

## **DIRECTORS' REPORT**

### **TO THE MEMBERS OF**

### **SHWETDHARA MILK PRODUCER COMPANY LIMITED**

The Directors are pleased to present before you Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020.

The Company was incorporated on 25<sup>th</sup> April, 2016 as a Producer Company under the provisions of Part IXA of the Companies Act in the state of Uttar Pradesh to undertake the business of pooling, purchasing, processing of milk of the members, marketing of the same and to deal in the activities that are of or incidental to any activity related thereto.

### **FINANCIAL RESULTS: -**

The Company's financial performance, for the period ended March 31, 2020, is summarised below:

<b>Particulars</b>	<b>1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020</b>	<b>1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019</b>
Revenue from Operation	22,33,64,636/-	158,838,586/-
Total Expenses	<b>22,02,95,862/-</b>	<b>161,222,863/-</b>
Profit / (Loss) Before Tax	<b>59,19,464/-</b>	<b>553,059/-</b>
Tax Expense	10,50,647/-	150,345/-
Net Profit / (Loss) After Tax	<b>48,68,817/-</b>	<b>402,714/-</b>

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

The Company during the period has generated revenue from operations of Rs. 2233.65 Lakh. The total expenses incurred during the period amounted to Rs. 2202.96 Lakh. Total profit after tax during the period is Rs 48.69 Lakh.

### **DIVIDEND**

The Company does not propose any amount to be paid as Dividend during the year.

### **TRANSFER TO GENERAL RESERVE**

Pursuant to provisions of article no 11.10 of Article of Association of the Company read with Section 581ZI of the Companies Act 1956, the Board proposes to transfer ₹ 48,68,817/- out of the profit after tax of the company for the financial year 2019-20 to the credit of General Reserve in the Balance sheet.

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

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***MILK PROCUREMENT:***

The Company's milk procurement operations continue to remain extended in 100 villages of Pratapgarh districts of Uttar Pradesh through Narangpur and Salhipur BMC locations. During the year, the Company has procured 53.04 lakh litres of liquid milk.

At the end of the financial year, the Company had 4507 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.

To encourage the members to pour milk regularly in the Company, the Company has paid incentive of **7.27** Lakhs to its members.

As regards procurement prices, the Company continues to pay competitive and remunerative prices to its members for the milk being supplied by them. The Company is continuously endeavouring to maximize the productivity by enhancing efficiencies and taking cost reduction measures like reduce the logistics cost, better supervision, quality checks and better logistic controls etc.

***QUALITY INITIATIVE:***

All Bulk Milk Coolers (BMCs) under use 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 trainings to all the concerned with emphasis on hygiene which are directly connected to the quality of milk.

***PRODUCTIVITY ENHANCEMENT SERVICES******ARTIFICIAL INSEMINATION (AI) SERVICES:***

The Company is providing Artificial Insemination (AI) Services through trained qualified AI Technicians using top genetics at the doorstep of farmers in order to improve productivity of milch animals, reduce cost of milk production and maximize farmers' income in its operational area by improving the breed of cattle.

The Company prefers to recruit local trained youths. Follow-up after 21-days of insemination for repeat heat, pregnancy diagnosis after 90 days and calving follow-up record are kept in INAPH Software.

During the year under review, the Company managed to do 3986 AI (Approx. 55 percent conception rate basis first AI follow-up).

***RATION BALANCING PROGRAMME (RBP):***

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In the operational area of the Company, producers are following old feeding practices. To encourage the better feeding practices as per the requirement of cattle, Company has adopted Ration Balancing Programme (RBP). Under this programme, milk producers are advised on balanced diet feeding for animals which has been formulated with the help of software. Milk producers are advised to make balanced diet using available food ingredients with them which results into increase in milk production, improved animal health and decreased milk production cost.

During the year under review, 289 new cattle have been covered under the Ration Balancing Programme.

### ***CATTLE FEED***

The Company sold about 493 MT Cattle Feed during the year under review.

### ***INFERTILITY TREATMENT CAMPS***

As infertility is a major hindrance to make animal husbandry profitable occupation, so the Company is organizing infertility treatment camps in its operational area. During the year under review Company tested 72 animals in total 8 Infertility Treatment Camp.

### ***CMT (CALIFORNIA MASTITIS TEST)***

Mastitis, a potentially fatal mammary gland infection, is the most common disease in dairy cattle worldwide. It is also the costliest disease to the dairy industry.

Therefore, Company during the year under review conducted 3555 CMTs (California Mastitis Tests) for milch animals. A total of 338 Mastitis positive cases were traced and cured.

### ***MINERAL MIXTURE***

The Company has developed Mineral Mixture in the brand name of the Company considering the available fodder, climate and feeding habits in area of operations and is providing to producers at a competitive price for improvement in health, milk production and reproduction of milch animals.

The Company sold about 3544 Kg Mineral Mixture during the year under review.

### ***PRODUCER INSTITUTION BUILDING (PIB):***

PIB strengthens the business through better governance and member centric approach. The efforts are directed to increase membership and member participation in business of the company 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's contribution towards equity in proportion to their patronage.

### ***MPC's Core Design Principles:***

Core Design Principles were strictly observed. Business dealings were restricted only with members. Active user membership and their participation in business and governance were encouraged through member education and awareness building programmes. It has resulted in most of the active members have fulfilled the matching share capital contribution during the year.

Appropriate mechanism is being initiated for member communication and grievance redressal through constitution of informal groups at village level who meet on periodic basis for ensuring two-way communication between members and the Company, thereby, addressing the member grievances. The employees are also imparted behavioural and motivational training for managing business operations efficiently and achieve economy of scale required 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 2019-20 were:

<b>S.N.</b>	<b>Training Programmes</b>	<b>Nos. of Training Conducted</b>	<b>No of Participants Trained</b>
1.	Skill building of Board of Director's (Finance)	1	5
2.	Refresher Programme for Field Team procurement team	2	19
3.	Refresher Program (Sahayak )	2	55
4.	Members Roles & Responsibility Appreciation Programme	35	728
5.	Need based refresher Programme for members	37	670
6.	Orientation Programme for VCG	12	192
7.	Awareness Programme for Rural Youth	1	34
8.	Rural School children Awareness Programme	4	103
9.	Leadership Development Programme	1	16
10.	Dairy Management Training Programme	10	253

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

During the Year 2019-20 the Company name has been changed from Shwetdhara Mahila Milk Producer Company Limited to Shwetdhara Milk Producer Company Limited w.e.f. 07.11.2019

Further there are no material changes or commitments affecting the financial position of the Company which have occurred after March 31, 2020 till the date of this report. There are no significant and material orders passed by the Regulators and Courts that would impact the going concern status of the Company and its future operations.

**CHANGE IN NATURE OF BUSINESS: -**

There is no change in the nature of business of company during the year under review.

**SHARE CAPITAL AND MEMBERSHIP: -**

As on 31 March, 2020, the paid-up share capital was ₹ 5988800, comprising of 4987 members on Register of Members of the Company.

As on date of this report the total number of members stands at 5061 members and paid up share capital amount at Rs 71.911 Lakhs.

**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: -****a) Composition of the Board**

1.	Mrs. Savitri	(Din: 07736255)
2.	Mr. Rakesh Singh	(Din: 07515918)
3.	Mr. Brajesh Narain Singh	(Din: 08019957)
4.	Mrs. Anara Devi	(Din: 08180062)
5.	Mrs. Usha Devi	(Din: 08291474)
6.	Mrs. Savitri Devi	(Din: 08293770)
7.	Mrs. Manju Saroj	(Din: 08321008)
8.	Mrs. Lakhvinder Singh	(Din: 08421902)
9.	Mrs. Sarita Devi	(Din: 08553205)
10.	Mrs. Sushila Devi	(Din: 08553206)

**b) Change in Composition of the Board**

During the year following change are mentioned below.

<b>S.No.</b>	<b>Director</b>	<b>Expert Dir/Additio nal Dir/ Chief Executive/ Director</b>	<b>Date of appointment</b>	<b>Change in designation/ Cessation</b>	<b>Date of change of interest</b>
1.	Mrs. Raj Kumari	Director	25.04.2016	Cessation	27.09.2019
2.	Mr. Alok Kumar Gupta	Expert Director	01.08.2018	Cessation	31.07.2020
3.	Mrs. Usha Devi	Add. Dir	29.11.2018	Director	27.09.2019
4.	Mrs. Savittri Devi	Add. Dir	03.12.2018	Director	27.09.2019
5.	Mrs. Manju Saroj	Add. Dir	04.01.2019	Director	27.09.2019
6.	Mr. Lakhvinder Singh	Chief Executive	15.04.2019		
7.	Mrs. Sarita Devi	Add. Dir	03.09.2019	Director	27.09.2019
8.	Mrs. Sushila Devi	Add. Dir	03.09.2019	Director	27.09.2019
9.	Mr. Brajesh Narain Singh	Expert Director	27.08.2020		

#### **TRAINING OF BOARD MEMBERS: -**

During the report period, the directors have undergone Skill Development Programme in the area of Basic accounting in milk producer company in which they have learnt about understanding and analysing income statement and balance sheet. This has increased their awareness about the functioning of the Company thus enabling them to take up their leadership role in a more involved and informed

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manner. The Directors also went for an exposure visit to Sakhi MMPC in Alwar (Rajasthan), NDDDB Dairy Services (Delhi) and Mother Dairy during FY 2019-20.

**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;
- 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, 2020 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 Statutory Auditors of the Company, M/s. Ajay Goel & Co., Chartered Accountants, retire at the ensuing fifth AGM, and have confirmed their eligibility and willingness to accept office, if re-appointed.

The Board of Directors recommend the re-appointment of M/s. Ajay Goel & Co., Chartered Accountants, as the Statutory 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 carryout the audit.

**HUMAN RESOURCE: -**

People are the assets and have been instrumental in driving the Company's performance. Their passion, commitment, sense of ownership and team work 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.

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**INFORMATION TECHNOLOGY: -**

Information technologies provides 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 thereby to increase revenue. IT interventions in our Company are making the systems streamlined and online.

**PARTICULARS OF EMPLOYEES: -**

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

**SAFETY AND HEALTH: -**

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

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

Particulars required to be furnished pursuant to 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:

(i) Part A and B of the Rules pertaining to Conservation of energy and Technology absorption are presently not applicable to the Company.

(ii) Foreign Exchange earnings and outgo: Earnings – Nil; Outgo - Nil.

**MEETINGS: -**

During the financial year 2019-20, Three (3) meetings of Board of Directors of the Company were duly convened and held on 24.06.2019, 02.09.2019, & 12.12.2019.

**PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS: -**

The Company has not given any loans, guarantees and investments as per Companies Act, 1956 during the financial year 2019-20.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES: -**

All the contracts or arrangements with related parties are made on arm's length basis. The details of contracts or arrangements appears at notes forming part of the Financial Statement for the year ended 31<sup>st</sup> March 2020.

**RISK MANAGEMENT POLICY: -**



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Internal Auditors in their reports give their risk assessment on various issues and these reports are put up to the Board.

**DEPOSITS: -**

No disclosure or reporting was required in respect of the details relating to deposits covered under provisions of the Act as there were no deposits during the financial year 2019-20.

**INTERNAL FINANCIAL CONTROL: -**

Pursuant to the applicable provision of the Companies Act, the Company has adequate internal financial control systems in place.

**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, Business Associates and Bankers for their continued support during the year.

Your Directors also take this opportunity to place on record their sincere thanks to DHANII Foundation and NDDB Dairy Services 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:** 28.10.2020  
**Place:** Pratapgarh

  
Savitri  
Chairman