



Maahi

Annual Report
2015-16



MAAHI MILK PRODUCER COMPANY LIMITED

MAAHI MILK PRODUCER COMPANY LIMITED

(CIN: U01403GJ2012PTC070646)

ANNUAL REPORT 2015-16

BOARD OF DIRECTORS (As on July 4, 2016)

Shri Gopalbhai Varotra	-	Chairman
Shri Vajesinh Chudasama	-	Director
Shri Ramde Modhwadiya	-	Director
Shri Meraman Zala	-	Director
Shri Parbatbhai Suvagiya	-	Director
Shri Hamir Raja Karavadra	-	Director
Shri Rudra Dave	-	Director
Shri Vijubha Gohil	-	Director
Smt. Ramilaben Patel	-	Director
Shri Rambhai Ukabhai Ram	-	Director
Shri Sriram Singh	-	Expert Director
Prof. Madhavi Mehta	-	Expert Director
Dr. Omveer Singh	-	Expert Director
Shri Harshadkumar R. Joshi	-	Chief Executive & Director

CHIEF FINANCIAL OFFICER

Shri Ramchandran R. Iyer

COMPANY SECRETARY

Shri. Sanjay Talati

AUDITORS

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

BANKERS

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

REGISTERED OFFICE:

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

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DIRECTORS' REPORT

TO THE MEMBERS OF MAAHI MILK PRODUCER COMPANY LIMITED

The Directors of the Company have pleasure in presenting the Fourth Annual Report alongwith the audited financial statements of Maahi Milk Producer Company Limited for the financial year ended March 31, 2016.

Financial Results

(Rs. in Crore)

Particulars	2015-16	2014-15
Total Revenue	1014.59	985.80
Total Expenses	991.87	965.71
Profit Before Tax	22.72	20.09
Tax Expense	7.95	7.30
Net Profit After Tax	14.77	12.79
Limited Return (Dividend) [including tax on distribution of dividend]	3.24	3.16
Transfer to General Reserve	11.53	9.63

The above table reveals the financial performance and earnings of the company for the financial year ended March 31, 2016. During the year under report, our Company has scaled a turnover of Rs.1014.59 Crore as against Rs.985.80 Crore of previous year. Farther a company has booked profit before tax of Rs.22.72 Crore as against Rs.20.09 Crore for that of the previous year. The management of the company is planning to grow its business activities by geographical expansion and coming out with new products in the forthcoming year.

Limited Return (Dividend)

The Board has pleasure in recommending a Limited Return (Dividend) of Rs.10/- per equity share of the face value of Rs.100/- each for the financial year ended March 31, 2016. The dividend payment is subject to the approval of Members at the ensuing 5th Annual General Meeting, which will be paid to those Members whose names appear in the Register of Members as at the end of financial year on 31.03.2016.

The dividend @ Rs.10/- per equity share for the financial year 2015-16 will absorb Rs.3.24 Crore, including Dividend Distribution Tax of Rs.54.80 lacs.

Transfer to Reserve

In terms of relevant provisions of the Articles of Association of the Company read with Section 581ZI of the Companies Act 1956, the Board proposes to transfer an amount of Rs.11.53 Crore to the credit of General Reserve

Operations-Account and Finance Department:

1. ERP Implementation

The Company has implemented Integrated ERP with Zensar Technologies being the implementing partner in a record time of 11 months with the

support of all groups, especially IT group. Further the Accounts for the FY 2015-16 were finalized within 20 days (by 20th April 2016), post ERP implementation inspite of several challenges. Further milk payments of all 86000 plus members is now being processed and released through the ERP system.

2. Credit Rating

The Company had approached CARE for credit rating and after due process the Company has been given the (AA-) rating, which is a major achievement considering the Company had just completed two and half years of commercial operations at the time the rating process was carried out.

3. Working Capital

The company has managed to extend the working capital arrangement of Rs. 100 Cr with Yes Bank on the same terms and conditions.

4. Treasury operations:

The company has earned an Interest Income of Rs 656.68 lakh during the year against budgetted figure of Rs. 549.96 lakh for the same year. This has been possible through prudent fund management.

Milk Procurement

During the year under review, the milk acquisition operations of the company has been extended to 2296 milk collection centers (M. P. P. - Milk Pooling Point) of 2066 villages of eleven districts of Saurashtra and Kutch region of Gujarat and the company has acquired on an average 5, 72, 745 liters milk per day annually by regular acquisition of salable quality milk produced by all the milk producers associated with the company.

It is expected that the company will remain pioneer in maintaining the milk quality criteria by delivering higher quality fresh milk acquired from the members to the milk collection center in minimum time, thereby will contribute in improving financial viability of the members by selling the milk on higher price.

It is an immense pleasure to note that we succeeded in decreasing last year's 0.34% average sour milk up to 0.24% during the current year by various programmes organized by the company throughout the year such as modernization of chilling center and BMC, interaction with the members, required modifications in the time and vehicles of milk pulling route and providing training to all the associated personnel and officers of the company related to various associated aspects of the milk business.

The new technology has been used by establishing Instant Chiller at Kutiyana to improve the quality of the milk and to prevent the milk becoming sour in summer by which we have become able to decrease the electricity bill on a large scale and also enhance greatly in the milk chilling capacity.

Bhachau and Tera BMCs of Kutch district run by the company and Junagadh BMC of Junagadh district and newly made B.M.C. at Shapur has been shifted to new places having the ultra-modern facility.

Due to all above modifications, we have been able to decrease the percentage of sour milk notably and improve the time limit of preventing milk becoming sour.

We expect that the benefit of same will be helpful to provide financial compensation and to create the credit of the company in the market.

With the purpose of continuous improvement in the milk collection center at village level and in the daily working of the associate and with the purpose that he/she motivates to do regular improvement, in the current year also we have decided to do continuous and federal assessment of the milk collection center, and for which the assessment is done by keeping various aspects of development in mind and through which first 50% associates will be given certificates and financial incentives who have acquired higher position in the district.

Due to above working style and the associate becomes awareness regarding various aspects incorporated in the assessment, there are many good modifications are reported at large-scale in their daily dealing and working style and capacity improvement. Today we are able to deliver higher quality milk directly to the packaging plant situated at Surat, Bharuch and Chandrika just by chilling the milk and without processing it.

Currently year there is a planning to obtain ISO 9000-22000 certificate in our B.M.C. and leading milk collection centers in each district. We expect that we will be able to establish higher reputation in this milk business by obtaining this above mentioned certificate.

Sales & Marketing:

“Maahi” brand of products today extend to poly packed milk, butter milk, curd, cow and Buffalo ghee, Mithai, skimmed milk powder and white butter, in different pack sizes. It also includes new products such as Masala chass in 250ml Poly pack, cow milk in 500ml Polly pack and Cow Ghee in 200ml, 500ml and 1 liter jar packs.

SALES AT GLANCE:

Maahi Milk Products:

The Company continues to sell poly packed milk and butter milk in Gujarat. These products are now sold independently under the “Maahi” solo Brand. During the year under report, the sales of poly packed milk and butter milk were 3, 29, 000 LPD (avg.) and 55200 LPD (avg.) respectively, whereas sales of Dahi and Ghee was 473 MT and 1134 MT Annually. Commodity sales in terms of white butter was 553.96 MT, an initiative which was taken for disposal of excess fat.

In the direction of strengthening sales & distribution network, 75 new distributors, 1, 779 new retailers and 950 Maahi Shoppe were added during the year under report. To serve the customers efficiently, the Company has started processing of milk and butter milk through third party at Ahmedabad ensuring adequate supervision, quality checks and better logistic controls and service markets of Ahmedabad and North Gujarat Region.

New Products and Initiatives

The Company is constantly thriving to spread out its reach and product portfolio by adding new products. In this direction, during the year, the Company has for the first time successfully launched Maahi Masala chass in 250ml Polly pack,

"Maahi" Cow Milk in 500ml Poly pack and Maahi Cow Ghee in 200ml, 500ml and 1 litre Jar packing in the Gujrat region.

Maahi cow Milk and cow Ghee have got a respectable market response as Maahi cow milk is collected from Gir regions cows and the cow Ghee which is made from the same Milk. This unique positioning of both product is helping Maahi to boost sales of Cow Milk and Cow Ghee.

Maahi has also introduced new "Photo cell" design in milk Polly pouch with solo branding of Maahi. This initiative has improved the look and feel of the packaging and also brought uniformity across the packs and manufacturing units.

Way forward

All endeavours are being made to expand the presence of Maahi's products across Gujarat along with enlarging the Company's range of products. The Company foresees a big market potential in tapping new markets in the north, central and southern Gujarat. As part of this strategy "Maahi" has launched milk products in North Gujrat towns like Gandhinagar, Mahsana, Pratij etc.

As a part of the initiative to move closer to the customer, Maahi has established more than 950 Maahi Shoppe in Sarushtra, Kutch, Ahmedabad, Surat and Baroda markets in the FY 2015-16 to ensure product range availability at arm's length to the consumer.

The company would be adding more of such outlets in order to get closer to the customer and ensuring availability of all Maahi's products at MRP to the end consumer from dedicated "A" class retail outlets.

"Maahi" will be introducing a range of value added Dairy products as a part of its endeavour to increase its product portfolio and give the consumers the entire basket of products ensuring best value of their money spent and help the distributors retailers increase their returns.

Producer Institution Building:

During the year under report, the PIB department of the company has organized member awareness programmes at 240 MPPs for milk producer members spread over eleven districts of Saurashtra and Kutch region in which the members were given information regarding membership and the company, and also information on remain associated with the company actively and in rewarding way.

The Child Awareness programmes were organized by the PIB group in order to build awareness regarding milk, milk products and the activities of MPC (Maahi Milk Producer Company) among the school children and to make them understand the importance of co-operation, hygiene and dairy industry in the life. During the year under report, PIB officials had organized 32 child awareness programmes for 1260 children to provide knowledge with fun for the children of Primary/Secondary/Higher Secondary schools of MPP villages.

The PIB officials had organized 40 yuva programmes to encourage 1092 rural youth so that the youth can understand Animal Husbandry and Dairy Industry as an important source of regular income and to understand that how the company can be helpful for them to adopt Dairy and Animal Husbandry as a profession through various activities made available for milk producers.

During the year under report, the PIB department of the company had organized leadership development programmes for 39 members, in which the members were became aware about the vision, mission and value of MPC (Maahi Milk Producer Company) and they understood the importance of successful leadership through the team work at the rural level so that the awareness can be inculcated among the milk producers and they develop confidence towards MPC through the successful leadership.

The PIB department of the company had taken help of one NGO to organize milk producer awareness programme (Producer Awareness Programme) for 13, 313 milk producers, in which the milk producers were given details regarding the membership of the company and the company and they were encouraged to increase the base of the membership of the company.

The PIB department of the company had organized Women Awareness Programme for 5821 women with the co-operation of NGO, in which the women were encouraged to understand the important role of women in Animal Husbandry and Dairy Industries, the necessity of their partnership in the operation and administration of MPC (Maahi Milk Producer Company) and to understand the importance of self-care, health and mutual support, thus provided important contribution for women empowerment.

With the purpose to make milk producers understand the importance and necessity of quality of milk and hygienic milk production and the effect of adulteration on the quality of milk and loss due to adulteration, today Quality and Clean Milk Production Programme was organized for 12, 142 milk producers with the co-operation of NGO.

As having large scale memberships along with very large operation field and one level infrastructure company, Maahi MPC (Milk Producer Company) has thought to create informal groups known as VCG (Village Contact Groups) and MRG (Member Relation Groups) among the members to strengthen relation and bond between the members and to maintain effective two-way communication.

During the year under report, 1645 VCGs (Village Contact Group) with 10, 717 members and 156 MRGs (Member Relation Group) with 1641 members were created. For competency building of these members, 550 VCG training and 91 MRG training programmes were organized by the PIB officials.

To make members aware of the latest information of the company and services provided by the company to the members, during the year under report every MRG (Member Relation Group) conducted regular meeting. To deliver this information to every member, VCG meeting was also organized by this MRG. In this meeting, the company officials satisfactorily resolved the troubling questions of the members by remaining present personally and also published selected questions with their detailed answers in the magazine "Maahi Mitra" published by the company to make every member aware of the same.

With the purpose that every member remain informed of fulfilling of conditions related to the membership, MPP wise Notice Board containing details regarding quantity of milk supplied by the members, days of milk poured, information regarding patronage etc. has been put by the PIB department of the company

at every MPP so that maximum members can observe it and obtain maximum benefit by following the same.

Also, an SMS of amount of bill paid by the company is sent at the registered mobile number of those members at the end of every bill cycle who has registered their mobile numbers with the company and also the information related to the future scheme announced by the organization for the members is informed through phone call alert on their registered mobile numbers.

Aam Aadmi Insurance Scheme for members (of LIC)

The board has approved Group Life/Accident Cover Insurance Policy under insurance scheme known as "Aam Aadmi Insurance Scheme" of LIC for eligible members (having age of and up to 58 years) of the company, and accordingly, around 7100 members are covered under Group Policy of LIC of India by 1 April, 2016. During the year under report, claims of 3 members are also settled successfully.

Sub-Project Plan under NDP-I

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

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

All the above four plans are being implemented in company's operational districts viz., Amreli, Bhavnagar, Jamnagar, Junagadh, Kutch, Porbandar and Surendranagar. But as NDDB is already implementing AI (Artificial Insemination) programme in Bhavnagar district through Sabarmati Ashram Gaushala, the same is excluded.

Ration Balancing Programme

Under this programme, with the help of experts, milk producers are provided with animal nutrition advisory services and guidance and because of which milk producers feed their animals an optimal ration using locally available feed material leading finally to increase in milk yield, reducing milk production cost.

Till the 31st March' 2016, the Company has hired and trained 1500 LRPs out of which 342 were women and implemented the plan in 2984 villages, in which 1, 83, 957 animals of 1, 51, 129 milk producers have been registered and were provided guidance for the ration balancing, working of the project has revealed that, there has been an increase in animal milk production leading to reduction in cost of milk production upto 18%. By the end of current year 2016-17, it is planned to provide services to registered members under RBP through active LRPs.

Fodder Development Programme

This programme focuses on increasing the availability of fodder for livestock and the use of superior seeds of improved and high yielding varieties to increase

the productivity of fodder crops and use of technologies for optimal use of available green and dry fodder throughout the year.

During the year under report, the Company has given subsidy on 142 mts of fodder seed in 382 villages to 1250 milk producers. Company has successfully completed 50 silage demonstrations for fodder conversion during the year in 50 villages and 50 milk producers have taken benefit of this activity. By the end of current year, it is planned to distribute 100 MT of improved fodder seeds to 4, 000 milk producers of 1, 000 villages.

Pilot Model for Viable AI Delivery (Artificial Insemination)

The objective of this project is to develop self-sustained model for providing superior quality AI (Artificial Insemination) services at farmer's doorstep. It is planned to increase productivity through producing superior progenies with better genetic potential thereby increasing production and reducing milk production cost. This project was worked out in consultation with NDDB-Dairy Services. It was proposed to start total 280 AI Centers manned by mobile AI Technician (MAIT) in the phased manner to cater to 2168 villages spread across 6 districts in Gujarat. A total of 11.58 lakh AIs will be performed in 6 year period starting with 0.05 lakh in first year and reaching 3.56 lakh AIs in 6th year. The company has till date hired and trained 280 MAITs (Mobile Artificial Insemination Technicians) and established 280 AI centers covering 2168 villages to carry out the activity of the project. During the year under report till date 1, 32, 624 AIs so far have been done with an achievement of 48 % conception rate on the base of pregnancy diagnosis done.

QUALITY ASSURANCE & MANUFACTURING

Quality at each level is the first and foremost value in Maahi. The quality journey in Maahi is regarded as a race without a finish line. As businesses grow and mature new benchmarks appear and new targets are set.

Making quality the basis of daily life, we need to think business on quality perspective - a task that is challenging, but not impossible. A small step towards that we are conducting extensive training programme at the field staffs of Procurement and Sales to improve awareness towards quality of raw milk and milk products. We have improved our quality system at the Bulk Milk Cooler and Chilling Centre level by providing new instrument for measuring the quality parameters.

In the year 2015-16, for better, smooth and timely service to the customers, and to further spread our wings at the North Gujarat Region, the Company has joined hands with its new associates at Mehsana. We are also exploring for new plants nearby Rajpipla, Bhavnagar and Surat to provide better service to the consumers as well for new products.

We have successfully developed and launched Masala Chaash, Cow Milk and Cow Ghee in the reporting year. We have associated M/s AVN Food Products, Rajkot for the manufacture of Cow Ghee.

IT :

The IT department is committed to delivering a strategic advantage to Maahi

by fostering creative and innovative use of technology to achieve the Maahi's objectives. The IT department promotes effective stewardship of information assets and provides a secure, highly reliable technology infrastructure along with high-quality services and support for member and customer, so as to meet the ever changing needs of members, customer and business.

For this goal, we had done MPLS connectivity to ensure that all BMC/ Plants are connected to central server for online transactions. Surveillance system had been implemented at all BMC and is monitored centrally from HO, Rajkot. To boost our sales, we had launched a online sales order booking program. Now our distributor are booking the order from the android based mobile phone. The orders are directly integrated with SAP ERP with no manual intervention.

Now, our members can view their milk collection detail and other services provided by maahi directly online by logging into [Http://member.maahimilk.com](http://member.maahimilk.com). This is exclusively for maahi members wherein they can see the past history of milk poured by them and current cycle data also.

Maahi has implemented SAP ERP. This has enabled Maahi to automize the process. Now member payment is done automatically with proper authorization through the central server. Apart from this SAP ERP entries for tanker movement, production of milk and milk products, Quality Analysis, Sales, marketing and Finance operations are done on day to day basis. This has laid down the systematic operations through system driven process. In turn, lot of data redundancy, human errors, duplication of work has been eradicated and has smoothen the process. We are committed to excel ourselves on day to day basis to ensure that we remain focussed on our goals and targets.

HUMAN RESOURCES DEVELOPMENT

From the very beginning the company has regarded its human resources as its most valuable and important asset. In order to manage its human resources properly MMPCL has developed value driven HR policies and procedures and implemented across all levels in the organization.

Within the span of three years MMPCL has been successful in bringing most of its HR processes automated by involving People, Process and Technology.

The HRMS is providing single window HR solution to the employees resulting minimum recourse to the employees and line managers.

There has been a special focus in bringning breakthrough changes in HR, with the help of automated PMS process performance appraisals has been conducted annually and high performers has been rewarded suitably.

There is concerted efforts are being made for attracting, developing and retaining the best talent by creating culture and environment, where employees can perform well and achieve the desired organizational goals.

The company is paying careful attention to the health of its staff, employees has been covered under various health mediclaim and accidental benefits, company is conducting annual medical check-ups for the employees under the statutory requirements related to food and Safety standards to avoid any non-compliances.

As part of strategic HR intervention, Hoshin Kanri process has been initiated for achieving organizational where process oriented approach adopted for aligning the company short term and term strategy by involving people driven participation.

MMPCL has been an organization to learn and grow, with a commitment toward values all our learning and development opportunities has been aligned to company's shared vision approach. To take this further various functional, technical and behavioral learning programs has been imparted across all level of employees. All the learning efforts has been made to enhance and upgrade skill, ability and attitude of the employees.

Leadership development programs has been conducted in the form of Workshop, Seminar and Conference for the future leaders of the company as well as existing leadership team.

Corporate Social Responsibility:

MMPCL has always been a responsible corporate citizen, fulfilling its role towards society and environment. The Company constantly undertakes various activities at its work location to fulfil the social objectives through its committed employees.

We strongly believe in safe work practices, protecting environment and have a comprehensive system in place for Quality, Health, Safety and Environment.

CSR activities are on-going at all times in various locations. An illustrative list of some of these efforts in the past are highlighted below:

1. Helping Underprivileged / Specially Abled Children
2. Blood Donation Camps
3. Motivation events for the Underprivileged children
4. Health Check Up for Women

Corporate Communication and Member Connect

In order to achieve objective of increasing awareness between the member and strengthening connection of member with MMPCL Values, Mission and Vision, MMPCL has been successful in launching Quarterly Magazine named "Maahi Mitra" which gives special attention in providing educational and value added information to members on advanced Animal Husbandry practices across the Globe. Articles related to Ration Balancing Program, Artificial Insemination and Fodder development has been very much successful in providing qualitative information to the members and indirectly contributing in transformation in Animal husbandry practices.

A section in the magazine has been specially focused on Answering member questions by the help of industry expert and qualified, experienced veterinary doctors.

BOARD OF DIRECTORS:

The Board meets periodically for the transactions of business of the Company and during the year under considerations the Board Meet Six times as follows:

Sr. no.	Date of Board Meeting	Venue
1.	13.05.2015	3 rd & 4 th Floor, Sakar Building, Opp. Rajkumar College, Dr. Radhakrishnan Road, Rajkot- 360001
2.	06.07.2015	"
3.	13.10.2015	"
4.	24.12.2015	"
5.	01.03.2016	"
6.	22.03.2016	"

During the year under report, the Board of Director of the Company have appointed Dr. Omveer Singh as an Expert director with effect from 13-05-2015 for period of two years. Dr Omveer Singh is a manging director of NDDB dairy services.

Further, tenure of Prof. Madhavi Mehta as an Expert Director expired on 30-12-2015 and board has reappointed her as an Expert Director for a period of two years.

Composition of Board of Directors:

Article 9.5 i of the Articles of Association of the Company Provides that the member of position on the board representing each class of member, to the extent possible, shall be based on patronage of the respective class. The criteria for categorizing member into three different classes viz., Class-A, Class-B and Class-C based on patronage were approved at the first AGM of the Company.

Based on the milk pouring pattern of members for the financial year 2015-16 and fulfilment and non-fulfilment of patronage criteria by the members, it has been found that 58.32% of the total members as on 31st March 2016 have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly out of this 58.32% of the total members, 9% comprised of Class-A, 26% comprised Class-B and 65% comprised Class-C. whereas, the proportionate percentages (%) of quantity of milk (patronage) supplied by the said Class-A, Class-B and Class-C of members amongst themselves were respectively 42%, 31% and 27% during FY 2015-16 Accordingly, the composition of the board providing for representation of each class of members on the Board of each Class of members comes to five directors of Class-A three directors of Class-B and three directors of Class-C respectively

In terms of Article 9.6 of the Article of Association of the Company, Shri Meraman Zala and Shri Rudra Dave representing Class-B and Shri Parbatbhai Suvagiya representing Classs-C will retire at the ensuing Annual General Meeting of the Company. As all the three retiring directors have completed their two terms to act as a Directors, they will be ineligible for re-appointment in terms of article 9.6.iii. The Board of Directors of the company on the basis of recommendation of Nominating Committee, recommend the appointment of Mr Lalabhai Algotar,

Mr Mathur Rambhai Raiyani and Mr Anirudhbhai Najkubhai Khuman respectively in place of retiring directors.

Shri. Gopalbhai Varotra, Shri Hamir Raja Karavadra, Shri Vajesinh Chudasama and Shri. Ramabhai Ukabhai Ram are four directors in Class – A. There is no retirement/ election in category of Class – A directors at the forthcoming AGM. However, one position in Class – A category is vacant which the Board recommend to fill by appointment of Mahendrasinh Mahipatsinh Jadeja representing Class-A on the basis of recommendation of Nominating Committee.

INSURANCE:

All the properties and insurable interest of the Company have been adequately insured.

INTERNAL FINANCIAL CONTROL

The Company has a well-placed, proper and adequate internal financial control system which ensures that all assets are safeguarded and protected and that the transactions are authorized, recorded and reported correctly. The Company's internal financial control system also comprises due compliances with Company's policies and Standard Operating Procedure which is supplemented by internal audit checks from Internal Auditors. The company has entrusted the internal audit function to be external firm of chartered accountants viz, M/s. Ernst & Young LLP, Chartered Accountants. The Internal Auditors independently evaluate the adequacy of internal control and concurrently audit the majority of the transaction in value terms. The Internal Audit of Account, is in compliance of the requirement of section 581ZF of the Companies Act, 1956.

Issuance of shares with premium

About four years have passed since the incorporation of the Company. The Company has commenced its business activities since March- 2013 and year by year within a short span of time the graph of sales turnover and profit is going up. More and more members are associated with the company keeping a trust and confidence on the management and transparency of the Company's business activities. There is a consistent rise in the Reserve Fund and net worth of the Company. In view of that, the book value of the Company's Equity shares has become quite high as compared to its face value, hence the Board has proposed to issue further shares at a premium.

To issue the shares at a premium, the Fair Market Value will be determined by a reputed firm of Chartered Accountants applying the recognised valuation method.

Cost Audit/Cost Compliance Report:

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

Share Capital, Membership & Voting Rights:

The paid up share capital of the company as at the close of the financial year ended on 31st March 2016 stood at Rs 26.92 crore while there were 88, 253 members appearing on the register of members of the company.

After the close of the financial year and up to the date of this report there was cancellation/surrender of membership and admission of new members and considering both an increase in number of members due to allotment of new membership as well as decrease in number of members due to cancellation/surrender of shares as aforesaid, the total number of members as on the date of this report stands at 87, 762, whereas the paid up share capital is Rs 25.04 crore.

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

Voting Rights and attendance at AGM:

Out of the total 88, 253 members as on 31st March 2016, only 45, 944 members have voting rights and the remaining 42, 309 members lost their voting right at AGM due to non-fulfilment of basic condition of supply of milk for at least 200 days totalling to at least 500 litres during the year (2015-16) under report. Out of the total 45, 944 members 157 members have surrendered their shares after the close of the financial year and up to the date of this report, hence effectively only 45, 787 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 2016, but whose membership have been cancelled post 31st March, 2016 will be entitled to dividend for financial year 2015-16 but shall not be entitled to any share/membership related right entitlement or benefit (including attendance & voting at AGM) post such cancellation as they have ceased to be the members of the company.

Similarly new members , who were admitted as members of the Company post March 31, 2016 will not be entitled to dividend for FY 2015-16 as well as voting right at ensuing AGM.

Training of Board Members:

During the period under report director where imparted training on the subject of leadership through policy management

Directors' Responsibility Statement

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

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

Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- d) the directors have prepared the annual accounts on a going concern basis.

AUDITORS:

M/s S.B. Billimoria & Co., Chartered Accountants, retires at this Annual General Meeting and being eligible, offer themselves, for reappointment. As required under the provisions of Sections 224 of the Companies Act, 1956/139(1) of the Companies Act, 2013, the company has received a written consent from M/s S.B. Billimoria & Co., Chartered Accountants, to their appointment and a certificate, to the effect that their re-appointment, if made, would be in accordance with the new Act and the Rules framed there under and that they satisfy the criteria provided in section- 141 of Companies Act, 2013. The Board recommends their appointment.

PERSONNEL:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Our company gives top priority to Energy Conservation. The efforts are directed to reduce the energy cost by focusing on energy saving through the best optimization of operations on a day to day basis. Information pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 2014, relating to the foregoing matters is given in the Annexure forming part of this report.

INDUSTRIAL RELATIONS:

During the year under review, overall industrial relations remained cordial. Your Directors place on record their appreciation for the continued support and co-operation of all the employees.

ACKNOWLEDGEMENT:

The Board places on record its deep appreciation for the co operation and continued support received by the Company from vendors, employees, Bankers and other Government bodies during the year under review.

We express our gratitude for the continuous support, encouragement and guidance received from Mother Dairy Fruit & Vegetable Private limited, National Dairy Development Board and NDDB Dairy Services.

For and on behalf of the Board of Directors
Gopalbhai Varotra

Rajkot, 4th July, 2016

Chairman

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, 2015 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 :

Company is committed for the conservation of energy and put an efforts 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 in the following manner:

- 1) Upgradation of refrigeration plant of Chalala Milk Chilling Centre has been completed during the year under review. The old refrigeration plant was operating manually and is replaced by automatic refrigeration plant based on F-22 refrigerant. This has resulted in reduction of electrical energy consumption by 25% to 30% approximately.
- 2) We have adopted LED lighting fittings instead of conventional Sodium Vapour/Mercury Vapour type fittings for lighting in the premises of Shapur Milk Chilling Centre. Saving in electrical energy is approx. 46 % and life of LED bulb is more by 4-5 times than that of Sodium Vapour bulb.
- 3) We have replaced Electric Geysers by installing Solar water heating system to meet hot water requirement of cleaning Milk cans, piping & storage Tanks at BMC Centers. Solar water heating system is operational at 30 BMC centers out of 49 BMC centers by now. This has reduced consumption of electrical energy, helps in maintaining quality of milk and is a sustainable cost saving measure. Solar Energy is Renewable Source of Energy and helps protect Environment.

(b) Additional investments & proposals for adopting renewable energy (Solar Heating Water System) at remaining BMC centers.

We plan to replace conventional lighting fittings around compound wall of BMC Centre by LED lighting fittings at 11 Locations in line with our efforts of energy conservation.

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

- Energy conservation measures have resulted in energy saving by approx. 25%- 30% & finally reduced cost of production.
- Reduced time of Milk reception has reduced milk sourage considerably.
- Improved quality of milk due to lower temperature.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in the Schedule 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	
			2015-2016	2014-2015
1.	(a) <i>Electricity Purchased</i>			
	Unit	KWH	38,71,290	36,39,654
	Total amount	Rupees	3,21,21,368	2,94,49,069
	Rate/Unit	Rs./KWH	8.2973	8.0911
	(b) <i>Own Generation</i>			
	i) <i>Through diesel generator</i>			
	Unit			
	Units per ltr. of diesel oil	KWH	2,45,634.94	2,78,616.34
	Cost / Unit	KWH	5.32	5.90
	ii) <i>Through steam turbine/generator</i>			
Units	N.A.	N.A.	N.A.	
Units per ltr. of diesel oil/gas Cost / Units				
2.	<i>Coal (specify quality and where used)</i>			
	Quantity (tonnes)	N. A.	N.A.	N. A.
	Total cost			
Average rate				
3.	<i>Furnace oil</i>			
	Quantity (K. Ltrs.)	-	N.A.	N. A.
	Total amount	Rs.		
Average rate	Rs./Ltrs			
4.	<i>Others/internal generation (CNG)</i>			
	Quantity	-	N.A.	N. A.
	Total cost	Rs.		
Rate/unit	Rs./sm3			

(B) Consumption per unit of production:

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

B. TECHNOLOGY ABSORPTION:

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAAHI MILK PRODUCER COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAAHI MILK PRODUCER COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards Specified under Section 133 of the Act, as applicable.

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

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial

control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 581ZG of the Part IXA of the Companies Act, 1956 (in terms of section 465 of the Companies Act, 2013, provisions of part IXA of the Companies Act are applicable to a producer company in a manner as if the Companies Act, 1956 has not been repealed), we give in the Annexure 2 a statement on the matters specified in that Section.
3. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

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

Jitendra Agarwal
Partner
(Membership No. 87104)

GURGAON, 24th May, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of maahi Milk Producer Company Limited ("the Company") as of March 31, 2016 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, 2016, 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)

Jitendra Agarwal
Partner
(Membership No. 87104)

GURGAON, 24th May, 2016

ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods. The Company's operations during the year do not give rise to any sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:

- a. The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any liability for Investor Education and Protection Fund, Customs Duty, Excise Duty and Wealth Tax.
- b. There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.
- c. Details of dues of Income-tax, which have not been deposited as on 31 March, 2016 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.)
Income Tax Act, 1961	Income Tax demand	Deputy Commissioner of Income tax (DCIT)	Financial year 2012-13	11,416,970
Income Tax Act, 1961	Income Tax demand	Deputy Commissioner of Income tax (DCIT)	Financial year 2013-14	44,225,832
Income Tax Act, 1961	Income Tax demand	Income tax Appellate Tribunal	Financial year 2014-15	24,852,348

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loan from financial institutions and it has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) The Company is a private company and hence the provisions of section 177 and section 188 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related

party transactions in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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

(Jitendra Agarwal)
Partner
(Membership No. 87104)

GURGAON, 24th May, 2016

ANNEXURE-2 TO THE INDEPENDENT AUDITORS' REPORT

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

- i. The amount of debts due from sale of goods and services are as disclosed in note 16 to the financial statements. According to the information and explanations given to us, no debts are considered as doubtful of recovery.
- ii. According to the information and explanations given to us, cash on hand as at year-end has been physically verified by the management and no discrepancies were noticed on such verification. According to the information and explanations given to us, the Company does not hold any investment securities.
- iii. The details of assets and liabilities as at 31 March, 2016 are as per the financial statements of the Company as at and for the year ended 31 March, 2016.
- iv. In our opinion and according to the information and explanations given to us, the Company has not done any transaction which appears to be contrary to the provisions of part IXA of the Companies Act, 1956.
- v. According to the information and explanations given to us, the Company has not granted any loan to its directors.
- vi. According to the information and explanations given to us, the Company has not given any donations or subscriptions during the year.

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

(Jitendra Agarwal)
Partner
(Membership No. 87104)

Gurgaon, 24th May, 2016

MAAHI MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2016

	Note No.	As at 31 March, 2016	As at 31 March, 2015
		Rupees	Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	26,91,86,700	26,22,24,300
(b) Reserves and surplus	4	21,85,76,510	10,32,84,884
		<u>48,77,63,210</u>	<u>36,55,09,184</u>
2. Share application money pending allotment			
		6,74,700	-
3. Deferred grant			
	5	14,95,14,422	9,11,47,515
4. Non - current liabilities			
(a) Deferred tax liabilities (net)	12	16,37,104	-
(b) Long - term provisions	6	77,63,739	1,33,55,900
		<u>94,00,843</u>	<u>1,33,55,900</u>
5. Current liabilities			
(a) Short - term borrowings	7	72,08,43,172	45,00,92,540
(b) Trade payables	8		
(i) Total outstanding dues of micro and small enterprises			
(ii) Total outstanding dues of creditors other than micro and small enterprises		54,60,52,971	61,88,86,690
(c) Other current liabilities	9	22,18,79,869	15,47,53,367
(d) Short - term provisions	10	3,23,98,678	8,19,24,235
		<u>152,11,74,690</u>	<u>130,56,56,832</u>
Total		<u>2,16,85,27,865</u>	<u>1,77,56,69,431</u>
B. ASSETS			
1. Non - current assets			
(a) Fixed assets			
(i) Tangible assets	11A	31,08,86,007	24,21,95,681
(ii) Intangible assets	11B	1,47,05,251	16,97,417
(iii) Capital work-in-progress		7,81,10,501	7,73,06,333
		<u>40,37,01,759</u>	<u>32,11,99,431</u>
(b) Deferred tax assets (net)	12	-	31,68,304
(c) Long - term loans and advances	13	2,39,30,466	40,49,636
(d) Other non-current assets	14	2,00,000	1,50,000
		<u>42,78,32,225</u>	<u>32,85,67,371</u>
2. Current assets			
(a) Inventories	15	23,24,13,859	14,36,70,598
(b) Trade receivables	16	44,72,90,090	69,49,179
(c) Cash and cash equivalents	17	1,03,43,62,586	1,28,72,97,657
(d) Short - term loans and advances	18	1,32,45,130	47,59,369
(e) Other current assets	19	1,33,83,974	44,25,257
		<u>1,74,06,95,639</u>	<u>1,44,71,02,060</u>
Total		<u>2,16,85,27,865</u>	<u>1,77,56,69,431</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.

Chartered Accountants

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

Jitendra Agarwal
Partner

Harshad Joshi
Chief Executive

R. R. Iyer
Chief Financial Officer

Place: Gurgaon
Date: 24 May, 2016

Place: Rajkot
Date: 24 May, 2016

Sanjay Talati
Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

	Note No.	Year ended 31 March, 2016	Year ended 31 March, 2015
		Rupees	Rupees
1. Revenue from operations	20	10,07,73,04,915	9,79,25,25,374
2. Other income	21	6,85,93,409	6,54,55,669
3. Total revenue (1+2)		10,14,58,98,324	9,85,79,81,043
4. EXPENSES			
(a) Cost of materials consumed	22	4,79,81,59,974	4,29,44,23,592
(b) Purchases of traded goods	23	4,10,61,99,173	4,44,45,44,047
(c) Changes in inventories of finished goods	24	(55,125,054)	2,33,32,308
(d) Employee benefits expense	25	15,41,79,711	13,14,05,184
(e) Finance costs	26	3,02,07,385	1,95,45,636
(f) Depreciation and amortization expense	11C	3,44,12,277	2,84,31,262
(g) Other expenses	27	85,06,69,146	71,54,11,634
Total expenses		9,91,87,02,612	9,65,70,93,663
5. Profit before tax (3-4)		22,71,95,712	20,08,87,380
6. Tax expense:			
(a) Current tax		7,47,00,000	7,14,00,000
(b) Deferred tax charge/(credit)		48,05,408	(2,070,185)
(c) Short/(Excess) provision for tax relating to previous year		-	36,81,339
Net tax expense		7,95,05,408	7,30,11,154
7. Profit for the year (5-6)		14,76,90,304	12,78,76,226
8. Earnings per equity share:	32		
(Nominal value Rs. 100 per share)			
(a) Basic		51.21	52.98
(b) Diluted		51.21	52.98

See accompanying notes forming part of the financial statements

In terms of our report attached

For S.B. BILLIMORIA & CO.

Chartered Accountants

Jitendra Agarwal

Partner

Place: Gurgaon

Date: 24 May, 2016

For and on behalf of the Board of Directors

Gopalbhai Varotra
Director

Harshad Joshi
Chief Executive

Place: Rajkot

Date: 24 May, 2016

Vajesinh Chudasama
Director

R. R. Iyer
Chief Financial Officer

Sanjay Talati

Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

	Year ended 31 March, 2016 Rupees	Year ended 31 March, 2015 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	22,71,95,712	20,08,87,380
Adjustments for :		
Finance costs	3,02,07,385	1,95,45,636
Interest income	(6,56,68,584)	(5,20,27,881)
Provision for employee benefits	(62,88,620)	90,97,551
Provision for doubtful debts	-	2,06,000
Profit on sale of fixed assets	(5,063)	-
Depreciation and amortization expense	3,44,12,277	2,84,31,262
Operating profit before working capital changes	2,19,85,31,07	20,61,39,948
Adjustments for movement in working capital:		
Decrease/(Increase) in inventories	(8,87,43,261)	(5,03,51,137)
Decrease/(Increase) in trade receivables	(44,03,40,911)	(44,77,009)
Decrease/(Increase) in long term loans and advances	(77,49,531)	(16,21,014)
Decrease/(Increase) in short term loans and advances	(84,85,761)	(21,73,433)
Decrease/(Increase) in other non-current assets	(50,000)	-
(Decrease)/Increase in trade payables	(7,28,33,718)	11,25,99,462
(Decrease)/Increase in other current liabilities	6,22,32,184	1,68,09,227
Cash generated from/(used in) operations	(33,61,17,891)	27,69,26,043
Net income tax (paid)/refunds	(13,64,98,375)	(4,49,87,319)
Net cash flow from/(used in) operating activities - (A)	(47,26,16,266)	23,19,38,724
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets (including capital work in progress)	(15,39,27,766)	(16,79,68,683)
sale of fixed assets	26,000	-
Capital grant received (for purchase of fixed assets)	9,53,59,131	11,49,92,101
Bank balances not considered as Cash and cash equivalents	(28,73,92,382)	(50,68,73,540)
Interest received	5,67,09,867	5,19,40,439
Net cash flow from/(used in) investing activities - (B)	(28,92,25,150)	(50,79,09,683)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	69,62,400	2,41,95,900
Share application money received	6,74,700	-
Repayment of long term borrowings	-	(19,26,18,000)
Dividend Paid (including dividend tax)	(2,96,52,110)	(2,68,54,401)
Finance costs paid	(2,72,21,659)	(1,62,99,087)
increase/(decrease) in working capital borrowings	27,07,50,633	15,00,09,357
Net cash flow from/(used in) financing activities - (C)	22,15,13,964	(6,15,66,231)
Net increase in Cash and cash equivalents (A+B+C)	(54,03,27,453)	(33,75,37,191)
Cash and cash equivalents at beginning of the year	76,02,24,117	1,09,77,61,308
Cash and cash equivalents at the end of the year	21,98,96,664	76,02,24,117
Components of Cash and cash equivalents as at:		
Cash on hand	55,219	4,828
Balances with banks:		
-in current accounts	21,98,41,445	49,67,19,289
-in deposit accounts	-	26,35,00,000
Cash and cash equivalents as per Cash Flow Statement	21,98,96,664	76,02,24,117
Deposits (original maturity of more than 3 months)	81,25,59,923	52,70,73,540
In earmarked accounts - Unpaid dividend accounts	19,05,999	-
Cash and cash equivalents as per Balance Sheet (Note 17)	1,03,43,62,586	1287297,657

See accompanying notes forming part of the financial statements

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.

Chartered Accountants

Gopalbhai Varotra

Director

Vajesinh Chudasama

Director

Jitendra Agarwal

Partner

Harshad Joshi

Chief Executive

R. R. Iyer

Chief Financial Officer

Place: Gurgaon

Date: 24 May, 2016

Place: Rajkot

Date: 24 May, 2016

Sanjay Talati

Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

1. Corporate information

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

The Company procures milk directly from milk producers through Milk Pooling Points in villages of Gujarat and processes the same for the manufacture of Polypack Milk (PPM), Ghee, Dahi, Skimmed Milk Powder, White Butter and Butter Milk which is sold in the state of Gujarat with the co-brand of Mother Dairy Fruit and Vegetable Private Limited (MDFVPL) and Maahi. The said co-branding was valid upto Dec, 2015 and thereafter the company deals in the products under its own Brand. The Company also trade in Raw Milk.

2. Significant accounting policies

The significant accounting policies are as follows:

a. Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”) / Companies Act, 1956 (“the 1956 Act”) as applicable. MCA has clarified that the provisions of part IXA of the Companies Act, 1956 shall be applicable to a producer company in the manner as if the Companies Act, 1956 has not been repealed. The financial statements are prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of estimates

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

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d. Cash flow statement

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

e. Revenue recognition

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

f. Other income

Interest income on deposits is recognized on accrual basis.

g. Fixed assets (Tangible/Intangible)

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

h. Capital work-in-progress

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

i. Depreciation and amortisation

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

The depreciation rates used are as follows:

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

Description	Useful life (in years)
Building	20
Plant and equipment	10
Furniture and fixtures	15
Computers (including software)	3
Office equipment	10

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

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

j. Inventories

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

k. Grants

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

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

l. Employee benefits

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

a. Defined contribution plans

The Company's contributions to provident fund and employees state insurance scheme is considered as defined contribution plan and are charged to the Statement of Profit and Loss based

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

on the amount of contributions required to be made as and when services are rendered by the employees.

b. Defined benefit plans

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

c. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the services. These benefit includes performance incentives and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

d. Long-term employee benefits

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

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

o. Borrowing cost

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

p. Impairment of assets

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

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

q. Provisions and contingencies

A provision is recognized when the Company has present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Assets are not recognized in the financial statements. Contingent liabilities are disclosed in the notes to accounts. Contingent assets are not recognized in the financial statements.

r. Leases

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

s. Material events

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

t. Operating Cycle

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

3. Share Capital

	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
(a) Authorised share capital	35,00,000	35,00,00,000	35,00,000	35,00,00,000
Equity Shares of Rs. 100 each				
(b) Issued, subscribed and fully paid up share capital	26,91,867	26,91,86,700	26,22,243	26,22,24,300
Equity Shares of Rs. 100 each				
See notes (i) to (iii) below				

Notes:

(i) Rights, preferences and restrictions attached to shares

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

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

	Year ended 31 March, 2016		Year ended 31 March, 2015	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
Shares outstanding at the beginning of the year	26,22,243	26,22,24,300	22,95,346	22,95,34,600
Shares issued during the year	69,624	69,62,400	3,26,897	3,26,89,700
Shares outstanding at the end of the year	26,91,867	26,91,86,700	26,22,243	26,22,24,300

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
4. Reserves and surplus		
(a) General reserve		
Opening balance	10,32,84,884	69,69,358
Add: Transferred from Surplus in Statement of Profit and Loss	11,52,91,626	9,63,15,526
Closing balance	<u>21,85,76,510</u>	<u>10,32,84,884</u>
(b) Surplus in Statement of Profit and Loss		
Opening balance	–	–
Add: Net profit for the year	14,76,90,304	12,78,76,226
Less:		
(i) Proposed limited return (dividend) to members (Rs. 10 per share)	(2,69,18,670)	(2,62,22,430)
(ii) Tax on proposed limited return (dividend)	(54,80,009)	(53,38,270)
(iii) Transferred to general reserve	(11,52,91,627)	(9,63,15,526)
Closing balance	<u>21,85,76,510</u>	<u>10,32,84,884</u>
5. Deferred grant		
(a) Opening Balance	9,11,47,515	–
(b) Capital grant utilized during the year (see note 33)	9,53,64,186	11,49,92,101
(c) Less: depreciation pertaining to assets acquired from capital grant	3,69,92,224	2,38,44,586
(d) Less: other adjustment	5,055	–
	<u>14,95,14,422</u>	<u>9,11,47,515</u>
6. Long-term borrowings		
Secured		
(a) Provision for employee benefits:		
(i) For compensated absences (net of fund value of Rs. 7,578,839)	77,63,739	82,11,491
(ii) For gratuity	–	51,44,409
	<u>77,63,739</u>	<u>1,33,55,900</u>

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
7. Short term borrowings		
From banks:		
(a) Secured loans (see note (i) below)		
(i) Working capital loans (repayable on demand)	22,21,15,947	45,00,92,540
(b) Unsecured Loans		
(i) Bill Discounting Facility	49,87,27,225	–
	72,08,43,172	45,00,92,540
Note:		
(i) Working capital loan from bank is in the nature of bank overdraft, secured against fixed deposit of the Company with banks.		
	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
8. Trade payables		
(a) Trade Payables (other than acceptances) (see note 36)	54,60,52,971	61,88,86,690
	54,60,52,971	61,88,86,690
9. Other current liabilities		
(a) Interest accrued but not due on borrowings	29,85,726	–
(b) Advances from customers	4,28,47,373	2,34,10,479
(c) Trade / security deposits received	15,93,64,815	10,22,26,718
(d) Unclaimed / unpaid dividends	19,08,590	–
(e) Statutory dues (Contribution to PF, Service Tax, Withholding Tax etc.)	91,16,900	55,63,322
(f) Grant received from NDDB (unutilised): (see note 33)		
(i) Capital grant	21,33,265	1,03,47,582
(ii) Revenue grant	–	1,22,36,386
(g) Others	35,23,200	9,68,880
	22,18,79,869	15,47,53,367
10. Short term provisions		
(a) Provision for employee benefits		
(i) For compensated absences	–	6,82,973
(ii) For gratuity	–	13,486
(b) Provision for Income Tax (Previous year: net of advance tax of Rs. 24,822,968)	–	4,96,67,076
(c) Provision for proposed limited return (dividend)	2,69,18,670	2,62,22,430
(d) Provision for tax on proposed limited return	54,80,008	53,38,270
	3,23,98,678	8,19,24,235

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

11. Fixed assets

Amount in Rupees

Particulars	Gross Block				Accumulated Depreciation				Net Block			
	As at 1 April, 2015	Additions	Disposals	As at 31 March, 2016	As at 1 April, 2015	Adjustment	Depreciation charge for the year	Disposals	As at 31 March, 2015	As at 31 March, 2016	As at 31 March, 2015	
A. Tangible assets (owned)												
Buildings	2,36,381	55,20,501	-	57,58,882	18,938	-	9,61,051	-	9,79,989	47,76,894	2,19,443	2,19,443
(Previous year)	(1,64,881)	(73,500)	(-)	(2,36,381)	(8,244)	(-)	(10,694)	(-)	(18,938)	(2,19,443)	(1,56,637)	(1,56,637)
Plant and equipment	26,28,29,292	9,14,04,166	26,101	35,42,07,357	6,48,23,575	10,773	4,18,52,248	5,163	10,86,59,886	24,75,47,471	19,80,05,716	19,80,05,716
(Previous year)	(22,41,95,925)	(3,86,33,367)	(-)	(26,28,29,292)	(3,05,86,982)	(-)	(3,42,36,593)	(-)	(6,48,23,575)	(19,80,05,716)	(19,36,08,943)	(19,36,08,943)
Furniture and fixtures	1,14,07,935	50,26,246	-	1,64,34,181	94,69,707	(10,932)	50,97,534	-	145,78,173	18,56,008	19,38,228	19,38,228
(Previous year)	(15,84,426)	(98,23,509)	(-)	(1,14,07,935)	(9,81,405)	(-)	(84,88,302)	(-)	(94,69,707)	(19,38,228)	(6,03,021)	(6,03,021)
Computers	4,28,45,318	3,20,39,504	-	7,48,84,822	89,40,805	-	2,03,74,588	-	2,93,15,393	4,55,69,428	3,39,04,514	3,39,04,514
(Previous year)	(22,77,590)	(4,05,67,728)	(-)	(4,28,45,318)	(6,50,148)	(-)	(82,90,657)	(-)	(89,40,805)	(3,39,04,514)	(16,27,442)	(16,27,442)
Office equipment	89,66,249	40,62,856	-	1,30,29,105	8,38,469	158	10,56,588	-	18,94,899	1,11,34,206	81,27,780	81,27,780
(Previous year)	(14,58,822)	(75,07,417)	(-)	(89,66,249)	(2,86,282)	(-)	(5,50,187)	(-)	(8,38,469)	(81,27,780)	(11,70,550)	(11,70,550)
Total	32,62,87,175	13,80,53,273	26,101	46,43,14,347	8,40,91,494	(0)	6,93,42,009	5,163	15,34,28,340	31,08,86,007	24,21,95,681	24,21,95,681
Previous year	(22,96,81,654)	(9,66,05,521)	(-)	(32,62,87,175)	(3,25,15,061)	(-)	(5,15,76,433)	(-)	(8,40,91,494)	(24,21,95,681)	(19,71,66,593)	(19,71,66,593)
B. Intangible assets												
Computer Software	28,62,420	1,50,70,325	-	1,79,32,745	11,65,003	-	20,62,492	-	32,27,495	1,47,05,251	16,97,417	16,97,417
(Previous year)	(9,79,463)	(18,82,957)	(-)	(28,62,420)	(4,65,588)	(-)	(6,99,415)	(-)	(11,65,003)	(16,97,417)	(5,13,875)	(5,13,875)
Total	28,62,420	1,50,70,325	-	1,79,32,745	11,65,003	-	20,62,492	-	32,27,495	1,47,05,251	16,97,417	16,97,417
Previous year	(9,79,463)	(18,82,957)	(-)	(28,62,420)	(4,65,588)	(-)	(6,99,415)	(-)	(11,65,003)	(16,97,417)	(5,13,875)	(5,13,875)

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

Note:

(C) Depreciation and amortisation:

	Year ended 31 March, 2016	Period ended 31 March, 2015
Tangible assets	6,93,42,009	5,15,76,433
Intangible assets	20,62,492	6,99,415
Less: Depreciation pertaining to assets acquired on grant	3,69,92,224	2,38,44,586
	<u>3,44,12,277</u>	<u>2,84,31,262</u>

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

Particulars	Gross Block			Accumulated Depreciation		Net Block		
	As at 1 April, 2015	Adjustment	Additions	As at 31 March, 2016	As at 1 April, 2015	For the year	As at 31 March, 2016	As at 31 March, 2015
Tangible assets :								
Buildings (Previous year)	-	-	34,31,810	34,31,810	-	1,27,990	1,27,990	-
Plant and equipment (Previous year)	1,92,60,579	(1,220)	4,35,83,394	6,29,35,193	(1,220)	1,07,60,365	1,82,72,573	1,17,53,426
Office equipment (Previous year)	46,03,063	-	(19,260,579)	(19,260,579)	(7,507,153)	4,85,571	(7,507,153)	(11,753,426)
Furniture and fixtures (Previous year)	93,15,576	-	(4,603,063)	(4,603,063)	-	(1,32,065)	(1,32,065)	-
Computers (Previous year)	3,96,54,635	-	(9,315,576)	(9,315,576)	-	(8,401,947)	(8,401,947)	9,13,629
Intangible assets :								
Computer Software (Previous year)	16,15,827	-	1,36,51,574	1,52,67,401	-	13,37,480	17,32,027	12,21,280
Total	7,46,49,680	68,792	9,82,83,033	17,30,01,505	5,055	3,69,92,224	6,08,41,865	5,08,05,094
(Previous year)	-	-	(74,649,680)	(74,649,680)	-	(23,844,586)	(23,844,586)	-

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
12. Deferred tax assets/(liabilities) (net)		
(i) Tax effect of items constituting deferred tax assets:		
a. Provision for compensated absences and gratuity	10,25,966	47,76,427
b. Disallowances under section 35D of the Income Tax Act	1,49,873	2,94,394
c. Others	71,293	3,97,805
	<u>12,47,132</u>	<u>54,68,626</u>
(ii) Tax effect of items constituting deferred tax liabilities:		
a. On difference between book balance and tax balance of fixed assets	(28,84,236)	(23,00,322)
Net deferred tax assets/(liabilities)	<u>(16,37,104)</u>	<u>31,68,304</u>
13. Long - term loans and advances		
(Unsecured, considered good)		
(a) Security deposits	69,99,963	40,49,636
(b) Gratuity Fund (net of gratuity liability of Rs.9,723,763)	47,99,204	-
(c) Income tax paid under protest	80,00,000	-
(d) Advance income tax (net of provisions of Rs. 74,700,000)	41,31,299	-
	<u>2,39,30,466</u>	<u>40,49,636</u>
14. Other non-current assets		
(a) Fixed deposits with banks*	2,00,000	1,50,000
	<u>2,00,000</u>	<u>1,50,000</u>
*This comprises fixed deposits under lien and having a maturity of more than 12 months from the balance sheet date.		
15. Inventories		
(At lower of cost and net realisable value)		
(a) Raw and packing materials	14,78,12,640	11,85,90,851
(b) Raw materials in transit	1,73,32,249	1,12,97,691
	<u>16,51,44,889</u>	<u>12,98,88,541</u>
(c) Finished goods - manufactured	6,57,73,508	1,06,48,454
(d) Stores and spares	14,95,462	31,33,602
	<u>23,24,13,859</u>	<u>14,36,70,598</u>

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
16. Trade receivables		
(Unsecured, considered good)		
(a) Outstanding for a period exceeding six months from the date they were due for payment		
Considered good	-	-
Considered doubtful	2,06,000	2,06,000
	2,06,000	2,06,000
Less: Provision for doubtful debts	2,06,000	2,06,000
	-	-
(b) Others		
Considered good	44,72,90,090	69,49,179
	44,72,90,090	69,49,179
17. Cash and cash equivalents		
(a) Cash on hand	55,219	4,828
(b) Balance with banks:		
(i) In current accounts	21,98,41,445	49,67,19,289
(ii) In deposit accounts - original maturity of 3 months or less	-	26,35,00,000
Cash and cash equivalents as per As - 3 - Cash flow statement	21,98,96,664	76,02,24,117
(c) Other bank balances		
(i) In deposit accounts - original maturity of more than 3 months	81,25,59,923	52,70,73,540
(ii) In earmarked accounts		
- Unpaid dividend accounts	19,05,999	-
	1,03,43,62,586	1,28,72,97,657
18. Short - term loans and advances		
(Unsecured, considered good)		
(a) Loans and advances to employees	61,431	2,70,217
(b) Advances to vendors	45,12,353	44,89,152
(c) Grant Receivable from NDDB (see note 33)		
(i) Revenue Grant	86,71,346	-
	1,32,45,130	47,59,369
19. Other current assets		
(a) Interest accrued on bank deposits	1,33,83,974	44,25,257
	1,33,83,974	44,25,257

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

	Year ended 31 March, 2016	Year ended 31 March, 2015
	Rupees	Rupees
20. Revenue from operations		
(a) Sale of products (see note (i) below)	10,06,63,05,912	9,78,37,33,156
(b) Other operating revenue (see note (ii) below)	1,09,99,003	87,92,218
	10,07,73,04,915	9,79,25,25,374
(i) Sale of products comprises:		
a. Manufactured goods		
Polypack milk	4,46,53,86,782	4,08,69,72,094
Butter milk	43,19,85,887	46,71,09,419
White Butter	13,99,87,333	-
Ghee	37,48,35,153	26,03,09,500
Curd	2,70,49,611	3,24,36,541
Cattle Feed	2,50,57,340	-
Others	1,21,89,067	69,24,008
	5,47,64,91,173	4,85,37,51,562
b. Traded goods		
Raw milk	4,58,98,14,739	4,92,99,81,594
	10,06,63,05,912	9,78,37,33,156
(ii) Other operating revenue comprises:		
a. Sale of scrap	7,08,400	18,00,902
b. Crate recovery charges	26,63,850	25,16,850
c. Others	76,26,753	44,74,466
	1,09,99,003	87,92,218
21. Other income		
(a) Interest income		
(i) On deposits with banks	6,56,68,584	5,20,27,881
(b) Other non-operating income		
(i) Membership fees	16,17,950	21,42,400
(ii) Liabilities/provisions no longer required written back	-	1,00,00,000
(iii) Profit on sale of fixed assets	5,063	-
(iv) Miscellaneous income	13,01,812	12,85,388
	6,85,93,409	6,54,55,669

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

	Year ended 31 March, 2016	Year ended 31 March, 2015
	Rupees	Rupees
22. Cost of materials consumed		
Raw materials		
(a) Opening stock	12,98,88,541	3,93,47,500
(b) Add: Purchases	4,83,34,16,322	4,38,49,64,633
	<u>4,96,33,04,863</u>	<u>4,42,43,12,133</u>
(c) Less: Closing stock	16,51,44,889	12,98,88,541
	<u>4,79,81,59,974</u>	<u>4,29,44,23,592</u>
Notes:		
(i) Raw materials consumed comprises:		
a. Raw Milk	4,79,81,59,974	4,29,44,23,592
	<u>4,79,81,59,974</u>	<u>4,29,44,23,592</u>
23. Purchases of traded goods		
(a) Raw Milk	4,10,61,99,173	4,44,45,44,047
	<u>4,10,61,99,173</u>	<u>4,44,45,44,047</u>
24. Changes in inventories of finished goods and stock-in-trade		
Decrease/(increase) in inventories of finished goods		
(a) Inventories at the beginning of the year		
(i) Finished goods	1,06,48,454	3,39,80,762
(b) Inventories at the end of the year		
(i) Finished goods	6,57,73,508	1,06,48,454
	<u>(5,51,25,054)</u>	<u>2,33,32,308</u>
25. Employee benefits expense		
(a) Salaries and wages	13,47,33,598	11,40,16,532
(b) Contribution to provident fund	93,98,410	84,24,254
(c) Gratuity expense/contribution	56,90,520	38,35,690
(d) Staff welfare expenses	43,57,183	51,28,708
	<u>15,41,79,711</u>	<u>13,14,05,184</u>

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	Year ended 31 March, 2016	Year ended 31 March, 2015
	Rupees	Rupees
26. Finance costs		
(a) Interest expense		
(i) On borrowings/Bill Discounting	2,71,68,750	1,30,09,960
(ii) On trade/security deposits	11,15,074	9,92,705
(b) Interest on delayed payment of Income Tax	15,74,148	32,46,548
(c) Other borrowing costs	3,49,413	22,96,423
	3,02,07,385	1,95,45,636
27. Other expenses		
(a) Consumption of stores and spare parts	2,48,27,487	4,04,65,669
(b) Power and fuel	3,59,21,730	3,25,16,207
(c) Processing charges	27,87,67,291	26,65,03,241
(d) Water charges	9,54,334	14,55,301
(e) Rent	2,88,78,537	2,58,41,060
(f) Repair and maintenance-machinery	1,38,62,866	1,40,83,339
(g) Repair and maintenance-buildings	13,00,329	3,80,003
(h) Repair and maintenance-others	27,59,618	26,89,864
(i) Rates and taxes	20,02,150	13,93,521
(j) Advertisement and business promotion	5,96,19,019	1,88,41,107
(k) Distribution, freight and forwarding expenses	17,68,00,581	17,71,18,630
(l) Insurance charges	7,35,123	7,06,498
(m) Legal and professional fees	2,46,21,098	88,64,241
(n) Auditor's remuneration (see note (i) below)	14,16,364	12,60,001
(o) Travelling and conveyance	2,10,86,954	2,12,28,587
(p) Sales discount and other charges	6,85,81,605	1,45,69,102
(q) Printing and stationary expenses	62,69,182	76,10,494
(r) Telephone and internet expenses	24,74,437	25,30,018
(s) Labour charges	8,13,19,615	6,31,37,921
(t) Provision for doubtful debts	-	2,06,000
(u) Miscellaneous expenses	1,84,70,826	1,40,10,830
	85,06,69,146	71,54,11,634
Note:		
(i) Auditors' remuneration comprises:		
a. Statutory audit fee	8,50,000	8,00,000
b. Tax audit fee	1,50,000	1,50,000
c. Reimbursement of expenses	2,32,632	1,71,396
d. Service tax on above	1,83,732	1,38,605
	14,16,364	12,60,001

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March, 2016	As at 31 March, 2015
	Rupees	Rupees
28. Contingent liabilities and commitments		
(i) Disputed Demand of Income Tax for A.Y. 2013-14 to 2015-16 for which appeals have been preferred	8,04,95,150	-

29. The Company has received share application money of Rs. 69,62,400 towards equity shares, against which allotment of shares will be made in 3 months.

30. 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.93,98,410/- (previous year Rs.84,24,254) 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). Benefit under the defined benefit plan is based on years of service and the employee's compensation (immediately before separation). The gratuity scheme covers all regular employees.

Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the statement of Profit and Loss.

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

	31 March, 2016	31 March, 2015
	Rupees	Rupees
i. Change in defined benefit obligation		
Present value of obligation at the beginning of the year	51,57,895	17,60,197
Interest expense	4,03,173	1,58,418
Current service cost	36,46,569	25,87,659
Benefit Paid	(11,24,652)	(4,37,992)
Actuarial (gain)/loss	16,40,778	10,89,613
Present value of obligations at the end of the year	97,23,763	51,57,895

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	31 March, 2016	31 March, 2015
	Rupees	Rupees
ii. Fair value of plan assets		
Fair value of plan assets at the beginning of the year	–	–
Contribution during the year	1,45,22,967	
Fair value of plan assets at the end of the year	1,45,22,967	–
The scheme is funded through LIC.		
iii. Amount recognised in the Balance Sheet		
Present value of defined benefit obligations	97,23,763	51,57,895
Fair value of plan assets	1,45,22,967	–
Net liability/(asset) recognised in the balance sheet	(4,799,204)	51,57,895
iv. Expenses recognised in the Statement of Profit and Loss		
Interest expense	4,03,173	1,58,418
Current service costs	36,46,569	25,87,659
Net actuarial gain/(loss) recognized during the year	16,40,778	10,89,613
Expenses recognized in the Statement of Profit and Loss	56,90,520	38,35,690
v. Balance Sheet reconciliation		
Net liability at the beginning of the year	51,57,895	17,60,197
Expenses as above	56,90,520	38,35,690
Benefits paid	(11,24,652)	(4,37,992)
Net liability at the end of the year	97,23,763	51,57,895

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

vi. Principal actuarial assumptions

Discount rate	7.80% p.a.	7.80% p.a.
Expected salary escalations	10% p.a.	10% p.a.
Mortality table used	IALM(2006-08)	IALM(2006-08)

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

Experience adjustment	31-Mar-16	31-Mar-15	31-Mar-14
Present value of DBO	97,23,763	51,57,895	17,60,197
Fair value of plan assets	1,45,22,967	-	-
Funded status	47,99,204	(51,57,895)	(17,60,197)
Gain/(loss) on obligations	(16,40,778)	(10,89,613)	(5,13,653)
Gain/(loss) on plan assets	-	-	-

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

	31 March, 2016	31 March, 2015
	Rupees	Rupees
Discount rate	7.80% p.a.	7.80% p.a.
Expected salary escalations	10% p.a.	10% p.a.
Mortality table used	IALM(2006-08)	IALM(2006-08)

31. Leasing arrangements

The Company has taken certain properties, equipment and vehicles under operating lease which can be renewed on mutually agreed terms and conditions. The lease rental expenses of Rs. 2,88,78,537 (previous year Rs. 2,58,41,060) in respect of obligation under operating leases have been recognized in the statement of profit and loss.

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

	As at 31 March, 2016	As at 31 March, 2015
Particulars	Rupees	Rupees
Payable not later than one year	-	-
Payable later than one year but not later than five years	-	-
Payable later than five years	-	-

32. Earnings Per Equity Share

Particulars	Unit	Year ended 31 March, 2016	Year ended 31 March, 2015
		Rupees	Rupees
Net profit after tax	Rupees	14,76,90,304	12,78,76,226
Weighted average number of equity shares outstanding during the year	Numbers	28,84,015	24,13,616
Nominal Value of Equity Shares	Rupees	100.00	100.00

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

Basic Earnings per Share	Rupees	51.21	52.98
Effect of allotment against share application money	Numbers	18	-
Equity shares used to compute diluted earnings per share	Numbers	28,84,033	24,13,616
Diluted Earnings per Share	Rupees	51.21	52.98

33. Details of Government grants

	Year ended 31 March, 2016	Year ended 31 March, 2015
	Rupees	Rupees
Details of grants received from NDDB and its utilisation is as under:		
(a) Capital grants		
(for purchase of fixed assets)		
(i) Opening Balance	1,03,47,582	1,77,04,046
(ii) Received during the year	8,71,49,869	10,37,77,683
(iii) Previous year adjustment	-	38,57,954
(iv) Less: utilised during the year		
- For fixed assets	6,37,54,690	7,46,49,680
- For assets under installation (CWIP)	3,16,09,496	4,03,42,421
	9,53,64,186	11,49,92,101
(iv) Balance carried forward	21,33,265	1,03,47,582
(b) Revenue grant		
(i) Opening Balance	1,22,36,386	1,26,90,450
(ii) Received during the year	8,76,97,131	6,86,90,338
(iii) Less: utilised/adjusted during the year	10,86,04,863	6,91,44,402
(iv) Balance carried forward	(86,71,346)	1,22,36,386

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)

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

34. Related party disclosures

A. Name of the related parties and nature of relationship

Nature of Relationship	Name of person
Key Management Personnel:	Harshad Joshi (Appointed with effect from 31 December, 2014) S. K. Bhalla (upto 31 December, 2014)

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

Nature of transactions	(Rupees)	
	KMP	Total
Managerial remuneration:		
Harshad Joshi	44,33,200 (8,30,001)	44,33,200 (8,30,001)
S. K. Bhalla	– (22,19,301)	– (22,19,301)

Figures in brackets represent previous year figures

- 35.** The disclosures as required under Accounting Standard AS-17 on Segment reporting are not required as the Company primarily deals in single business segment of Milk and Milk Products and operates in one geographical area.
- 36.** According to the information available with the Management, on the basis of intimation received from suppliers, regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) therefore Company has no amounts due to Micro and Small Enterprises under the said Act.
- 37.** Previous Year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

Harshad Joshi
Chief Executive

R.R. Iyer
Chief Financial Officer

Place: Rajkot
Date: 24 May, 2016

Sanjay Talati
Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED

Minutes of Previous Annual General Meeting

MINUTES OF THE 4TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MAAHI MILK PRODUCER COMPANY LIMITED HELD ON FRIDAY, THE 07TH DAY OF AUGUST 2015, AT 10:00 A.M., AT SPEEDWELL PARTY PLOT, NANA MAVA MAIN ROAD, NEAR MAVADI RAJKOT RURAL POLICE HEAD QUARTERS, AMBIKA TOWNSHIP ROAD, BESIDE GOVANI CHHATRALAYA, RAJKOT-360 005, GUJARAT.

Present :

Shri Gopalbhai Varotra	: Chairman & Shareholder
Shri Vajesinh Chudasama	: Director & Shareholder
Shri Ramde Modhwadiya	: Director & Shareholder
Shri Meraman Zala	: Director & Shareholder
Shri Parbatbhai Suvagiya	: Director & Shareholder
Shri Nitesh Kansagara	: Director & Shareholder
Shri Hamir Raja Karavadra	: Director & Shareholder
Shri Rudra Dave	: Director & Shareholder
Shri Vijubha Gohil	: Director & Shareholder
Smt. Ramilaben Patel	: Director & Shareholder
Shri Shaktisingh Jadeja	: Director & Shareholder
Shri Sriram Singh	: Expert Director
Professor Mrs. Madhavi Mehta	: Expert Director
Dr. Omveer Singh	: Expert Director
Shri Harshad Joshi	: Chief Executive & Director
Shri Sanjay Talati	: Company Secretary

Members Present:

In aggregate, 681 members were present in person and 30,070 members were represented by their proxies together constituting presence of 37% of the total membership of the Company.

Have you received the request

Convening of the 4th Annual General Meeting.

Chairman: Shri Gopalbhai Varotra, took the Chair Thereafter, he welcomed the Directors and members to the 4th Annual General Meeting of the Company. The Chairman announced that the requisite quorum, being present the meeting was called to the order.

Shri Sanjay Talati, Company Secretary informed the meeting that the Register of Members, Register of Director's Shareholding with other statutory registers

are kept open for inspection by the members at the venue and that the same are accessible.

Thereafter Chairman delivered his speech highlighting on the financial performance of the Company during the financial year 2014-15 and the future plans of the Company. He informed to the members that a Company was started in 2012 and within a short span of just three years of operations, the members strength reached to more than eighty four thousand and became one of the fastest growing Producer Company of India. He further stated that the Company has achieved a sales turnover of 978.37 Crore during the year under review and profit before tax of Rs. 20.09 Crore which has become possible only with the support and co operation of members, employees, customers and other connected directly or indirectly with the Company.

He laid emphasized and instated that the Company should have its own Milk processing plant. He briefed about the activities carried out during the year under review on Ration Balancing programme, Fodder development programme, artificial insemination programme etc.

Upon request of the Chairman, Shri Harshad Joshi, the Chief Executive of the Company, welcomed and addressed the members present. He explained that including members, Sahayaks, employees & distributors more than 1 lakh families are associated with the Company. He expressed his satisfaction of increasing in the number of woman members from about 6000 in the year 2012-13 to more than 18000 by the end of the financial year 2014-15. He further informed that apart from achieving a higher sales turnover and good profit margin during the year 2014-15, the Company has also re-paid term loan of Rs. 19.26 Crore to NDDDB within just two years.. He gave a glimpse of expansion plan of the Company and informed that the Company is in the process of launching new products in the market as also strengthening the sales and distribution network by starting new retailers and Maahi Parlors. He solicited members' cooperation and support in making the Company a leader in the milk business.

With the consent of Members, the Notice convening AGM, alongwith Directors' Report and audited Accounts, having been previously circulated to the Members were taken as read.

The Company Secretary read out the Auditors' Report on accounts for the Year ended 31st March, 2015.

Thereafter, the following agenda items were taken up for consideration.

1. Adoption of Annual Accounts for the Financial Year 2014-15.

1.1 The following resolution was proposed as an Ordinary Resolution by Shri Virambhai Hamirbhai Geeda (Folio no. : 0035687)

Resolution No. : 4th AGM:07.08.15:1/2015-16

"RESOLVED THAT, the audited Balance Sheet as at 31st March 2015 and the Profit and Loss Account for the year ended on that date together

with Schedules and notes forming part thereof and the Reports of Directors and Auditors thereon be and are hereby received, approved and adopted.”

The resolution was seconded by Shri. Kanubhai Kalabhai Najani (Folio no. 0011962)

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

2. Declaration of Limited Return (Dividend) for the financial year ended on March 31, 2015.

2.1 The following resolution was proposed as an Ordinary Resolution by Shri Rajeshbhai Valjibhai Paghdal (Folio No : 0021827).

Resolution No.: 4th AGM:07.08.15:2/2015-16

“RESOLVED THAT, the limited return (dividend) on share capital of the Company at the rate of Rs.10 per equity share, out of the current profits of the Company for the year ended 31st March 2015, on 26,22,243 equity shares of Rs.100 each fully paid up absorbing Rs.3,15,60,700/- (inclusive of Rs.53,38,270/- as Dividend Distribution Tax) for the FY 2014-15 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 2015.”

The resolution was seconded by Shri. Mathurbhai Madhabhai Ribadiya (Folio no. 0004902)

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

3. Re-appointment of Shri Gopalbhai Varotra (DIN: 05198510), representing “Class-A” on the Board of Directors, as a Director.

As Shri. Gopalbhai Varotra, Chairman of the Company was interested in the Ordinary Resolution moved at the meeting, he vacated the Chair in respect of this item and in his place Shri. Vajesinh Chudasama Director of the Company took the chair.

3.1 The following resolution was proposed as an Ordinary Resolution by Shri Lagdhir Vejanand Lagariya (Folio No: 0031681) representing class “A”

Resolution No.: 4th AGM:07.08.15:3/2015-16

“RESOLVED THAT, Shri Gopalbhai Varotra (DIN: 05198510) a director of the Company representing “Class-A” on the Board of Directors of the Company, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

The resolution was seconded by Shri. Prabhatbhai Ukabhai Chavda (Folio no. 0057351) representing class “A”

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

4. Re-appointment of Shri Hamir Raja Karavadra (DIN: 06369158), representing "Class-A" on the Board of Directors, as a Director.

Shri. Vajesinh Chudasama who chaired the meeting for item no. 3 has vacated the place and Shri. Gopalbhai resumed the Chair.

- 4.1 The following resolution was proposed as an Ordinary Resolution by Shri Ramabhai Rajabhai Dangar (Folio No: 0036480) representing class "A"

Resolution No.: 4th AGM:07.08.15:4/2015-16

"RESOLVED THAT, Shri Hamir Raja Karavadra (DIN :06369158) a director of the Company representing "Class-A" on the Board of Directors of the Company, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

The resolution was seconded by Shri. Devshibhai Danabhai Karmur (Folio no. 0059137) representing class "A"

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

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

- 5.1 The following resolution was proposed as an Ordinary Resolution by Shri Shelarabhai Rukhabhai Aal (Folio No: 0067858).

Resolution No.: 4th AGM:07.08.15:5/2015-16

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

The resolution was seconded by Shri. Satubhai Dadubhai Bambhaniya (Folio no. 0017873)

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

6. Approval of the Budget of the Company for financial year 2015-2016.

- 6.1 The following resolution was proposed as an Ordinary Resolution by Shri Ramabhai Murubhai Bhatu (Folio No: 0028635).

Resolution No.: 4th AGM:07.08.15:6/2015-16

“RESOLVED THAT, the Budget of the Company for the financial year 2015-16, as placed before the meeting, be and is hereby approved.”

The resolution was seconded by Shri. Virambhai Samatbhai Modhavadiya (Folio no. 0046106)

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

7. Appointment of Shri Rambhai Ukabhai Ram as a Director.

- 7.1 The following resolution was proposed as an Ordinary Resolution by Shri Malde Jivabhai Modhavadiya (Folio No: 0009189) representing Class “A”

Resolution No.: 4th AGM:07.08.15:7/2015-16

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

The resolution was seconded by Shri. Mahendrasingh Mahipatsingh Jadeja (Folio no. 0022882) representing Class “A”

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

Vote of Thanks:

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

Date : 04.09.2015

Place : Rajkot

Chairman

MAAHI MILK PRODUCER COMPANY LIMITED

Budget for Financial Year 2016-17

(A) Financial Budget

Sr. No.	Particulars	(Rs. in Lakhs)
	Particulars	Budget 2016-17
	INCOME:	
(A)	Total Income	114,910.62
	EXPENSES:	
	Variable Expenses	105,619.08
	Sales and Distribution Expenses	3,645.53
	Fixed Expenses	4,226.90
(B)	Total Expenses	113,491.51
(C)	Profit Before Tax (A-B)	1,419.11
(D)	Corporate Tax	491.13
(E)	Profit After Tax (C-D)	927.98

(B) Capital Budget

Sr. No.	Particulars	(Rs. in Lakhs)
(A)	Field Assets	5,433.14
(B)	Office Assets	408.75
(C)	Total (A+ B)	5,841.89

MAAHI MILK PRODUCER COMPANY LIMITED

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

CIN: U01403GJ2012PTC070646

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

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

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

NOTICE:

Notice is hereby given that the Fifth Annual General Meeting of the Members of MAAHI MILK PRODUCER COMPANY LIMITED., will be held on Friday 29th July, 2016 at 10.00 A.M at Ceremony Club, Near Rangoli Park, B/h Hotel Avejika, Kalawad Road, Rajkot-360 005 to transact the following business:

- (1) To receive, consider and adopt the Balance Sheet as on 31st March, 2016 and Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
- (2) To declare a Limited Return (dividend) of Rs. 10/- per equity share of Rs.100/- each for the financial year ended on 31st March, 2016.
- (3) Shri. Meraman Zala (DIN: 05215566), representing "Class-B" on the Board of Directors, retires by rotation and in his place to appoint Shri LALABHAI ALGOTAR (DIN:07566162), representing "Class-B".

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

- (4) Shri. Rudra Dave (DIN: 06369116), representing "Class-B" on the Board of Directors, retires by rotation and in his place to appoint Shri MATHUR RAMBHAI RAIYANI (DIN: 07566166), representing "Class-C" of the members of the Company in order to ensure Class representation of members on the Board based on patronage criteria.

"RESOLVED THAT, Shri. Rudra Dave (DIN: 06369116), representing "Class-B" on the Board of Directors, who retires by rotation and in terms of Article 9.6(iii) of Articles of Association of the Company, not being eligible for re-appointment, Shri MATHUR RAMBHAI RAIYANI (DIN: 07566166), representing "Class-C" of the members of the Company, be and is hereby appointed as Director in terms of Article 9.6 and other relevant articles of the Articles of Association of the Company and applicable provisions, if any, of the Companies Act, 1956/2013 and rules framed thereunder

(together with any statutory modification or re-enactment thereof for the time being in force), whose period of office shall be liable to retire by rotation.”

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

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

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

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

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

8. APPOINTMENT OF SHRI. MAHENDRASINH MAHIPATSINH JADEJA AS A DIRECTOR

To pass with or without modification(s), the following resolution as an Ordinary Resolution:

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

JADEJA (DIN:07566111), representing "Class-A" of the members of the Company, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retire by rotation."

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

To pass with or without modification(s), the following resolution as an Ordinary Resolution:

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

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

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

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

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

"RESOLVED THAT, pursuant to the relevant provisions of Part IX-A of the Companies Act, 1956, in particular Section 581-I, 581ZQ, 581ZR and other applicable provision if any, of the Companies Act, 1956, including its Section 31 (together with any Statutory modification or re-enactment thereof for the time being in force including the provision if and to the extent applicable mutatis mutandis or otherwise, of the Companies Act 2013) and the applicable provision of the Memorandum and Articles of Company be and are hereby altered in the manner and to the extent following.

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

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

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

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

By order of the Board of Directors

Date: July 4, 2016

Sanjay Talati

Place: Rajkot

(Company Secretary)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A SHOW OF HANDS AS WELL AS ON A POLL IN HIS/HER STEAD AND A **PROXY MUST BE A MEMBER OF THE COMPANY. NON-MEMBER CAN NOT BE APPOINTED AS A PROXY.** THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST **48 HOURS** BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED HEREWITH.
2. Every member will have only one vote (on show of hands as well as on poll) irrespective of his/her shareholding or patronage in the Company **subject to the condition that a member has fulfilled a basic condition** for voting i.e., he/she has poured milk for at least 200 days totalling to at least 500 litres in a previous financial year (2015-16).
3. The members of the company has at their First Annual General Meeting approved and adopted the criteria for categorizing members into different classes (**Class A, B and C**) based on the members' participation in business (i.e., patronage criteria).
4. **Class Categorization of members and their entitlement to voting rights:**

At the close of financial year (2015-16) on 31.03.2016, there were total 88, 253 members on the roll (Register of Members) of the Company, whose class categorization, based on their patronage during F.Y. 2015-16, 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. 2015-16, there were 4, 548 members in Class-A, 12, 560 members in Class-B and 18, 788 members in Class-C (aggregating to 35, 896 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 10 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 10, 048 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. 2015-16. Hence, they do not qualify to be in any of the three classes for the purpose of categorizing members into different classes, and consequently, they are not entitled to vote on class based election of Directors (at Item nos. 3 to 5 and 8 of the notice), however, they can vote on other resolutions at Item nos. 1, 2, 6, 7, 9 and 10 of the notice.

There were 42, 309 members who did not pour milk for at least 200 days totalling to at least 500 litres in a previous financial year (2015-16), and hence, they lost their voting right and are not entitled to vote on any resolution to be moved at this Annual General Meeting.

- (c) Out of the total 88, 253 members, on the register of members, as on 31st March, 2016 (35, 896+42, 309+10, 048) referred to above, membership of 11, 063 members have been cancelled post 31-03-2016, hence, such 11, 063 members will not be entitled to attend and vote at AGM, although they will be entitled to dividend (Limited Return) for FY 2015-16, if declared by the AGM.
- (d) After the close of the financial year 2015-16 on 31.03.2016 and till the date of this notice, 10, 572 new members were admitted, who will not be entitled to dividend (if declared) for FY 2015-16 as well as voting right at ensuing AGM.
- (e) A member who did not pour milk for at least 200 days totaling to at least 500 liters in a previous financial year (2015-16), has no right to vote on any resolution.

- (f) A milk producer, who was a member as on March 31, 2016, but whose membership has been cancelled post March 31, 2016, will be entitled to dividend for F.Y. 2015-16, but shall not be entitled to any share/membership related rights, entitlement or benefit (including attendance & voting at AGM) post such cancellation as he/she has ceased to be a member of the Company.
 - (g) Similarly, a new member, who was admitted as member of the Company post March 31, 2016, will not be entitled to dividend for F.Y. 2015-16 as well as voting right at ensuing AGM.
 - (h) MPP (Milk Pooling Point) wise list of aforesaid members are available at respective MPPs and will be available at AGM Venue.
 - (i) The Company will employ such method and arrangement to distinguish members of different classes for facilitating voting as is convenient, which shall be appraised to the members at the meeting.
5. The names of candidates for election to the office of Director including a statement of qualifications in respect of each candidate; the audited Balance sheet as at 31st March, 2016 and Profit and Loss Account for the financial year ended 31st March 2016 together with Reports of the Board of Directors and Auditors thereon and the Minutes of the previous AGM held on 07th August, 2015 are annexed herewith. Budget for FY-2016-17 is also enclosed.
 6. Members are requested to bring their copy of the Annual Report and Attendance Slip at the meeting as the Company would not provide any copy at the venue of the AGM.
 7. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their communications to the Registered Office of the Company, well in advance at least seven days before the date of the meeting, so that the required information can be made available at the meeting, to the extent possible.
 8. Members are requested to quote the folio numbers and their pourer code in all their correspondence.
 9. The Explanatory Statement setting out all material facts in respect of Item nos. 8 to 10 of the accompanying notice is attached herewith.
 10. Relevant documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the members at the Registered Office of the Company on all working days except Saturdays, during normal business hours (11:00 hrs to 16:00 hrs).
 11. The limited return (dividend), as recommended by the Board, if declared at the meeting, will be paid to those shareholders, whose names appear as Members in the Register of Members of the Company as on the 31st March, 2016.
Statutorily, any dividend which has not been paid or claimed within 30 (thirty) days from the date of declaration shall be transferred within seven

days from the date of expiry of said thirty days to an unclaimed dividend account with a scheduled bank. Any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to Investor Education and Protection Fund.

12. Members are requested to notify immediately any change in their addresses with PIN Code to the Company.
13. Members, who have not submitted their nomination form may send their Nomination in the prescribed form duly filled in to the Company at its registered office. Nomination Form can be obtained from the Registered Office of the Company.
14. Members holding shares under multiple folios are requested to consolidate their holdings into one folio.
15. Weapons, fire arms, ammunitions, knives and blades, sharp instruments etc., are prohibited at the AGM venue.

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

Item no 3, 4, 5 and 8 respectively,

1. Shri Lalabhai Algotar has done Bachelor in Computer Application (representing Class-B Member) He is engaged in Agriculture and Dairy Farming.
2. Shri Mathur Rambhai Raiyani has done B.Ed (representing Class-C Member) He is engaged in Agriculture and Dairy Farming.
3. Shri Anirudhbhai Najkubhai Khuman is 12th Pass (representing Class-C Member). He is engaged in Agriculture and Dairy Farming.
4. Shri Mahendrasinh Mahipatsinh Jadeja has done Bachelor in Arts (representing Class-A Member) He is engaged in Agriculture and Dairy Farming.

By order of the Board of Directors

Date: July 4, 2016
Place: Rajkot

Sanjay Talati
(Company Secretary)

EXPLNATORY STATEMENT

(for item nos. 8 to 10 of the accompanying Notice dated July 04, 2016)

Item no. 8

At item no. 8 of this notice, Nominating Committee has at its Meeting held on 21st June, 2016 on the basis of the Candidature and Eligibility of Shri. Mahendrasinh Mahipatsinh Jadeja (representing Class-A) recommended his appointment as Director of the Company.

Shri Mahendrasinh Mahipatsinh Jadeja, whose statement of Qualification pursuant to Section 581ZA(4)(c) of the Companies Act 1956, is appended to the accompanying notice, being eligible proposes his candidature for the office of the Director, if appointed, shall be liable to retire by rotation.

Except Shri Mahendrasinh Mahipatsinh Jadeja, none of the Directors/Officers of the Company or their relatives is, in any way, interested or concerned in the resolution.

The Board of Directors recommends the resolution set out in item no.08 of the accompanying notice for the approval of the members.

Item no 9

The Company has commenced its commercial operations since last 3 years and there is day by day increase in sales turnover and profit. Further, with the passage of time more and more members are associated with the Company.

There is rise in Company's reserve fund and net worth and because of which book value of its equity shares has been constantly rising compared to its face value.

Article 6.4 of the Articles of Association of the Company provides that the share capital of the Company shall be under the control of the Board who may allot or otherwise dispose of the same to such members in proportion to the Patronage, as far as may be, and on such terms and conditions against payment in cash or kind or in lieu of the whole or part of the sale proceeds of produce or products supplied by the Members, and at such times and for such consideration as the Board may decide, subject however to the applicable laws, including company law, income-tax law.

Therefore, there is proposal from the Board that in future equity shares may be issued at a premium based on the fair market value determined on applicable appropriate valuation methodology. The Fair Market Value of Shares will be determined by a reputed firm of Chartered Accountants adopting a suitable and recognised method of valuation. The valuation for determining the premium will remain valid and effective, subject however to the applicable laws, including company law, income-tax law.

None of the Directors/Officers of the Company or their relatives is in any way, interested or concerned in the resolution. The Board of Directors recommends the resolution set out in item no.09 of the accompanying notice for the approval of the members.

Item no 10

The existing Articles of Association of the Company necessitate certain changes to incorporate and reflect in them certain provisions to bring in better clarity in understanding and administering the provisions of Articles in line with the applicable provisions of the law implemented and amended from time to time, and to provide for suitable process for class representation of members on the board as well as to bring more clarity in the process of appointment, continuation and severance of members/director of the Company in certain circumstances; and to eliminate ambiguity and giving broader meaning to the definition clauses wherever required.

Therefore, the proposed alterations detailed in the special resolution are recommended, which entail inclusion of some new provisions in the Articles of Association of the Company, as well as alterations of certain existing Articles to provide flexibility and ease in the business operation and management of the Company and to avoid any unintended ambiguity.

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

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

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

By order of the Board of Directors

Date: July 4, 2016
Place: Rajkot

Sanjay Talati
(Company Secretary)

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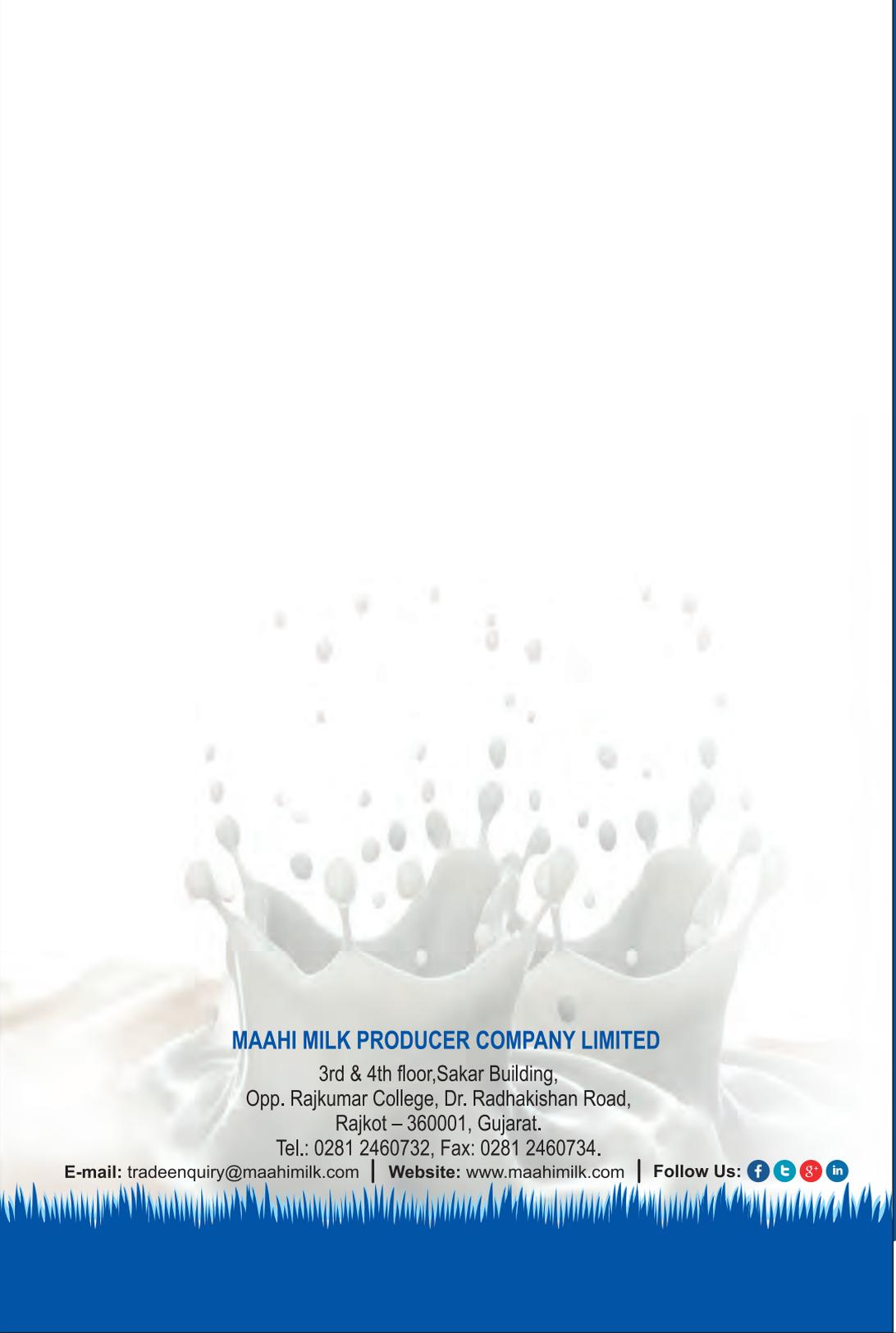
MAAHI DAN



Maahi



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