

ANNUAL REPORT 2013 - 2014



THE RISING SUN OF NEW ERA



MAAHI MILK PRODUCER COMPANY LIMITED
SAURASHTRA - KUTCH MILK PRODUCERS' OWN COMPANY



Maahi MILK - Pure & Nutritious



Maahi DAHI

Keeping pace with time and
marching towards good health



Maahi Lite Dahi available in
170 g, 350 g & 1 kg Pouch Packs

Maahi Dahi available in
Cup: 200 g & 400 g
Pouch pack: 200 g, 400 g & 1 kg

MAAHI MILK PRODUCER COMPANY LIMITED

CIN: U01403GJ2012PTC070646

ANNUAL REPORT 2013-14

BOARD OF DIRECTORS *(As on July 19, 2014)*

Shri Gopalbhai Varotra	Chairman
Shri Vajesinh Chudasama	Director
Shri Ramde Modhwadiya	Director
Shri Meraman Zala	Director
Shri Parbatbhai Suvagiya	Director
Shri Nitesh Kansagara	Director
Shri Hamir Raja Karavadra	Director
Shri Rudra Dave	Director
Shri Vijubha Gohil	Additional Director
Smt. Ramilaben Patel	Additional Director
Shri Apoorva Oza	Expert Director
Shri Sriram Singh	Expert Director
Dr. S.K. Bhalla	Chief Executive

CHIEF FINANCIAL OFFICER

Shri Ramachandran R. Iyer

COMPANY SECRETARY

Shri Dinesh Patel

AUDITORS

S. B. Billimoria & Co.

BANKERS

State Bank of India

Union Bank of India

Dena Bank

Saurashtra Gramin Bank

Bank of Baroda

Axis Bank Ltd

HDFC Bank LTD

ICICI Bank

Dena Gujarat Gramin Bank

REGISTERED OFFICE

3rd & 4th Floor Sakar Building

Opp. Rajkumar College

Dr. Radhakrishnan Road

Rajkot-360 001, Gujarat State

Tel.: 0281 2460732

Fax: 0281 2460734

email: info@maahimilk.com

Index	
Page No.	Contents
01	Directors' Report
14	Independent Auditors' Report
21	Balance Sheet
22	Statement of Profit and Loss
23	Cash Flow Statement
24	Notes forming part of Financial Statements
45	Minutes of previous Annual General Meeting
50	Budget for Financial Year 2014-15
51	Notice of Third Annual General Meeting

DIRECTORS' REPORT

TO THE MEMBERS OF MAAHI MILK PRODUCER COMPANY LIMITED

The Directors are pleased to present the Second Annual Report alongwith the audited Statement of Accounts of Maahi Milk Producer Company Limited ('Company') for the financial year ended March 31, 2014.

The figures for the financial year 2013-14 under review consisting of 12 months are not comparable with those of the previous period 2013-14 since previous period consisted of and from the date of incorporation of the Company i.e., June 7, 2012 till March 31, 2013 with business operations of last 14 days of that period.

Financial Results

The Company's financial performance, for the year ended March 31, 2014 is summarised below:

(Rs. in Crore)

Particulars	Financial Year 2013-14	Period from June 7, 2012 to March 31, 2013
Total Revenue	891.54	18.10
Total Expenses	886.77	17.80
Profit Before Tax	4.77	00.30
Tax Expense	1.59	00.10
Net Profit After Tax	3.18	00.20
Limited Return (Dividend) [including tax on distribution of dividend]	2.69	-- --
Transfer to General Reserve	0.49	00.20

The financial year 2013-14 being the first year of full-fledged business operations of the Company, it gives us an immense pleasure to inform that, during the year under report, the Company has achieved a remarkable turnover of Rs. 891.54 Crore thereby setting a benchmark and challenges for the years to come. Our Company will continue to grow with the same passion and commitment alongwith your continued support.

During the year under review, the operational revenues generated were Rs.890.26 Crore, whereas other incomes earned were Rs.1.28 Crore. The total expenses incurred during the year were Rs.886.77 Crore including financial

expenses of Rs. 3.26 Crore and depreciation and amortisation expense of Rs. 3.30 Crore. This has resulted into an earning of profit before interest, depreciation and tax (PBIDT) of Rs. 4.77 Crore; and net profit after tax (PAT) of Rs.3.18 Crore.

As against the budgeted total income of Rs. 817.12 Crore and budgeted profit (PAT) of Rs.1.70 Crore for FY 2013-14, the Company has actually achieved total income of Rs. 891.54 Crore and profit (PAT) of Rs. 3.18 Crore for the said year. This achievement was possible due to higher efficiency and better management.

Limited Return (Dividend)

The Board is pleased to recommend a Limited Return (Dividend) of Rs.10/- per equity share of the face value of Rs.100/- each for the year ended March 31, 2014. This dividend, subject to approval of Members at the ensuing 3rd Annual General Meeting, will be paid to those Members whose names appear in the Register of Members as at the end of financial year on 31.03.2014.

The dividend for the financial year @ Rs.10/- per equity share will absorb Rs. 2.69/- Crore, including Dividend Distribution Tax of Rs.39.00 lakh.

Transfer to Reserve

The Board proposes to transfer an amount of Rs.49.24 Lakh to the credit of General Reserve in terms of relevant provisions of the Articles of Association of the Company read with Section 581ZI of the Companies Act 1956.

Operations

Presently, the Company's milk procurement operations continue to remain extended in Saurashtra and Kutch region of Gujarat in eleven districts covering 1,774 villages and 1,984 MPPs (Milk Pooling Points), and in several cases, reaching the remotest villages in this area, where competitors have not made breakthrough. During the year under report, the Company has procured total 2,192 lakh kgs. of raw milk from the members and has maintained milk procurement level despite natural drop in milk.

At the end of very first financial year (2013-14) consisting of 365 days of full operations of the Company, 81% members have emerged as active members of the total number of membership as on March 31, 2014, thereby showing amongst themselves the vast understanding and high degree of loyalty and patronage toward the functioning and principles of Maahi as a Milk Producer Company. Further, of the total number of members, 68% of them have fulfilled together all the patronage criteria for their respective class, A, B and C, which again exhibit a very high sense of discipline amongst the majority of the members and their confidence in the working of the Company. These healthy indicators evidently reflects, beyond reasonable doubts, the onset of the growth saga of the Company, which will certainly reach higher peaks in years to come with the

mutual assistance and support of more and more active members.

Though women play a very significant and crucial role in dairy farming, their control over livestock and its products is very minimal. The earning from dairy animals does not remain in the hands of women. Your Company has continued to encourage the involvement of women in the business of the Company. Recently, member awareness programmes were conducted with specific focus on enhancing women membership in the Company; and as a result, in the new membership enrolment exercise conducted during the month of March, 2014, as much as 9,551 (80%) women applicants could be enrolled as members of the Company out of total 11,867 applicants. As on the date of this report, there are 82,667 members of the Company, of whom 15,941 (19.28 %) are the women members.

As regards procurement prices, the Company continues to pay competitive and remunerative prices to its members towards the milk being procured by the Company. The Board hereby makes a sincere request to all those members of the Company, who do not have their individual bank accounts, to immediately open their individual bank accounts and intimate the same to the Company for their own benefit, which will ensure safety, speed and ease in their dealings with the Company.

The Company's current kitty of products consists of poly packed milk, butter milk, skimmed milk powder, white butter, ghee and curd having different variants in different consumer pack sizes. The Company continues selling poly packed milk and butter milk under co-branding with 'Mother DairyTM', whereas other products of the Company are being sold under the solo brand 'MaahiTM'.

During the year under report, the sales of poly packed milk and butter milk were 3,00,227 LPD (avg.) and 50,982 LPD (avg.) respectively, whereas sales of Dahi and Ghee were 543 MT and 746 MT respectively having much scope for expanding the volume.

In the direction of strengthening sales & distribution network, 75 new distributors, 1,779 new retailers and 30 new Maahi parlours were added during the year under report. To serve the local customers efficiently, the Company has also started processing of milk and butter milk through third party at Rajkot ensuring adequate supervision, quality checks and better logistic controls.

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

Quality Initiative

All BMCs (Bulk Milk Coolers)/CCs (Chilling Centres) of the Company are well equipped with the basic testing facilities and instruments for quality testing of

raw milk. Towards ensuring and maintaining high quality levels in the operations of the Company, the Company has provided and is continuously providing sound technical support and trainings to all the concerned with emphasis on hygiene, GMP, SOP etc., which are directly connected to the quality of milk and milk products. Further, wherever required, quality improvements in the products are continuously and promptly done based on the feedback from market and customers.

Way forward

Including Saurashtra and Kutch and Ahmedabad regions, all endeavours are being made to expand the presence of Maahi's products in other prominent cities of Gujarat alongwith enlarging the Company's basket of products. The Company foresees big potential in tapping of new markets in the eastern/southern Gujarat, and is actively considering these options.

The Company is constantly thriving to spread out its reach and product portfolio by adding new products and facility. In this direction, during the year under report, the Company has first time successfully launched Skimmed Milk Dahi (Lite Dahi) in the market. Few other new milk products are also proposed to be launched shortly during the current year.

Producer Institution Building (PIB)

During the year under report, the PIB Department of the Company (PIB) has conducted member awareness programmes for 15,578 members covering eleven districts of Saurashtra & Kutch region, wherein the members were made aware about the membership and Company related information to enable them to remain actively and beneficially associated with the Company.

The Company having a large operational area with a very large membership base, the Company has thought it appropriate to create informal groups known as VCG (Village Contact Group) and MRG (Member Relation Group) comprising of members in order to redress the members' issues and to strengthen relationship and bonding between the Company & its members and to ensure effective two way communication. Under the reporting year, PIB has facilitated formation of 1,713 VCGs (Village Contact Groups) having tenure of 2 years (2013-15) and 182 MRGs (Member Relation Groups) having tenure of 1 year (2013-14), which respectively consisted of 12,210 and 1,703 members. During the year, PIB has conducted 102 trainings for building the capacities of 1,520 MRG members.

During May, 2014 all existing 1,713 VCGs were reconstituted into 1,547 VCGs with 10,740 members prior to expiry of its tenure due to reduction in number of members upon cancellation of membership, whereas 152 new MRGs were formed consisting of 1,503 members for 2014-15.

Sub-Project Plans under NDP-I

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

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

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

Ration Balancing Programme

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

During the year under report, the Company has hired and trained 222 LRPs and implemented the plan in 444 villages, in which 3,214 animals of 2,704 milk producers have been registered and were provided guidance for the ration balancing. First three months' 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 23%. By the end of current year, it is planned to cover 1,02,000 animals of estimated 34,000 milk producers of 1,700 villages with the help of LRPs.

Fodder Development Programme

This programme focuses on the use of superior seeds of improved and high yielding varieties to increase the productivity of fodder crops and use of technologies for optimal use of available dry fodder throughout the year thereby making availability of fodder for livestock. It also envisages demonstration and extension activities for reducing wastage of dry fodder, and its enrichment and densification. 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. Presently, in the first three months of the project, 18 MT of improved fodder seeds have been distributed to 1,480 milk producers of 262 villages.

Pilot Model for Viable AI Delivery (AI Delivery)

The objective of this project is to develop self sustained model for providing superior quality AI (artificial insemination) services at farmer's doorstep aimed at producing superior progenies with better genetic potential for productivity thereby reducing milk production cost. This project is worked out in consultation with NDDDB Dairy Services. It is proposed to start total 280 AI centres 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 1st year and reaching 3.56 lakh AIs in 6th year. The Company has till date hired and trained 65 MAITs (Mobile Artificial Insemination Technicians) and established 95 AI Centres covering 687 villages to carry out the activity of the project. Uptil 1,705 AIs so far have been done.

Village Based Milk Procurement System (VBMP)

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

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

Under this project, to start with, 09 trainings programmes were conducted by the Company for 152 Employees and 27 trainings programmes were conducted for 526 Sahayaks for the understanding of the project.

Environment and Social Management action plan

It is proposed to conduct 33 awareness programmes on use of pesticides, water and fodder conservation involving about 6,600 milk producers.

About 50 awareness programmes on Government Schemes for SC/ST Members and 50 awareness programmes on Government Schemes for SC/ST non-members are also envisaged targeting SC/ST 2,500 members and 2,500 non-members.

Share Capital, Membership & Voting Rights

Share Capital & Membership:

As at March 31, 2014, the paid up share capital was Rs. 22.95 Crore, whereas 71,283 members were appearing on the register of members of the Company after annulment of total 14,748 memberships/folios consequent upon cancellation

of membership, surrender of shares etc., effected during the year under report.

Considering, both an increase in the number of members due to allotment of new membership as well as decrease in number of members due to cancellation of membership/ surrender of shares, as aforesaid, which took place after March 31, 2014, the total number of members as on the date of this report stands at 82,667 members, where as the paid up share capital is Rs. 24.10 Crore.

In order to avoid cancellation of membership which may result into hardship at a later stage, all the members belonging to Class-A, Class-B and Class-C are hereby requested to adhere to and fulfil all the patronage criteria of their respective class and conditions for continuation of membership during the relevant financial year

Voting Rights and attendance at AGM:

As regards exercise of voting right at the ensuing Annual General Meeting of the Company, out of said 71,283 members as on March 31, 2014, only 57,741 members have voting rights and the remaining 13,542 members lost their voting rights at AGM due to non-supply of milk for at least 200 days totalling to at least 500 litres during the year (2013-14) under report.

Those milk producers, who were members during the financial year 2013-14 (and as on March 31, 2014) but whose memberships have been cancelled post March 31, 2014, will be entitled to dividend for FY 2013-14, but, needless to say, shall not be entitled to any share/membership related rights, entitlement or benefit (including attendance & voting at AGM) post such cancellation as they have ceased to be the members of the Company.

Similarly, new members, who were admitted as members of the Company post March 31, 2014, will not be entitled to dividend for FY 2013-14 as well as voting right at ensuing AGM.

Aam Aadmi Vima Yojna (of LIC) for the Members

The Board has sanctioned the group life/accident cover insurance policy for the eligible members of the Company (in the age group of and upto 58 years) under the insurance plan of LIC known as "Aam Aadmi Vima Yojna", the modalities of which are in advance stage and the same shall be implemented shortly for the members.

Board of Directors

During the year under report, Ajit Singh Parmar, the Chief Operating Officer of NDDB Dairy Services (NDS), was appointed as an Expert Director of the Company on October 15, 2013, who resigned with effect from July 17, 2014. The Board places on record its appreciation for his services to the Board.

Shri Vijubha Babubha Gohil and Smt. Ramilaben Kiritbhai Patel, the members of

the Company, were appointed as Additional Directors of the Company with effect from March 26, 2014, and July 19, 2014 respectively in terms of Article 9.7(i) of the Articles of Association of the Company. They hold their office till the forthcoming Annual General Meeting (AGM) of the Company; and being eligible seek reappointment, be considered by the shareholders for reappointment, whose period of office shall be liable to retire by rotation.

Dr. N. V. Belavadi, an Expert Director, resigned with effect from May 30, 2014. The Board places on record its deep appreciation for the contributions made by Dr. N. V. Belavadi during his tenure by providing his valuable assistance, advice and guidance in strengthening the Company's foundation as a Producer Company.

Shri Sriram Singh, Practice Head Institution Building, of NDDDB Dairy Services (NDS), has been appointed as an Expert Director of the Company with effect from June 11, 2014 for a period of two years.

Smt. Madhuben Bhadka resigned as a director with effect from July 01, 2014. The Board would like to thank her for her association and support as first director since the inception of the Company.

During the year under review, Dr. Satyendra Kumar Bhalla was appointed as the Chief Executive and Director of the Company with effect from August 8, 2013, for a period of one year in place of his predecessor Shri M. M. Bhatt, who resigned in August 2013. The Board has, looking to the need in the initial phase of the Company and for benefiting the Company with his rich expertise in the dairy science and technology, extended his tenure till December 31, 2014.

Composition of Board of Directors & reappointment of Directors

The Articles of Association of the Company (article 9.4) provide for the determination of criteria for categorising members into different classes based on their patronage and representation of such classes of members on the Board, to the extent possible, based on the patronage of members of respective class. The criteria for categorizing members into three different classes viz., Class-A, Class-B and Class-C based on patronage were approved at the first AGM of the Company.

Based on the analysis of data w.r.t., fulfillment and non-fulfillment of patronage criteria by the members during FY 2013-14, it has been found that, 68% of the total members as on March, 31, 2014 have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly, out of this 68% of the total members, 10% comprised of Class-A, 32% Comprised Class-B and 58% 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 36%, 32% and 31% during FY 2013-14. Accordingly, the composition of the Board providing for representation of each

class of members on the Board based on patronage of each class of members comes to 4 directors for Class-A, 4 directors for Class-B and 3 directors for Class-C respectively. The present Board meets the requirement of Article 9.4, as aforesaid.

In terms of Article 9.6 of the Articles of Association of the Company, Shri Vajesinh Chudasama and Shri Ramde Modhwadiya, Directors of the Company (respectively representing "Class-A" & "Class-B"), will retire at the ensuing AGM of the Company and being eligible, offer themselves for re-appointment. The statement containing name and qualifications of each of the two Directors seeking reappointment is annexed to the Notice convening 3rd AGM of the Company. The Board recommends their re-appointment.

Training of Board Members

During the report period, the directors have been imparted training in the business model of the Company as well as for their awareness for the responsibilities, duties and their capacity building.

Directors' Responsibility Statement

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

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

Auditors

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

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

Internal Control System & Audit

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

Cost Compliance Report

The Cost Compliance Report pursuant to the requirements of the Companies (Cost Accounting Records) Rules, 2011, applicable for the Company's FY 2013-14 will be submitted to the Central Government along with the Annexure within the statutory time limit.

Human Resource

Human resources are the main strength and growth drivers for any organisation and therefore, employee motivation, development and engagement are the key areas of human resource management. The Company continuously emphasizes and focuses on providing suitable trainings to its staff in all core operational areas through internal and external resources. Constant efforts are being made to ensure that, the Company is attracting and retaining the best talented people creating the culture and environment where people can deliver their best and they are recognized and encouraged. Significant exercises have been made during the year to revamp the leadership role of employees and encouraging cross-functional learning and developing managerial capabilities for organisational effectiveness. During the first operational year under report, employee compensation based on performance management system (PMS) has been successfully implemented giving thrust to performance based management. Your Company recognizes the culture of trust and mutual respect amongst employees at all levels, and regular assessment and actions are taken to continuously improve the working environment, which has helped in sustaining sound human relations.

Safety and Health

Your Company always focus on the health and safety of employees, who are physically handling the milk day in and day out, and carry out their regular medical check-ups and impart necessary training. We are committed to conserve natural resources and environment through energy conservation and by adopting eco-friendly practices, and continuously strive to protect the environment by various initiatives like planting of trees, installation of effluent treatment facilities etc.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, none of the employees of the Company was in receipt of remuneration, which in the aggregate was equal to or exceeding rupees sixty lakh per annum or rupees five lakh per month, as the case may be, during the year under review.

Energy Conservation, Technology Absorption & Foreign Exchange Earnings and Outgo

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

Acknowledgement

We place on record our sincere appreciation for the contribution and support extended by the members of the Company throughout the year, which made it possible to lay a very strong foundation for the performance of the Company in its very first year of full fledged operations. We thank our customers, vendors, business associates and bankers for their continued support during the year.

We also thank and express our gratitude to National Dairy Development Board, NDDB Dairy Services and Mother Dairy Fruit & Vegetable Private Limited for providing encouragement and continuous support.

We also appreciate contribution made by the employees of the Company at all levels through their solidarity, hard work, perseverance and the commitment.

For and on behalf of the Board of Directors

Date: July 19, 2014

Place: Rajkot

Gopalbhai Varotra
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, 2014 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:

In line with the Company's commitment towards conservation of energy, all BMC (Bulk Milk Cooler) Centres/CCs (Chilling Centres) of the Company have continued with their efforts to improve energy usage efficiencies through improved operational and maintenance practices. Steps taken by various BMCs/CCs of the Company in this direction are as under:

- Installation of CFL (compact fluorescent lamp) type lamps in place of highly power consuming lamps at 48 BMCs and 03 Chilling Centers. We have also replaced Tube lights with T5 Model power saving light stick at Chotila BMC & also at Head office Rajkot.

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

- To upgrade Kutiyana & Talala Ammonia based Milk Chilling Plants running with ammonia gas with the R22 Gas based refrigeration plants.

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

The energy conservation measures have resulted/will result in energy saving and consequent decrease in the cost of production. The installation of R22 Gas refrigeration plants will result in reducing the energy consumption due reduction in chilling process time.

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

FORM – A (see Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

(A) Power and fuel consumption

Sr. No.	Particulars	Unit	Year ended	
			2013-2014	2012-2013
1.	<i>(a) Electricity Purchased</i>			
	Unit	KWH	40,57,407	6,498
	Total amount	Rupees	2,99,17,504	45,408
	Rate/Unit	Rs./KWH	7.3735	6.99
	<i>(b) Own Generation</i>			
	<i>i) Through diesel generator</i>			
	Unit	KWH	21,45,47.11	5,982.4
	Units per ltr. of diesel oil	KWH	4.62	4.62
	Cost / Unit	Rs./KWH	12.75	12.27
	<i>ii) Through steam turbine/ generator</i>	N.A.	N.A.	N.A.
	Units			
	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 Average rate	Rs. Rs./Ltrs		
4.	<i>Others/internal generation (CNG)</i>			
	Quantity	- - - -	N. A.	N. A.
	Total cost Rate/unit	Rs. Rs./sm3		

(B) Consumption per unit of production

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

B. TECHNOLOGY ABSORPTION:

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAAHI MILK PRODUCER COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAAHI MILK PRODUCER COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and 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 Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating

the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 581ZG of the Companies Act, 1956, we give in the Annexure 2 a statement on the matters specified in that Section.
3. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable

in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For S. B. BILLIMORIA & CO.

Chartered Accountants
(Firm Registration No. 101496W)

Jitendra Agarwal
Partner

Gurgaon, 19 July, 2014

(Membership No. 87104)

ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business/activities/result during the year, clauses (x) and (xiii) of paragraph 4 of the Order is not applicable to the Company.

- (i) In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c. The Company has not disposed off any fixed assets during the year. Therefore, the provisions of clause 4(i) (c) of the Order are not applicable to the Company.
- (ii) In respect of its inventory:
 - a. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (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, there are no contracts or arrangements which need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 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.
- (ix) 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 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, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2014 for a period of more than six months from the date they became payable.
 - c. There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2014 on account of any dispute.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. According to the information and explanations given to us, the Company has not taken any loan from financial institutions and has not issued any debentures.

- (xi) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures. Therefore the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long term investment.
- (xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) According to the information and explanations given to us, the Company has not issued any debentures.
- (xviii) According to the information and explanations given to us, the Company has not raised any money by public issues.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For S. B. BILLIMORIA & CO.

Chartered Accountants

(Firm Registration No. 101496W)

(Jitendra Agarwal)

Partner

Gurgaon, 19 July, 2014

(Membership No. 87104)

ANNEXURE-2 TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) The amount of debts due from sale of goods and services are as disclosed in note 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, 2014 are as per the financial statements of the Company as at and for the year ended 31 March, 2014.
- (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, 19 July, 2014

MAAHI MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2014

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.

Chartered Accountants

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

Jitendra Agarwal
Partner

S. K. Bhalla
Chief Executive

R. R. Iyer
Chief Financial Officer

Place: Gurgaon
Date: 19 July, 2014

Place: Rajkot
Date: 19 July, 2014

Dinesh Patel
Company Secretary

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

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.

Chartered Accountants

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

Jitendra Agarwal
Partner

S. K. Bhalla
Chief Executive

R. R. Iyer
Chief Financial Officer

Place: Gurgaon
Date: 19 July, 2014

Place: Rajkot
Date: 19 July, 2014

Dinesh Patel
Company Secretary

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

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For S. B. BILLIMORIA & CO.
Chartered Accountants

For and on behalf of the Board of Directors

Jitendra Agarwal
Partner

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

S. K. Bhalla
Chief Executive

R. R. Iyer
Chief Financial Officer

Place: Gurgaon
Date: 19 July, 2014

Place: Rajkot
Date: 19 July, 2014

Dinesh Patel
Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED

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 had taken over the procurement operation in the state of Gujarat, with effect from 18th March, 2013. 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) and Butter Milk which is sold in the state of Gujarat with the co-brand of Mother Dairy Fruit and Vegetable Private Limited (MDFVPL) and Maahi. The Company also sells Ghee, Dahi, Skimmed Milk Powder, White Butter and 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 notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. 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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which results are known/materialize.

c. Cash and cash equivalents (for the purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d. Cash flow statement

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

e. Revenue recognition

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

Interest income on deposits is recognized on accrual basis.

f. 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 of such expenditure results in an increase in the future benefits from such asset beyond its previous assessed standard of performance.

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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.

g. Depreciation and amortisation

Depreciation is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act 1956 or based on the useful life of the assets, whichever is higher.

The depreciation rates used are as follows:

<u>Description</u>	<u>Depreciation per annum (%)</u>
Building	5.00
Plant and equipment	9.50
Furniture and fixtures	6.33
Computers (including software)	33.33

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.

h. 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. 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.

i. 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 whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

the carrying value of the assets. The fixed assets received under Capital grant are valued at a nominal value of Rupee one. Other 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.

j. Employee benefits

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

i. Defined contribution plans

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

ii. 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.

iii. 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.

iv. 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.

k. 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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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.

l. 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 provisions of Income Tax Act, 1961.

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

m. 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.

n. 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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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.

o. Provisions and contingencies

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Assets are not recognized in the financial statements. Contingent liabilities are disclosed by way of notes.

p. 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.

q. Material events

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

r. Operating Cycle

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

3. Share Capital

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

See notes (i) to (iii) below

Notes:

(i) Rights, preferences and restrictions attached to shares

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

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

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

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

4. Reserves and surplus

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

5. Long-term borrowings

Secured

(a) Term loans from National Dairy Development Board (NDDB)	19,26,18,000	-
	19,26,18,000	-

Notes:

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

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

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

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

	As at 31 March, 2014	As at 31 March, 2013
	Rupees	Rupees
6. Long term provisions		
(a) Provision for employee benefits:		
(i) For compensated absences	29,67,096	1,31,935
(ii) For gratuity	16,78,322	1,27,815
	46,45,418	2,59,750
7. Short term borrowings		
Secured loans		
(a) From banks:		
(i) Working capital loans	30,00,83,183	39,06,05,480
(repayable on demand)	30,00,83,183	39,06,05,480
Note:		
(i) Working capital loan from bank is secured by first charge on entire current assets including stock, book debts, advances etc. both current and future of the Company.		
8. Trade payables		
(a) Trade Payables (other than acceptances)	50,62,87,227	34,07,25,092
(see note 36)	50,62,87,227	34,07,25,092
9. Other current liabilities		
(a) Income received in advance	4,97,200	-
(b) Advances from customers	1,91,93,843	1,70,56,945
(c) Trade / security deposits received	8,52,71,196	-
(d) Statutory dues	25,87,405	10,11,432
(e) Grant received from NDDB (unutilised):		
(see note 33)		
(i) Capital grant	1,77,04,046	-
(ii) Revenue grant	1,26,90,450	-
	13,79,44,140	1,80,68,377
10. Short term provisions		
(a) Provision for employee benefits		
(i) For compensated absences	2,27,515	43,978
(ii) For gratuity	81,875	14,202
(b) Provision for Income Tax (net of advance tax of Rs. 12,93,492; previous period Rs. 1,66,112)	1,63,26,508	15,09,888
(c) Provision for proposed limited return (dividend)	2,29,53,460	
(d) Provision for tax on proposed limited return	39,00,941	
	4,34,90,299	15,68,068

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

11. Fixed assets

Amount in Rupees

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 April, 2013	Additions	Deletions	As at 31 March, 2014	As at 1 April, 2013	Depreciation charge for the year	On Disposals	As at 31 March, 2014	As at 31 March, 2013
A. Tangible assets (owned)									
Buildings (Previous year)	-	1,64,881	-	1,64,881	-	8,244	-	8,244	-
Plant and equipment (Previous year)	26,880	22,41,69,045	-	22,41,95,925	700	3,05,86,282	(-)	3,05,86,982	19,36,08,943
Furniture and fixtures (Previous year)	68,945	15,15,481	(-)	15,84,426	660	980,745	(-)	9,81,405	26,180
Computers (Previous year)	-	68,945	(-)	68,945	(-)	660	(-)	(700)	(-)
Office equipment (Previous year)	-	22,77,590	-	22,77,590	(-)	6,50,148	-	6,50,148	68,285
Total	95,825	22,95,85,829	-	22,96,81,654	1,360	3,25,13,701	-	3,25,15,061	94,465
Previous year	(-)	(95,825)	(-)	(95,825)	(-)	(1,360)	(-)	(1,360)	(-)
B. Intangible assets									
Computer Software (Previous year)	-	9,79,463	-	9,79,463	(-)	4,65,588	-	4,65,588	-
Total	-	9,79,463	-	9,79,463	-	4,65,588	-	4,65,588	-
Previous year	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

C. Depreciation and amortisation expense:

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

Note:

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

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

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

Note:

(i) Auditors' remuneration comprises:

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

As at 31

March, 2014

As at 31

March, 2013

Rupees

Rupees

28. Contingent Liabilities and Commitments

Nil

Nil

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

30. Employee Benefit Obligations:

Defined-Contribution Plans

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

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

Defined benefit plan

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

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

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

The scheme is unfunded, hence plan assets are Nil.

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

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

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and expense.

vi. Principal actuarial assumptions

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

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

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

Experience adjustment

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

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

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

31. Leasing arrangements

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

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

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

32. Earnings Per Equity Share

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

33. Details of Government grants

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

Note:

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

34. Related party disclosures

Disclosures as required by the Accounting Standard (AS) 18 – “Related Party Disclosures” are as below:

A. Name of the related parties and nature of relationship

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

MAAHI MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

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

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

Figures in brackets represent previous year figures

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

For and on behalf of the Board of Directors

Gopalbhai Varotra
Director

Vajesinh Chudasama
Director

S. K. Bhalla
Chief Executive

R.R. Iyer
Chief Financial Officer

Place: Rajkot
Date: 19 July, 2014

Dinesh Patel
Company Secretary

MAAHI MILK PRODUCER COMPANY LIMITED

Minutes of Previous Annual General Meeting

Minutes of the 2nd Annual General Meeting of the Members of Maahi Milk Producer Company Limited held on Monday, the 23rd day of September 2013, at 10:10 a.m., at Hemu Gadhvi Auditorium (Natya Gruh), Tagore Road, Beside Virani High School, Rajkot - 360 002, Gujarat

Present:

1. Shri Gopalbhai Varotra : Chairman & Shareholder
2. Shri Vajesinh Chudasama : Director & Shareholder
3. Shri Ramde Modhwadiya : Director & Shareholder
4. Shri Meraman Zala : Director & Shareholder
5. Shri Parbatbhai Suvagiya : Director & Shareholder
6. Shri Nitesh Kansagara : Director & Shareholder
7. Shri Hamir Raja Karavadra : Director & Shareholder
8. Shri Rudra Dave : Director & Shareholder
9. Dr. N. V. Belavadi : Expert Director
10. Dr. S. K. Bhalla : Chief Executive

In Attendance:

1. Shri Dinesh Patel : Company Secretary

694 Members/folios holding 20,648 shares and 28,001 proxies representing Members/folios holding 4,53,427 shares (constituting 37.25% of total equity shares) were present as per the details in the attendance register.

- A. Shri Gopalbhai Varotra took the Chair.
- B. The Chairman after ascertaining the requisite quorum for the meeting, observed that the meeting had a quorum and called the meeting to order.
- C. The Chairman welcomed all the Members and the Directors at the Second Annual General Meeting (AGM) of the Company. Thereafter, he briefed about the completion of first financial year of the Company with 14 days' of operations and the progress made by the Company during the current year. The Chairman thanked everyone associated with the Company and expressed gratitude to NDDB and NDDB Dairy Services for providing encouragement and support to the Company. The Chairman appealed the Members of the Company to continue to extend their support and

cooperation in overall development and growth of the Company.

- D. Shri Dinesh Patel, the Company Secretary stated that, the required statutory registers have been kept open at the entrance of the meeting hall for inspection by the Members.
- E. The Chairman requested the Members to take the Notice convening AGM having been previously circulated to Members, as read.
- F. The Company Secretary read out the Auditors' Report on accounts for the period ended 31 March 2013.
- G. With the consent of the Members present, the Directors' Report and audited Accounts, having already been circulated to the Members, were taken as read.
- H. Thereafter, the following agenda items as per notice dated 22nd August, 2013 convening the meeting were taken up for consideration.

1. Adoption of Annual Accounts.

- 1.1 The following resolution was proposed as an Ordinary Resolution by Shri Dhirubhai Keshaubhai Vahani (Folio No.:26664):

Resolution No.: 2nd AGM:23.09.13:1/2013-14

"RESOLVED THAT, the audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the period 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 Bavabhai (Folio No.:66363).

Thereafter, the Chairman invited the members to raise their queries, if any. No specific queries pertaining to accounts were raised by the members.

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

2. Re-appointment of Shri Meraman Nathabhai Zala as Director.

- 2.1 The following resolution was proposed as an Ordinary Resolution by Shri

Lilabhai Ramabhai Visana (Folio No.:3502):

Resolution No.: 2nd AGM:23.09.13:2/2013-14

"RESOLVED THAT, Shri Meraman Nathabhai Zala, a director 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 Zatakiya Naymishbhai (Folio No.:23465).

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

3. Re-appointment of Shri Rudra Kiritkumar Dave as Director.

- 3.1 The following resolution was proposed as an Ordinary Resolution by Shri Dirubhai Anandbhai Suvagia (Folio No.:62762).

Resolution No.: 2nd AGM:23.09.13:3/2013-14

"RESOLVED THAT, Shri Rudra Kiritkumar Dave, a director 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 Grijeshbhai Dhirubhai Khunt (Folio No.:14).

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

4. Re-appointment of Shri Parbatbhai Khimjibhai Suvagiya as Director.

- 4.1 The following resolution was proposed as an Ordinary Resolution by Shri Parbatbhai Karabhai Ulava (Folio No.:20274):

Resolution No.: 2nd AGM:23.09.13: 4/2013-14

"RESOLVED THAT, Shri Parbatbhai Khimjibhai Suvagiya, a director 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 Sajaybhai Dulabhai Modhavadiya (Folio No.:81438).

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

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

5.1 The following resolution was proposed as an Ordinary Resolution by Shri Jivanbhai Valabhabhai Sodvadiya (Folio No.:1304):

Resolution No.: 2nd AGM:23.09.13:5/ 2013-14

"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 2nd Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 7.00 lakh (Rupees Seven Lakh) plus applicable service tax and reimbursement of actual out of pocket expenses."

The resolution was seconded by Shri Pruthviraj Manubhai Dhadhal (Folio No.:6522).

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

6. To consider and approve the Budget of the Company for the FY 2013-2014.

6.1 The following resolution was proposed as an Ordinary Resolution by Shri Prafulbhai Mavjibhai Vachhani (Folio No.:34620):

Resolution No.: 2nd AGM:23.09.13:6/2013-14

"RESOLVED THAT, the Budget of the Company for the financial year 2013-2014, as placed before the meeting, be and is hereby approved."

The resolution was seconded by Shri Murubhai Karashan Odedara (Folio No.:24).

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

As there was no other business to be transacted, the Chairman declared the meeting as closed. The meeting was then concluded with a vote of thanks to the Chair proposed by Dr. S. K. Bhalla, the Chief Executive.

Date: 19.10.2013

Sd/-
Chairman

MAAHI MILK PRODUCER COMPANY LIMITED

Budget for Financial Year 2014-15

(A) Financial Budget

Sr. No.	Particulars	(Rs. in Lakhs)
	INCOME:	
(A)	Total Income	1,06,623.58
	EXPENSES:	
	Variable Expenses	1,00,259.79
	Sales and Distribution Expenses	3,134.20
	Fixed Expenses	2,740.59
(B)	Total Expenses	1,06,134.58
(C)	Profit Before Tax (A-B)	489.00
(D)	Corporate Tax	158.66
(E)	Profit After Tax (C-D)	330.34

(B) Capital Budget

Sr. No.	Particulars	(Rs. in Lakhs)
(A)	Field Assets	1,930.44
(B)	Office Assets	373.66
(C)	Total (A+ B)	2,304.10

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 THIRD ANNUAL GENERAL MEETING OF MAAHI MILK PRODUCER COMPANY LIMITED will be held on Tuesday, the 26th day of August 2014, at Speedwell Party Plot, Nana Mava Main Road, Near Mavadi Rajkot Rural Police Head Quarters, Ambika Township Road, Beside Govani Chhatralaya, Rajkot-360 005, Gujarat, at 10:00 a.m., to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and 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 March 31, 2014.
3. To appoint a director in place of Shri Vajesinh Rambhai Chudasama, representing "Class-A" on the Board of Directors, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Ramde Arbhambhai Modhwadiya, representing "Class-B" on the Board of Directors, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors, fix their remuneration and in this regard to pass the following resolution:-

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

6. To consider and approve the Budget of the Company for the Financial Year 2014-2015.

- 7. APPOINTMENT OF SHRI VIJUBHA BABUBHA GOHIL AS A DIRECTOR**
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

- 8. APPOINTMENT OF SMT. RAMILABEN KIRTIBHAI PATEL AS A DIRECTOR**
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

- 9. INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY**
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

RESOLVED further that, the Memorandum of Association of the Company

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

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

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

10. ALTERATIONS IN THE ARTICLES OF ASSOCIATION OF THE COMPANY

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

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

(1) Following new Article 1.3 be inserted after the existing Article 1.2.

- 1.3
- i. *The Company is a producer company within the meaning of Section 581A (1) of the Companies Act, 1956.*
 - ii. *The Company is deemed to be a Private Company within the meaning of Section 581C(5) of the Companies Act, 1956 with a minimum paid -up capital of One Lakh Rupees or such higher paid up capital as may be prescribed and accordingly,*
 - a. *Restricts the right to transfer its shares in the manner and to the extent hereinafter provided;*
 - b. *Prohibits any invitation to the public to subscribe for any shares in, or debentures of, the Company; and*
 - c. *Prohibits any invitation or acceptance of deposits from persons other than its Members, directors or their relatives.*

- (2) The first beginning word **'Chairman'** appearing in Article 2.1 v. be substituted with the words **'Chairman or Chairperson'**.
- (3) The word **"Act"** appearing in Article 2.1 vii. be substituted with the words **"Companies Act,1956"**.
- (4) The symbol and word **"& the"** appearing in Article 3.1 be substituted with the words **"and the"**.
- (5) The word **"an"** appearing in second para of Article 4.2 ii. be substituted with the words **"a non-refundable"**.
- (6) The existing Article 4.2 iii. be renumbered to read as Article 4.2 iv.; and the following new Article 4.2 iii. be inserted immediately after the existing Article 4.2 ii..

4.2 iii. No person, who has any business interest which is in conflict with business of the Company, shall become a Member of the Company.

- (7) The existing Article 4.3 ii. be renumbered to read as Article 4.3 iii.; and the following new Article 4.3 ii. be inserted immediately after the existing Article 4.3 i..

4.3 ii. A Member, who acquires any business interest which is in conflict with the business of the Company, shall cease to be a Member of the Company.

- (8) The words **"and given an opportunity of being heard."** be inserted immediately after the words **"for removal as Member."** appearing in the first sentence of the renumbered Article 4.3 iii.
- (9) The word **"previous"** be inserted immediately after the figure and words **"500 litres in a"** appearing in the first sentence of sub-article i. of Article 4.4.
- (10) The words **", and further, to be eligible to vote for election/ appointment of director(s) representing a particular class of members on the Board, member must have fulfilled all the patronage criteria of that particular class during the previous year to which he/she belongs"** be inserted immediately after the word **"year"** appearing in the first sentence of sub-article i. of Article 4.4.
- (11) In the existing Article 4.5 iii., the first beginning word appearing as **"Every"** be substituted with the letter **"A"**; and thereafter, the word

appearing as "*balance*" be deleted; whereas the words "*during the financial year or otherwise, to such extent and in such manner and*" be inserted immediately after the existing words appearing as "*milk supplied to the Company*".

- (12) In Article 4.5, following new sub-article iv., alongwith its heading as "***Other Payment***", be inserted immediately after the existing sub-article iii.

Other Payment

iv. The Company may pay incentive to the members with such attributes and to such extent and in such manner and subject to such conditions as may be decided by the Board.

- (13) The last four sentences in the existing Article 8.1 appearing as "*Such Member shall be served a written notice by the Company for surrender of the equity shares. The Member would need to reply to the notice within the stipulated period as specified in the notice. Such notice shall be sent by Registered Post to the Member at his last known address and be deemed to be served five days after posting. Thereafter, the Board shall a take decision in the matter.*" be deleted.

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

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

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

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

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

- (17) The existing Article 9.6 ii. be renumbered to read as Article 9.6 iii.;

and the following new Article 9.6 ii. be inserted immediately before the renumbered Article 9.6 iii..

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

- (18) The word ***"he"*** appearing in Article 9.15 be substituted with the words ***"he/she"***.
- (19) The first beginning letter ***"A"*** of the Article 9.16 be substituted with the words ***"Also a"***; and following new sentence be inserted immediately before the aforesaid words ***"Also a"***.

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

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

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

- vi. the member has committed any act which has damaged the interest and reputation of the Company;***
vii. the member has wilfully deceived the Company;

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

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

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

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

after the existing Article 11.11 vi..

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

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

11. APPROVAL OF GUIDELINES FOR THE CONSTITUTION OF NOMINATING COMMITTEE

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

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

1. The Board of the Maahi Milk Producer Company Limited ("Company") shall constitute a "Nominating Committee" (NC) within three months of the completion of the financial year, for suggesting to the Board 'Potential candidate for the vacant producer-member director position on the Board of the Company'.
2. The vacancy of the Producer Directors on the Board (under Class A or Class B or Class C category) shall be announced by the Board of Directors of the Company. The notice inviting nominations from eligible members for consideration by the Nominating Committee (to fill as many number of positions as vacant on the board) shall be put on the notice board of the Company and or on the website of the Company, if there is one or by sending a circular by ordinary post to all the members of the respective class(es) for which the vacancy arises.
3. The Board shall prepare a process which has to be followed by the

'Nominating Committee' for identifying such potential members as referred under Article.

4. The "Nominating Committee" shall consider the following table showing the 'Applicant's eligibility scores' to be given against each parameter for the eligible applicant:

Parameter for applicant's eligibility score	Maximum Score
Number of days of Milk supplied to the Company during previous two financial years, Scoring will be as follows: (95% or more days -25; 85% to <95% days - 20; 75% to <85% - 15; 65% to <75% - 10; 55% to <65% - 5; <55% - 0)	25
Share capital subscription is not falling short by more than 10% of the actual requirement as on 31st March of the previous financial year.	10
Supplying the entire surplus to the Company during the period (i.e. has not supplied milk to any other players / competitors/operators)-based on self-declaration and subsequent verification by the Company.	10
Continuously maintained the member qualification (@ 3 marks for each year for the last 5 years).	15
Educational qualification of the applicant (over and above the minimum required qualification - for graduates -10 and for Post graduates - 15) Minimum qualification shall be as per the Articles of Association.	15
Other Training programmes attended - Producer / women awareness (5 marks); orientation programme for VCG (5 marks) / MRG (5 marks) / For Board of Directors' Training Programme of MAAHI (MMPCL) attended (15 marks).	15
Received any award or recognition as member of the Company (like best IB Award for member / VCG/ MRG etc) / Applicant has served as Director on the Board of Directors of MAAHI (MMPCL) (5 marks).	5
Having received recognition for voluntary service (subject to documentary proof)	5
TOTAL	100

5. The 'Nominating Committee' constituted by the Board shall comprise of-
- i. A producer-member director on the Board from the membership class for which the vacancy has arisen provided that such Producer-

member director is not the one who is retiring at that AGM. If more than one producer-member director qualifies, then one NC member shall be identified through draw of lots. Also, if no producer-member director is available from that class, then any other producer-member director shall be identified through draw of lots;

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

The Company Secretary of the Company shall assist the 'Nominating Committee' and be responsible for maintaining all the relevant documents thereof including the minutes of the meeting of the Nominating Committee.

6. The Term of the 'Nominating Committee' shall be from the date of first meeting of the committee to the date till it sends its recommendation to the Board of the Company.
7. The Board shall prescribe the process to be adopted by the 'Nominating Committee' for identifying such potential members.

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

By order of the Board of Directors

Place: Rajkot
Date: July 19, 2014

Dinesh Patel
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 MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED, STAMPED AND SIGNED, 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 (2013-14).
3. Criteria for categorizing members into different classes (**Class A, B and C**) based on the members' participation in business (i.e., patronage criteria) were approved at the first annual general meeting of the Company.
4. **Voting Right Entitlement:**
 - a) Class A, Class B and Class C:- A member belonging to a particular class (Class A, Class B, or Class C), **who has fulfilled all the criteria of patronage** of his/her respective Class is entitled to vote on all the resolutions at Item nos. 1 to 11 of the notice, including voting on election of Director of the Class, to which he/she belongs.

[Note: A member of particular class (Class A, Class B, or Class C) can vote on appointment of director of 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) A member, who has 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 did not fulfil one or more of the patronage criteria of his/her respective class during FY 2013-14, does not qualify to be in any of the three classes for the purpose of categorizing members into different classes, and consequently, he/she is not entitled to vote on class based election of Directors (at Item nos. 3, 4, 7 & 8 of the notice), however, he/she is entitled to vote on other resolutions at Item nos. 1, 2, 5, 6, 9, 10 & 11 of the notice.
 - c) A member who did not pour milk for at least 200 days totalling to at least 500 litres in a previous financial year (2013-14), has no right to vote on any resolution.
 - d) A milk producer, who was a member as on March 31, 2014, but whose membership has been cancelled post March 31, 2014, will be entitled to dividend for FY 2013-14, 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.
 - e) Similarly, a new member, who was admitted as member of the Company post March 31, 2014, will not be entitled to dividend for FY 2013-14 as well as voting right at ensuing AGM.

- f) MPP (Milk Pooling Point)-wise list of aforesaid members are available at respective MPP and will be available at AGM venue.
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, 2014 and Profit and Loss Account for the financial year ended 31st March 2014 together with Reports of the Board of Directors and Auditors thereon and the Minutes of the previous AGM held on 23rd September, 2013 are annexed herewith. Budget for FY-2014-15 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 communication to the Registered Office of the Company, so as to reach 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 their folio numbers and pourer code in all their correspondence.
 9. The Explanatory Statement setting out all material facts in respect of Item nos. 7 to 11 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 (between 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 31st March, 2014.

Statutorily, any dividend which has not been paid or claimed within 30 (thirty) days from the date of declaration shall be transferred within seven days from the date of expiry of said thirty days to an unclaimed dividend account with a scheduled bank. Any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to Investor Education and Protection Fund.

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

13. Members, who have not submitted their nomination form may send their Nomination in the prescribed form duly filled in to the Company at its registered office. Nomination Form can be obtained from the Registered Office of the Company.
14. Weapons, fire arms, ammunitions, knives and blades, sharp instruments etc., are prohibited at the AGM venue.

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

Item Nos. 3, 4, 7 & 8 respectively:

- (i) Shri Vajesinh Rambhai Chudasama has done Masters in Arts (representing Class-A Members). He is engaged in Agriculture and Dairy Farming.
- (ii) Shri Ramde Arbhambhai Modhwadiya has done MA, B.Ed. (representing Class-B Members). He is engaged in Agriculture and Dairy Farming.
- (iii) Shri Vijubha Babubha Gohil has passed HSC Examination (representing Class-B Members). He is engaged in Agriculture and Dairy Farming.
- (iv) Smt. Ramilaben Kirtibhai Patel has passed SSC Examination (representing Class-C Members). She is engaged in Agriculture and Dairy Farming.

EXPLANATORY STATEMENT

(for Item nos. 07 to 11 of the accompanying Notice dated July 19, 2014)

Item No.: 7

Shri Vijubha Babubha Gohil, who was co-opted as an additional director of the Company by the Board of Directors in terms of Article 9.7(i) of the Articles of Association of the Company with effect from 26th March, 2014, holds his office till the forthcoming third Annual General Meeting of the Company. Shri Vijubha Gohil, whose statement of qualification pursuant to Section 581ZA(4)(c) of the Companies Act, 1956, is appended to the accompanying notice, being eligible proposes his candidature for the office of Director, representing "Class-B" of the members on the Board of Directors of the Company, whose period of office, if appointed, shall be liable to retire by rotation.

Except Shri Vijubha Gohil, 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.07 of the accompanying notice for the approval of the members.

Item No.: 8

Smt. Ramilaben Kirtibhai Patel, who was co-opted as an additional director of the Company by the Board of Directors in terms of Article 9.7(i) of the Articles of Association of the Company with effect from July 19, 2014, holds her office till the forthcoming third Annual General Meeting of the Company. Smt. Ramilaben Patel, whose statement of qualification pursuant to Section 581ZA(4)(c) of the Companies Act, 1956, is appended to the accompanying notice, being eligible proposes her candidature for the office of Director, representing "Class-C" of the members on the Board of Directors of the Company, whose period of office, if appointed, shall be liable to retire by rotation.

Except Smt. Ramilaben Patel, 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

Presently, the Authorised Capital of the Company is Rs.30 Crore, and its issued, subscribed and paid-up share capital is Rs.24.10 Crore. Therefore, mainly in order to fulfil its growth and developmental objectives in its ordinary course of business as well as to facilitate accomplishment of certain objectives under the sub-project plans undertaken by the Company under the NDP-I (National Dairy Plan-I), the Company would be required to expand its paid up share capital base beyond Rs. 30 Crore. It is therefore deemed appropriate to increase the Authorised Share Capital of the Company to Rs. 35 Crore; and for that purpose, the Memorandum of Association of the Company is proposed to be suitably altered as set out in the resolution at Item no. 09 of the accompanying notice.

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

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

The Board of Directors recommends the resolution set out in Item no. 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. 10 of the accompanying notice for the approval of the members.

Item No.: 11

The passing of this ordinary resolution is subject to the passing of a special resolution, with requisite majority, for alterations in the Articles of Association of the Company proposed at Item no. 10 of the accompanying notice.

The existing Articles 9.4; 9.5; 9.6; 9.18 ii. k.; and 11.11 of the Articles of Association of the Company relating, inter alia, to the representation of class of members on the Board, election of directors, recommendation for the position

of directors etc., are proposed to be suitably amended amongst other Articles (vide Item no. 10 of the accompanying notice) at this third annual general meeting of the Company with the approval of members so as to provide for the constitution of "Nominating Committee" (NC) by the Board, approval of guidelines for constitution of NC and formulation of criteria for the nomination of directorship.

Therefore, alongwith adoption of alterations in the Articles of Association of the Company, as aforesaid, it is also imperative and appropriate that, suitable guidelines for the constitution of "Nominating Committee" including the eligibility criteria for the directorship, as detailed in the draft ordinary resolution, are also approved by the members to facilitate the constitution of Nominating Committee and recommendation of eligible members to the board for times to come.

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

By order of the Board of Directors

Place: Rajkot
Date: July 19, 2014

Dinesh Patel
Company Secretary



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MAAHI MILK PRODUCER COMPANY LIMITED

3rd & 4th Floor, Sakar Building

Opp. Rajkumar College

Dr. Radhakrishnan Road

RAJKOT - 360 001 (Gujarat)