

## DIRECTORS' REPORT

### TO THE MEMBERS OF RUHAANII MILK PRODUCER COMPANY LIMITED

The Directors are pleased to present the 3<sup>rd</sup> Annual Report along with the audited Statement of Accounts of Ruhaanii Milk Producer Company Limited ('Company') for the financial year ended 31<sup>st</sup> March 2018.

#### **FINANCIAL RESULTS:** -

The Company's financial performance, for the period ended March 31, 2018, is summarised below:

Particulars	For the period ended 31 <sup>st</sup> March 2018	For the period ended 31 <sup>st</sup> March 2017
Revenue from operation	Rs. 115,350,384/-	Rs. 2,279,336/-
Other Income	Rs. 4,338,686/-	Rs. 1,844,501/-
Total Income	Rs. 119,689,070/-	Rs. 4,123,837/-
Total Expenses	Rs. 119,689,070/-	Rs. 4,123,837/-
Profit / (Loss) Before Tax	-	-
Tax Expense	Rs. -1,884	Rs. 8,014
Net Profit / (Loss) After Tax	Rs. 1,884	Rs. (8,014)

#### **STATEMENT OF THE COMPANY'S AFFAIRS:-**

The Company during the period has achieved a turnover of 119,689,070/-, comprising of operational revenues amounting to Rs. 115,350,384/- and other income amounting to Rs. 4,338,686/-. The total expenses incurred during the period amounted to Rs. 119,689,070/-.

#### **DIVIDEND**

The Company has not declared any dividend for the FY 2017-18.

#### **REVIEW OF OPERATIONS:-**

##### ***MILK PROCUREMENT:***

The Company's milk procurement operations continue to remain extended to Mansa district of Punjab and Sirsa district of Haryana and cover therein 84 villages as on 31<sup>st</sup> March 2018. During the year, the Company has procured 3,074,497/- litres of raw milk.

At the end of the financial year, out of a total of 2794 members, 2737 have emerged as active members. The members have thus shown their confidence in the working of the Company. This healthy indicator reflects 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.

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As regards procurement prices, the Company continues to pay competitive and remunerative prices to its members towards the milk being supplied by them.

The Company is continuously endeavouring to maximise the productivity by enhancing efficiencies and taking cost reduction measures like reducing the logistics cost, better supervision, quality checks and better logistic controls etc.

**QUALITY INITIATIVE:**

All Bulk Milk Coolers (BMCs) underuse (third party) 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 technical support and training to all the concerned with emphasis on hygiene which is directly connected to the quality of milk.

**PRODUCER INSTITUTION BUILDING (PIB):**

PIB strengthen the business through better governance and member-centric approach. The efforts are directed to increase active membership resulting in better economy of scale.

The PIB activities differentiate the Producer Company from the other players in the dairy sector mainly through its open and transparent governance systems and member equity equivalent to their patronage.

**MPCs Core Design Principles:**

Core Designed Principles were strictly observed. Business dealings were restricted only with members. Active user membership & their participation in business and governance were encouraged. Most of the active members have fulfilled the minimum share capital contribution during the year.

An appropriate mechanism is being initiated for member communication and grievance redressal professionally managed business operations and economy of a scale sufficient to ensure viability and self-sustenance at the earliest.

**Training & Capacity Building Programs:**

Members were imparted training on various awareness programs related to dairying so that they understand their roles and responsibilities. The training programs from time to time are organized covering members, potential members, Board members and employees. Major training programs conducted during the year 2017-18 were:-

<b>S.N.</b>	<b>Training Programmes</b>	<b>Nos. of Training Conducted</b>	<b>No of Participants Trained</b>
1	<b>Producer Awareness programme</b>	88	2208
2	<b>Women Awareness Programme</b>	84	1466
3	<b>Quality and Clean Milk Production Programme</b>	84	2063
4	<b>Awareness programme for Rural Youth</b>	3	60

5	<b>Rural Schools-Awareness Programme / Competitions</b>	<b>5</b>	<b>200</b>
6	<b>Orientation Programme (VCG)</b>	<b>10</b>	<b>134</b>
7	<b>Orientation Programme (MRG)</b>	<b>7</b>	<b>66</b>
8	<b>Leadership development programme</b>	<b>1</b>	<b>20</b>

**MATERIAL CHANGES AFTER CLOSURE OF FINANCIAL YEAR:-**

There is no material/substantial change after the closure of the financial year ended 31.03.2018.

**CHANGE IN NATURE OF BUSINESS:-**

Further, there is no change in the nature of business of company during the year under review.

**SHARE CAPITAL AND MEMBERSHIP:-**

As at March 31, 2018, the paid up share capital was Rs. 3329600/-.

**VOTING RIGHTS AND ATTENDANCE AT AGM:-**

Those milk producers, who were members as on date of this report shall be entitled to attend the AGM and member who has poured milk for at least 200 days totalling to at least 500 Ltrs shall be eligible to vote and have a single vote

**BOARD OF DIRECTORS:-**

During the year under review, Shri Gurpreet Singh & Jagjit Singh was appointed as additional director on 27<sup>th</sup> June 2017 and thereafter appointed as a director on 2<sup>nd</sup> AGM held on 24<sup>th</sup> August 2017.

Shri Alok Kumar Gupta & Shri Baljinder Singh are appointed as expert director of the Company in the month of August, 2018.

Shri Sukhjinder Singh, Angrej Singh & Shri Malkeet Singh are appointed as additional director in the month of August, 2018.

In terms of Article 9.6 of the Articles of Association of the Company, Shri Gursewak Singh & Shri Satnam Singh shall retire at the ensuing AGM and being eligible, offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:-**

As required under Section 217 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;

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- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March 2018 and of the profit of the Company for the period ended on that date.
  - c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
  - d) the directors have prepared the annual accounts on a going concern basis.

#### **AUDITORS:-**

The Auditors of the Company, M/s. S N Dhawan & Co. LLP, Chartered Accountants, New Delhi, retire at the ensuing second AGM, and have confirmed their eligibility and willingness to accept office if re-appointed.

The Board of Directors recommends the re-appointment of M/s. S N Dhawan & Co. LLP, Chartered Accountants, New Delhi, as the Auditors of the Company at the ensuing AGM.

#### **INTERNAL CONTROL SYSTEM AND 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 is conducted regularly by the external firm of Chartered Accountants viz., M/s. Ray & Ray, Chartered Accountants. The Internal Auditors independently evaluate the adequacy of internal controls and carry out the audit.

#### **HUMAN RESOURCE:-**

People are the assets and have been instrumental in driving the Company's performance. Their passion, commitment, a sense of ownership and teamwork has enabled the Company to achieve growth. The Company has always striven to offer a positive, supportive, open and high-performance work culture and environment where innovation is encouraged, performance is recognised and employees are motivated to realise their true potential.

The Vision, Mission and Values (VMV) of the Company are being followed in true letter and spirit across all the levels of the organization, for sustaining the long-term growth of the Company.

#### **INFORMATION TECHNOLOGY:-**

Information technologies provide support to various functions of the Company and help in making the system streamline and online. The key focus of IT is to provide appropriate technologies to improve efficiency in operations, enable informed decision making and to increase revenue.

IT interventions in our Company are making the systems streamlined and online.

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### **PARTICULARS OF EMPLOYEES:-**

During the year under report, none of the employees of the Company was in receipt of remuneration equal to or exceeding limit as prescribed under the Companies Act, 1956.

### **SAFETY AND HEALTH:-**

Your Company provides a safe and healthy workplace for its employees. There is always a focus on the health and safety of employees, especially those physically handling the milk. Regular medical check-ups and necessary training are provided to employees.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:-**

The Company is in the business of trading in milk and milk products. However, the Company has taken all steps necessary for the conservation of energy and has been sensitive in making progress towards this initiative. Administrative and office operations are conducted in the manner whereby optimum utilization and maximum possible saving of energy is achieved. Further, no specific technology is involved in the business activities of Company. Further foreign exchange earnings and outgo are nil during the year under review.

### **MEETINGS:-**

During the financial year 2017-18, Five (5) meetings of Board of Directors of the Company were duly convened and held on 27.06.2017, 31.07.2017, 27.11.2017, 24.03.2018.

### **AUDITOR'S REPORT:-**

The observation made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence, do not call for any further comments.

### **ACKNOWLEDGEMENT: -**

The Board of Directors would like to express their sincere thanks and appreciation for the contributions and support extended by the members of the Company, Government of Rajasthan, business associates and bankers for their continued support during the year.

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Your Directors also take this opportunity to place on record their sincere thanks to NDDDB Dairy Services and DHANII Foundation for providing encouragement and continuous support.

The Board also places on record its appreciation for the enthusiastic co-operation, hard work and dedication of all the employees of the company and all concerned without which it would not have been possible to achieve all-round progress and growth of the Company.

For and on behalf of the Board of Directors

Date: 17.08.2018  
Place:  
Chairman

Mansa,

(Amrik Singh)  
Punjab