2020	As at 31 March 2019
Expenses as above	8,267,785	4,050,640
Contributions	(5,271,710)	(2,704,411)
Benefits paid directly by the Company	(866,835)	(2,532,296)
Net liability/(asset) at the end of the year	2,211,953	82,713

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

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

vii. Estimated contribution to gratuity fund during the next financial year is Rs.5,596,913/-

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.

	As at 31 March 2020	As at 31 March 2019
viii. Principal actuarial assumptions		
Discount rate	6.55% P.A.	7.65% P.A.
Expected salary escalations	10% P.A.	10% P.A.
Expected return on plan assets	6.55% P.A.	7.65% P.A.
Mortality table used	IALM (2012-14)	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.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

ix.

(In Rupees)

Experience adjustments as on	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Present value of DBO	28,637,997	20,637,671	18,077,336	14,399,203	9,723,763
Fair value of plan assets	26,426,044	20,554,958	16,806,429	15,626,448	14,522,967
Funded status	(2,211,953)	(82,713)	(1,270,907)	1,227,245	4,799,204
Gain/(loss) on obligations	(3,407,686)	773,904	597,126	(848,065)	(1,640,778)
Gain/(loss) on plan assets	(410,533)	(419,539)	(204,030)	(210,144)	-

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

Actuarial assumptions used for valuation of liability for compensated absences is same as viii above.

32. 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. 38,040,685 (previous year Rs. 40,598,715) 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.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

33. Earnings per Equity Share

Particulars	Unit	As at 31 March, 2020	As at 31 March, 2019
Net profit after tax	Rupees	68,050,708	195,464,189
Weighted average number of equity shares outstanding during the year	Numbers	3,534,853	3,109,538
Nominal Value of Equity Shares	Rupees	100.00	100.00
Basic Earnings per Share	Rupees	19.25	62.86
Effect of allotment against share application money	Numbers	58,342	45
Equity shares used to compute diluted earnings per share	Numbers	3,593,195	3,109,583
Diluted Earnings per Share	Rupees	18.94	62.86

34. Details of Government grants

Details of grants received from NDDDB and its utilisation is as under:

(In Rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Capital grants (for purchase of property, plant and equipment)		
(i) Opening Balance	3,608,274	10,090,198
(ii) Received during the year	-	1,816,599
(iii) Less: utilised during the year		
- For property, plant and equipment.	1,237,274	490,591
(iv) Less: Amount repaid during the year	2,371,000	7,807,932
(v) Balance carried forward	-	3,608,274

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
(b) Revenue grant		
(i) Opening Balance	6,790,394	15,386,017
(ii) Received during the year	1,407,967	59,261,394
(iii) Less: utilised/adjusted during the year	4,594,975	67,857,017
(iv) Less: Amount repaid during the year	3,603,386	-
(v) Balance carried forward	-	6,790,394

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)

35. 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
(In Rupees)		
Managerial remuneration:		
Yogeshkumar M Patel	5,569,812	5,569,812
	(4,924,131)	(4,924,131)

Figures in brackets represent previous year figures

36. 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.

37. Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

(In Rupees)

Particulars	As at 31 March, 2020	As at 31 March, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	17,597,585	14,392,136
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

- 38.** On September 20, 2019, the Government of India vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Income tax at reduced rate of 22 % effective April 1, 2019 subject to certain conditions. The tax expenses for the year ended March 31, 2020 have been provided for at reduced tax rate.
- 39.** The Ministry of home affairs vide order No.40-3/2020 dated 24.03.2020 declared the Company's business of trading of milk and other dairy products as an essential service. Hence, dairy industry in which the Company operates is among the businesses that are not significantly impacted due to COVID-19. The Company believes that thus far,

there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the company is not expecting any significant change in estimates as of now as the company is running its business and operations as usual without any major disruptions.

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

For and on behalf of the Board of Directors

Mahendrasinh Jadeja
Director

Rambhai Ram
Director

Yogesh M. Patel
Chief Executive

Sanjay Talati
Company Secretary

Jaysukh Solanki
Managar - Acc. & Fin.

Place: Rajkot

Date: 28, July, 2020

MAAHI MILK PRODUCER COMPANY LIMITED

Minutes of the last year General Meeting

MINUTES OF THE 8TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MAAHI MILK PRODUCER COMPANY LIMITED HELD ON TUESDAY, THE 10TH DAY OF SEPTEMBER 2019, AT 11:00 A.M., AT SHREE ATAL BIHARI VAJPAYEE AUDITORIUM, AT PEDAK MAIN ROAD, OPP. "B" DIVISION POLICE STATION, ARYA NAGAR, RAJKOT - GUJARAT 360005.

Present:

Board of Directors

- 1) Shri Mahendrasinh Jadeja : Chairman & Shareholder
- 2) Shri Gopalbhai Varotra : Director & Shareholder
- 3) Shri Rambhai Ukabhai Ram : Director & Shareholder
- 4) Shri Mathurbhai Raiyani : Director & Shareholder
- 5) Shri Lalabhai Algotar : Director & Shareholder
- 6) Shri Aniruddhbhai Khuman : Director & Shareholder
- 7) Smt. Ramilaben Patel : Director & Shareholder
- 8) Smt. Shobhanaben Patoriya : Director & Shareholder
- 9) Shri Vishwaskumar Dodiya : Director & Shareholder
- 10) Shri Mahendrasinh Goletar : Director & Shareholder
- 11) Shri Nagabhai Odedara : Director & Shareholder
- 12) Dr. Omveer Singh : Expert Director
- 13) Shri Sriram Singh : Expert Director
- 14) Prof. Madhavi Mehta : Expert Director
- 15) Shri Y. M. Patel : Chief Executive & Director

Company Secretary

Shri Sanjay Talati

Members

- In Person : 493 members in person holding 31,604 Shares
 Through Proxy : 177 Proxies representing 48895 Members holding 21,01,055 Shares

In total, 49,388 members i.e. 45.05% of the total members in person and by proxies were present.

Chairman:

Shri Mahendrasinh Jadeja, took the Chair. The Chairman announced that the requisite quorum, being present, the meeting was called to the order.

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

The Chairman gave warm welcomed to the Members and Directors to the Eighth Annual General Meeting (AGM) of the Company. He informed the members that a Company has booked a turnover of Rs. 1459.76 Cr and Profit Before Tax of Rs. 30.56 Cr. for the year 2018-19. He congratulated to all the members for this remarkable achievements.

He informed to the members that Company's intention is to uplift the socio-economic status of the poor and marginal farmers of Saurashtra and Kutch region of Gujarat. In the last year, there was scanty rains in various districts of our operation and there arose a shortage of fodder. In spite of this, members have poured 10% more milk during the period of April-June-2018 as compared to the last year. In order to help the members for getting feed for their animals, Company had declared subsidy @100/- per bag of cattle feed. During the year, there is good rain in overall Gujarat and hence, he expect that there would more production of milk and members of the Company would pour more milk during the current year. He informed that Company has during the short span of seven years, build an image in the market for the better quality of milk and milk products.

He informed to the members that in order to get more crops, farmers are making indiscriminate use of chemical fertilizers and pesticides, because of which the fertility of soil is decreasing and soil is becoming infertile. This is a threat to the environment and to humankind. Instead, he advised to the members that we should use compost and organic fertilizer.

Lastly, he thanked to all the members, sahayaks, employees, distributors and retailers, bankers, NDDDB, Mother Dairy, NDDDB Dairy Services and all those directly and indirectly associated with the Company for their contribution.

Thereafter, Shri Y.M. Patel, the Chief Executive of the Company, welcomed and addressed the members' present. He commenced with the say that "when the going gets tough, the tough gets going". It is the toughness in DNA of Maahi with strong commitment to its core values have sustained desirable results regardless of unlimited challenges in the preceding years.

He stated that, in every organization, a time comes, when to visualize the big leap, stage wise capabilities are to be developed by acquiring innovations, technologies and peoples.

He informed to the membrs that over the period of time, at the operational paradigms, Maahi have performed exceptionally well by maneuvering milk procurement cost of high impact areas to its optimum levels by adopting cutting edge technologies in the milk procurement and associated functions which have created value for all the stakeholders, at the same time Maahi has also encountered stiff competition in the markets which demanded speedier, meaner and faster delivery of products and services, this has revolutionized the need of having an own manufacturing facilities to enhance the quality of products made with consumer centrist approach.

He stated that during the year 2018- 2019, by keeping the above objective as long term vision, after the alacritous efforts, the Animal Feed and Manufacturing Unit based at Khandheri (Rajkot) was taken over from NDDDB on lease which has performed exceptionally well during the year at the operational front and developed its niche capabilities in animal feed product innovation.

He added that a chosen initiative were also taken to serve the global and national health objectives by adopting milk fortification with vitamin A & D milk product range which have fulfilled the micronutrients deficiency of millions of consumers.

Lastly, he expressed his sincere thanks and gratitude to all the members and stakeholders for their persistent support even during the testing times, He feel honoured to state that, with the direction, continual guidance and timely decision by the Board of Directors of the Company, Maahi have unremittingly outpaced all its challenges by converting them into its accomplishments and will keep on touching the Everest of successes in the year to come.

Thereafter, with the unanimous consent of the Members present, the Notice convening 8th 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, on the advice of the Chairman, Shri Sanjay Talati, Company Secretary, took up the items of Agenda of the meeting as set out in the Notice of 8th AGM of the Company.

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2019 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 Shri Mahendrasinh Jadeja (Folio no. : 0022882) belonging to Class – A proposed the following resolution as an Ordinary Resolution:

Resolution No.: 8th AGM:10.09.19:1/2019-20

“RESOLVED THAT, the audited Balance Sheet as at 31st March 2019 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.”

Shri Pravinbhai Popatbhai Jadav (Folio no. 0141573) belonging to Class- C seconded the resolution.

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. 8/- per equity share of Rs.100/- each for the financial year ended on 31st March, 2019.

2.1 Shri Mathurbhai Raiyani (Folio No: 0098142) belonging to Class – C proposed the following resolution as an Ordinary Resolution:-

Resolution No.: 8th AGM:10.09.19:2/2019-20

“RESOLVED THAT, the limited return (dividend) on share capital of the Company at the rate of Rs.8 per equity share, out of the current profits of the Company for the year ended 31st March 2019, on 34,72,021 equity shares of Rs.100 each fully paid up absorbing Rs. 3,34,85,643/- (inclusive of Rs.57,09,475/- as Dividend Distribution Tax) for the FY 2018-19, 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 2019.”

Shri Arsi Ranmal Der (Folio no. 027850) belonging to Class – C

seconded the resolution.

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

3. To appoint a director in place of Shri Mahendrasingh Jadeja (DIN: 07566111), representing “Class-A” on the Board of Directors, retires by rotation and being eligible offers himself for re-appointment.

3.1 As Shri Mahendrasingh Jadeja being interested in the agenda he rescued himself from chairing this agenda and with the consent of the board, Shri Rambhai Ukabhai Ram occupied the chair for this agenda.

Shri Pareshbhai Hiralal Ramani (Folio No: 0126383) belonging to Class – A proposed the following resolution as an Ordinary Resolution:

Resolution No.: 8th AGM:10.09.19:3/2019-20

“RESOLVED THAT, Shri Mahendrasingh Jadeja (DIN: 07566111), representing “Class-A” on the Board of Directors, who retires by rotation and in terms of Article 9.6(iii) of Articles of Association of the Company, being eligible offer himself for re-appointment, be and is hereby re-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).”

Shri. Ranchhodbhai Bhikhabhai Rojarsara (Folio no. 0163466) belonging to Class – A seconded the resolution.

The Chairman informed that only members belonging to Class “A” 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.

Shri Rambhai Ukabhai Ram congratulated Shri Mahendrasingh Jadeja for being re-appointed as director.

4. To appoint a director in place of Shri Lalabhai Algotar (DIN: 07566162), representing “Class-B” on the Board of Directors, retires by rotation and being eligible offers herself for re-appointment.

4.1 Shri Mahendrasingh Jadeja occupied the chair again.

Shri Vikrambhai Kanubhai Sarla (Folio No: 0164163) belonging to Class – B proposed the following resolution as an Ordinary Resolution.

Resolution No.: 8th AGM:10.09.19:4/2019-20

“RESOLVED THAT, Shri Lalabhai Algotar (DIN: 07566162) 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, being eligible offer herself for re-appointment, be and is hereby re-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).

Shri. Rajabhai Govindbhai Baraiya (Folio no. 0109468) belonging to Class – B seconded the resolution.

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. To appoint the Statutory Auditors and to fix their remuneration.

5.1 Shri Kalubhai Arjanbhai Gohil (Folio No: 0017053) belonging to Class – C proposed the following resolution as an Ordinary Resolution:

Resolution No.: 8th AGM:10.09.19:5/2019-20

“RESOLVED THAT pursuant to the provisions of Sections 224 of the Companies Act, 1956/Sec. 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, M/s. S. B. Billimoria & Co., Chartered Accountants, Gurugram, (Firm Registration No. 101496W), on the recommendation of the Board at its 51st meeting held on 25th July, 2019, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 8th Annual General Meeting till the conclusion of the 9th Annual General Meeting of the Company, at a remuneration of Rs. 13,91,250 (Rupees Thirteen Lacs Ninety One Thousand Two Hundred Fifty Only) plus applicable GST tax and reimbursement of travelling and out of pocket expenses incurred by the Auditors for the purpose of audit.”

Shri. Nathabhai Gigabhai Karavadra (Folio no. 0148701) belonging to Class – C seconded the resolution.

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

6. To Consider and approve the Budget, of the Company for the Financial Year 2019-20.

6.1 Shri Bharatbhai Govindbhai Chavada (Folio No: 0150002) belonging to Class – C proposed the following resolution as an Ordinary Resolution:

Resolution No.: 8th AGM:10.09.19:6/2019-20

“RESOLVED THAT, the Budget of the Company for the financial year 2019-20, as placed before the meeting, be and is hereby approved.”

Shri Ashok Gangadas Patel (Folio no. 0126798) belonging to Class – C seconded the resolution.

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

7. Appointment of Shri Goganbhai Arshibhai Kandoriya as a Director.

7.1 Shri Vajasi Meraman Gojiya (Folio No: 0041407) belonging to Class – B proposed the following resolution as an Ordinary Resolution:

Resolution No.: 8th AGM:10.09.19:7/2019-20

“RESOLVED THAT, Shri Gopalbhai Varotra (DIN: 05198510), the Director of the company representing Class-A, who retires by rotation and not being eligible for re-appointment in terms of Article 9.6 iii, shall retire at the ensuing 8th AGM and in his place, election/appointment of Shri Goganbhai Arshibhai Kandoriya (DIN: 08517743)- 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.”

Shri. Jivabhai Bachubhai Odedara (Folio no. 0122998) belonging to Class – B seconded the resolution.

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.

8. Vote of Thanks:

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

Time of Commencement of Meeting	:	10.00 a.m.
Time of Conclusion of Meeting	:	11.30 a.m.
Minutes of Meeting entered on	:	01.10.2019

Date: 04.10.2019

Chairman

Place : Kadiya Nana (Kutch)

MAAHI MILK PRODUCER COMPANY LIMITED

BUDGET FOR FINANCIAL YEAR 2020-21

(A) Financial Budget

Particulars	Rs. (Lacs)
Income:	
(a) Total Income	147,678.99
Expenses:	
Variable Expenses	143,304.08
Sales & Distribution Expenses	719.33
Fixed Expenses	3,373.53
(b) Total Expense	147,396.94
(c) Profit Before Tax (a-b)	282.05
(d) Corporate Tax	70.99
(e) Profit After Tax (c-d)	211.06

(B) Capitalised Budget

No.	Particulars	(Rs. in Lacs)
(a)	Field Assets	1,948.44
(b)	Office Assets	445.98
(c)	Total (a+b)	2,394.41

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 Ninth Annual General Meeting of the Members of MAAHI MILK PRODUCER COMPANY LIMITED., will be held on Thursday, 3rd December, 2020 at 10.00 a.m. at Sayaji Hotel, Vrundavan Society Main Road, Near Pradhyuman Geencity Towar, Kalawad Road, Rajkot-360005, Gujarat to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Balance Sheet as at 31st March, 2020 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. 8/- per equity share of Rs.100/- each for the financial year ended on 31st March, 2020.
- (3) To appoint a director in place of Shri Vishwaskumar Ramsingbhai Dodiya (DIN: 07885716), representing “Class-“C” 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 Shri Mathur Rambhai Raiyani (DIN: 07566166), representing “Class-“C” on the Board of Directors, who retires by rotation and being eligible offers himself 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., Gurugram (Firm Registration No.:101496W), be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 9th Annual General Meeting till the conclusion of the 10th Annual General Meeting of the Company, at a remuneration of Rs. 15,30,375 (Rupees Fifteen Lacs Thirty Thousand Three hundred

Seventy Five 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 2020-21.

Special Business:

7. **APPOINTMENT OF SHRI ARVINDBHAI LAKHMANBHAI MAKVANA 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, Shri Aniruddhbhai Khuman (DIN: 07572201), the Director of the company falling in “No Class” category do not now represent Class-C and is not eligible for re-appointment, shall retire at the ensuing 9th AGM and in his place, election/appointment of Shri Arvindbhai Lakhmanbhai Makvana (DIN:08915484) - representing Class-C 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. **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 Sec. 581-I, 581-ZQ, 581-ZR and other applicable provisions of Part IX-A of the Companies Act, 1956 including Sec. 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), Articles of the Company be and are hereby altered in the manner and to the extent following:

- (i) The existing Article 9.6 ii be altered and replaced with the following article:

Any vacancy on the Board to be filled at the Annual General Meeting shall be based on the recommendation of the Nominating Committee appointed by the Board.

- (ii) The existing Article 11.6 (i)(c) be altered and replaced with the following article:

No person shall be appointed a proxy unless he is a Member and a member appointed as proxy shall act on behalf of such member or number of members not exceeding three hundred and holding in the aggregate not more than ten percent of the share capital of the company.

By order of the Board of Directors

Date: October 27, 2020

Sanjay Talati

Place: Rajkot

(Company Secretary)

NOTES:

1. THE COMPANY HAS TO ENSURE ABIDING BY ALL THE COVID-19 RELATED GUIDELINES ISSUED BY THE AUTHORITIES. HENCE, ALL MEMBERS WHO WISH TO ATTEND THE ANNUAL GENERAL MEETING (AGM) HAS TO COMPLY WITH COVID-19 RELATED GUIDELINES LIKE WEARING FACE MASK, UNDERGOING THE THERMAL SCANNING, SANITIZING AND OTHER NECESSARY FORMALITY CHECK PASS THE AT THE ENTRANCE GATE OF THE AGM VENUE.
2. 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.
3. 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 (2019-20).

4. 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) which has been modified/alterd at the 7th Annual General Meeting.
5. **Class Categorization of members and their entitlement to voting rights:**

At the close of financial year (2019-20) on 31st March, 2020, there were total 1,21,556 members on the roll (Register of Members) of the Company, whose class categorization, based on their patronage during F.Y. 2019-20, 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. 2019-20, there were 2989 members in Class-A, 9994 members in Class-B and 38,930 members in Class-C (aggregating to 51,913 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 8 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 8698 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. 2019-20. 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), however, they can vote on other resolutions at Item nos. 1, 2, and 5, 6 and 8 of the notice.
- c) A member who has not fulfilled the basic criteria of pouring milk for at least 200 days totaling to at least 500 liters in a previous

FY 2019-20, will not have voting right at the AGM. Thus, 60,945 members who did not pour milk for at least 200 days totalling to at least 500 litres in a previous financial year (2019-20), and hence, they lost their voting right and are not entitled vote on any resolution to be moved at this Annual General Meeting.

- d) A milk producer, who was a member as on 31st March, 2020, but whose membership has been cancelled post 31st March, 2020, will be entitled to dividend for F.Y. 2019-20, but shall not be entitled to any share/membership related rights, as he/she has ceased to be a member of the Company. Accordingly, out of the total 1,21,556 members, on the register of members, as on 31st March, 2020 membership of 27,060 members have been cancelled post 31st March, 2020, hence, such 27,060 members will not be entitled to attend and vote at AGM, although they will be entitled to get dividend (Limited Return) for FY 2019-20, if declared by the AGM.
- (e) A new member, who was admitted as member of the Company post 31st March, 2020, can attend the AGM, but is not entitled to dividend for F.Y. 2019-20 nor have voting right at ensuing AGM. Accordingly, after the close of the of Financial Year on 31st March, 2020 and till the date of this notice, 562 new members were admitted, who will not be entitled to get dividend (if declared) for FY 2019-20 nor have a voting right at ensuing AGM. However, they can attend the AGM.
- (f) MPP (Milk Pooling Point) wise list of aforesaid members are available at respective MPPs and will be available at AGM Venue.
- (g) 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.

- 6. 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, 2020 and Profit and Loss Account for the financial year ended 31st March 2020 together with Reports of the Board of Directors and Auditors thereon and the Minutes of the previous AGM held on 10th September, 2019 are annexed herewith. Budget for F.Y. 2020-21 is also enclosed.

7. 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.
8. 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.
9. Members are requested to quote the folio numbers and their Member code in all their correspondence.
10. The Explanatory Statement setting out all material facts in respect of Item nos. 7 and 8 of the accompanying notice is attached herewith.
11. 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).
12. 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, 2020.

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.

13. Members are requested to notify immediately any change in their addresses with PIN Code to the Company.
14. 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.

15. Members who are holding shares under more than one folios are requested to send an application to the Company to consolidate their holdings into one folio.
16. 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 respectively

1. Shri Vishwaskumar Ramsingbhai Dodiya (DIN: 07885716) (representing Class-C Member) has done M.A. He is engaged in Agriculture and Dairy Farming.
2. Shri Mathurbhai Rambhai Raiyani (DIN: 07566166) (representing Class-C Member) is B.Ed. (Bachelor in Education). He is engaged in Agriculture and Dairy Farming.
3. Shri Arvindbhai Makwana (DIN: 08915484) (representing Class-C Member) is HSC. He is engaged in Agriculture and Dairy Farming.

Explanatory Statement:

(for item no. 7 and 8 of the accompanying notice dtd. 27.10.2020)

Item no. 7

Shri Aniruddhbhai Khuman (DIN: 07572201), the Director of the company falling in “No Class” category do not now represent Class-C and is not eligible for re-appointment, shall retire at the ensuing 9th AGM. Board recommends election/appointment of Shri Arvindbhai Lakhmanbhai Makvana (DIN: 08915484) - representing Class-C of the members of the Company.

Arvindbhai Lakhmanbhai Makvana (DIN 08915484) representing Class – C, 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.

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 Ordinary resolution as set out in Item no. 7 of the accompanying notice for the approval of members.

Item no. 8

Article 9.6 i and 9.6 ii of the Articles of Association of the Company provides that:

9.6 i One fourth of the 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.

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

Article 9.7 of the Articles of Association of the Company provides that the Board may co-opt Additional Director who shall hold office till the next Annual General Meeting of the Company or for a shorter period as decided by the Board at the time of appointment.

However, Article 9.6(i) and 9.6(ii) is not explicitly / clearly stating whether the additional director also needs to be recommended by the Nomination Committee.

Hence, in order to bring better clarity in understanding and administering the provisions of Articles in line with the applicable provisions of law implemented and amended from time to time, proposed alterations detailed in the special resolution is recommended.

Further, the provisions of Producer Company has been incorporated through Companies (Amendment) Act, 2020 in Chapter XXIA ('the Chapter') of the Companies Act, 2013. The provisions shall be applicable after notification issued by the Ministry of Corporate Affairs. The said Chapter has not specified any provisions related to the proxy and as the Companies Act, 1956 has been completely repealed, we need to take the reference of Companies Act, 2013 and Notifications, Circulars and Rules issued thereunder (collectively referred as 'the Act') for the various compliances related matters.

The fourth proviso of section 105(1) of the Act read as under:

A person appointed as proxy shall act on behalf of such member or number of members not exceeding fifty and such number of shares as may be prescribed.

Rule 19(2) of Companies (Management and Administration) Rules, 2014 reads as under:

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights:

Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

Further, pursuant to the power conferred under clauses (a) and (b) of sub-section (1) of section 462 and in pursuance of sub-section (2) of section 462 of the Act, the Central Government, in the interest of public issued notification no. G.S.R. 464(E) dated the 5th June, 2015 exempted Private Limited Companies from various provisions of the Act. The above referred Notification provides that Sec. 101 to 107 and 109 shall apply (Sec. 105 of the Act relating to provisions of proxies) unless otherwise specified in respective sections or the Articles of the Company provides otherwise.

Further, as per the section 378ZR read with 378C (5) of the Companies (Amendment) Act, 2020, Producer Company shall be considered as Private Limited Company and all the limitations, restrictions and provisions of the Act, other than those specified in the Chapter, applicable to a Private Company, shall, as far as may be, apply to a Producer Company, as if it is a Private Limited Company under the Act in so far as they are not in conflict with the provisions of the Chapter.

Presently, the Article of the company has not provided in detail provisions of the Proxies. So considering the provisions of the Act, Rules framed thereunder and exemption notification above referred, for the better clarity, it is advisable to amend the Articles of Association inserting the specific provisions related to the proxies.

None of the Directors/Officers of the Company or their relatives is in, anyway, interested or concerned in the resolution.

The Board of Directors recommends the Special Resolution as set out in Item no. 8 of the accompanying notice for the approval of the members.

By order of the Board of Directors

Date: October 27, 2020

Place: Rajkot

Sanjay Talati
(Company Secretary)



Maahi Product



Maahi Milk



Maahi Butter Milk | Curd



Maahi Flavoured Milk



Maahi Paneer



Maahi Sweets



Maahi Ghee



Maahi Premium Cow Ghee



Maahi Cow Ghee



Maahi Cattle Feed



Maahi Skimmed Milk Powder

Maahi Milk Producer Company Limited

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MAAHI MILK PRODUCER COMPANY LIMITED

Regd. 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