

## **DIRECTORS' REPORT**

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

The Directors are pleased to present the 4<sup>th</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 2019.

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

The Company's financial performance, for the period ended March 31, 2019, is summarised below:

<b>Particulars</b>	For the year ended on 31 <sup>st</sup> March 2019  (Amount in Rs.)	For the year ended on 31 <sup>st</sup> March 2018  (Amount in Rs.)
Revenue from operation	167,747,959	115,350,114/-
Other Income	3,778,404	4,540,516/-
Total Income	171,526,363	119,890,630/-
Total Expenses	169,319,901	119,890,630/-
Profit / (Loss) Before Tax	2,206,462	-
Tax Expense	485,439	1,884/-
Net Profit / (Loss) After Tax	1,721,023	1,884/-

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

The Company during the period has achieved a turnover of 171,526,363/-, comprising of operational revenues amounting to Rs. 167,747,959/- and other income amounting to Rs. 3,778,404/-. The total expenses incurred during the period amounted to Rs. 169,319,901/-.

#### **DIVIDEND**

The Company has declared at the rate of Rs 8 per share for the FY 2018-19.

#### **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 ₹ 1350593 out of the profit after tax of the company for the financial year 2018-19 to the credit of General Reserve in the Balance sheet.

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## **REVIEW OF OPERATIONS:-**

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

The Company's milk procurement operations continue to remain extended in 84 villages of Mansa and Sirsa districts of Punjab and Haryana respectively through two BMC locations. During the year, the Company has procured 4412693 lakh liters of liquid milk.

At the end of the financial year, the Company had 2579 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.

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 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. To ensure clean milk production at farm level, 43 Clean Milk Production training programmes at village level were conducted wherein 794 members were trained. We are planning to implement food safety management system and have already started testing trials for antibiotics. We are going to start the testing for all the outward tankers at the dispatch hub.

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

PIB strengthen the business through better governance and member centric approach. The efforts are directed to increase member membership 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.

### ***MPCs 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 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>	48	910
2	<b>Women Awareness Programme</b>	51	831
3	<b>Quality and Clean Milk Production Programme</b>	43	794
4	<b>Awareness programme for Rural Youth</b>	3	60
5	<b>Rural Schools-Awareness Programme / Competitions</b>	5	200
6	<b>Orientation Programme (VCG)</b>	7	81
7	<b>Orientation Programme (MRG)</b>	5	63
8	<b>Leadership development programme</b>	1	20

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

There is no material/substantial change after the closure of the financial year ended 31.03.2019.

### **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, 2019, the paid up share capital was Rs. 3,847,100 /- consisting of

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## **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 Resham Singh was additional director in the Company w.e.f. 25<sup>th</sup> April, 2019

Shri Mandeep Singh and Shri Harwinder Singh resigned during the year from the position of directorship w.e.f. 22<sup>nd</sup> December, 2018.

In terms of Article 9.6 of the Articles of Association of the Company, Shri Amrik Singh & Shri Jagjit Singh shall retire at the ensuing AGM and being ineligible, doesn't offer themselves for re-appointment.

Shri Sher Singh and Shri Sukhwinder Singh are proposed to be appointed as directors in the Company.

## **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 2019 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 fourth 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:-**

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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.

#### **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:-**

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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 2018-19, Four (4) meetings of Board of Directors of the Company were duly convened and held on 22.06.2018, 17.08.2019, 06.12.2018, 15.03.2019.

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

The Company has not given any loans, guarantees and investments as per Companies Act, 1956 during the financial year 2018-19.

**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 2019.

**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.

**RISK MANAGEMENT POLICY: -**

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 2018-19.

**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.

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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: 30.08.2019  
Place: Mansa, Punjab

(Amrik Singh)  
Chairman