

DIRECTOR'S REPORT
TO THE MEMBERS OF
SAKHI MAHILA MILK PRODUCER COMPANY LIMITED

The Directors are pleased to present Annual Report along with the audited Statement of Accounts of Sakhi Mahila Milk Producer Company Limited ('Company') for the year ended 31st March 2020.

The Company was incorporated on 19th March, 2016 as a Producer Company under the Companies Act in the state of Rajasthan to undertake the business of pooling, purchasing, processing of milk of the members, and 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 summarized below:

(Rs. in Lakh)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
Total Revenue	1,379,774,494	533,400,326
Total Expenses	1,336,215,248	518,537,763
Prior Period Items	2,15,992	--
Profit / (Loss) Before Tax	43,343,254	14,862,564
Tax Expense	9,806,644	3,095,023
Net Profit / (Loss) After Tax	33,536,610	11,767,541
Limited Return (Dividend)	21,58,624	10,63,790
Transfer to General Reserve	31,377,986	10,703,751

STATEMENT OF THE COMPANY'S AFFAIRS

During the year under review, the total revenue from operations increased to 13767.26 Lakhs, as against 5320.47 Lakhs in the previous year registering a growth of >100 percent. The total expenses incurred were Rs. 13,362.15 Lakhs, as against 5185.37 Lakhs in previous year. This has resulted in a profit before tax of Rs 433.43 Lakhs and net profit after tax 335.36 Lakhs, as against 117.67 Lakhs in previous year. The earning per share (EPS) on an Equity Share having a face value of ₹100/- stands at ₹223.29.

DIVIDEND

The Board of Directors are pleased to recommend limited return (dividend) at the rate of Rs. 8 per equity share Rs.21,58,624. The Limited Return (dividend) will be paid dividend will be paid to those members whose names appear on the Register of Members of the Company as on 31st March, 2020.

TRANSFER TO GENERAL RESERVE

Pursuant to provisions of article no.12 of Article of Association of the Company read with Section 581ZI of the Companies Act 1956, the Board proposes to transfer Rs. 3,13,77,986/- to the credit of General Reserve in the Balance Sheet.

REVIEW OF OPERATIONS

MILK PROCUREMENT

The Company's milk procurement operations continued to remain extended in 300 villages of Alwar, Bharatpur and Jhunjhunu district through two MCC and one BMC locations. In addition, Company has initiated milk procurement in 300 villages of Alwar, Bharatpur, Jhunjhunu and Churu district of Rajasthan during the year under review. During the year, the Company has procured 274.03 lakh litres of liquid milk.

During the year, Company launched the Sakhi Ghee with the name of Sakhi Dairy as a first dairy product of the company.

In addition to this, Company has designed a Mobile application for members to show them all details related with their milk supply.

During the year company has implemented a cost effective integrated ERP Software for addressing the challenges of managing huge volume of data such as daily milk procurement, membership management, shareholding details etc. enabling integrated planning in the organisation.

At the end of the financial year, the company had 16,980 board approved members. Thus Growth in membership as compared to previous year has been recorded. 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 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 reducing the logistics cost, better supervision, quality checks and better logistic controls, etc.

QUALITY INITIATIVE

All Bulk Milk Coolers (BMCs) and Milk Chilling Canters (MCCs) 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 126 Clean Milk Production training programs at village level were conducted wherein 3402 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.

PRODUCTIVITY ENHANCEMENT SERVICES

RATION BALANCING PROGRAMME (RBP)

In the operational area of the Company, producers are following old feeding practices. To encourage the better feeding practices as per the requirement of a 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, animal health and decrease in milk production cost.

During the year under review, 1515 new cattle have been covered under the Ration Balancing Programme.

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 youths and provide them rigorous training in the training centres of NDDDB. 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 12167 AI for its milk producer members (with approx. 43 percent conception rate basis first AI follow-up).

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 5445 animals in total 210 Infertility Treatment Camps. Out of tested animals, 1263 animals were found suffering with anestrus, for which proper treatment has been given and total 487 animal have got cured.

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 total 7014 CMTs (California Mastitis Tests) for milch animals. Out of total animals tested, 108 animals that tested positive have been treated and cured.

CATTLE FEED

The Company sold about 2366 MT Cattle Feed during the year under review, as against 944 MT in the previous year registering a growth of >100 percent.

MINERAL MIXTURE

The Company has developed Mineral Mixture under its brand name considering the available fodder, climate and feeding habits in area of operations and has been providing to producers at a competitive price for improvement in health, milk production and reproduction of milch animals. The Company sold about 20.14 MT Mineral Mixture during the year under review, as against 10.33 MT in the previous year registering a growth of >100 percent.

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.

MPCs CORE DESIGN PRINCIPLES

Core Design Principles were strictly observed. Business dealings were restricted only with women 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 having 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 named Village Contact Groups (VCGs) 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 achieving 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:-

S.N.	Training Programmes	Nos. of Training Conducted	No of Participants Trained
1	Business & Governance Strategy Workshop for board of directors	1	11
2	Exposure visit for Board members	1	4
3	Refresher programme for staff	9	131
4	Quality and Clean Milk Production Programme	126	3402
5	Producer Awareness Programme	187	5049
6	Awareness Programme for rural youth	2	56
7	Rural School children Awareness Programme	5	254
8	Orientation Programme (VCG)	24	318
9	Orientation Programme (MRG)	12	318

The most obvious, and most important, consideration with this pandemic is the health and safety of employees and members of the company so to avoid gathering trainings were conducted through online platform i.e. Zoom.

During the year Company participated in the award category organized by the Samunnati in the month of October, 2019 and Company got award with Best Governance Mechanism-North Region and in the month of January 2020 company got award with Dairy start up award organized by the Agriculture Today.

MATERIAL CHANGES AFTER CLOSURE OF FINANCIAL YEAR

There is no material/substantial change after the closure of financial year ended \31.03.2020.

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, 2020, the paid-up share capital was 269.828 Lakhs, from 16980 members.

As at March 31, 2020, the paid-up share capital was ₹ 269.828 Lakhs, comprising of 2,69,828 equity shares of ₹ 100/- each and 16,980 members on Register of Members of the Company. After 31st March, 2020, Company has enrolled 7,612 new members having share capital of Rs. 62,43,800 and therefore, the total number of members as on date of this report stands at 24,592 members having a share capital of Rs.3,32,26,600.

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. The voting rights shall be based on a single vote for every member who has poured milk for at least 200 days and 500 litres in the financial year 2019-20.

BOARD OF DIRECTORS

During the year under review, Shri Baljinder Singh and Shri Brajesh Narain Singh have been re-appointed as Expert Director of the Company with effect from 4th July, 2019 and 24th March, 2020 respectively for a period of two years.

In terms of Article 9.6 of the Articles of Association of the Company, Smt. Manju Devi and Smt. Gita Bai shall retire by rotation at the ensuing AGM and being ineligible, they shall not offer themselves for re-appointment.

Smt. Priyanka Yadav and Smt. Rachna Sharma resigned from the post of Directorship during the year and Smt. Mukesh Devi, Smt. Sunita Devi and Smt. Gita Devi were appointed as additional director during the year.

TRAINING OF BOARD MEMBERS

During the year, an educational trip was arranged for the Directors to 48th IDA Conference in Jaipur for giving them better perspective of a dairy business and Milk Producer 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 31st 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 Auditors of the Company, M/s. Kalani & Co., Chartered Accountants, Jaipur, retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The company has received a certificate from the auditors to the effect that their re-appointment if made, would be accordance with the provisions of Section 224 (IB) of the Companies Act. The Board of Directors recommends the re-appointment of M/s. Kalani & Co., Chartered Accountants, Jaipur, as the Auditors of the Company at the ensuing Annual General Meeting.

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.

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

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 to increase revenue.

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

During the year under review, with technical support of NDDDB Dairy Services, New Delhi, a mobile application was launched to keep IBP Facilitators updated with the real time pouring data of members.

During the year, Company has been also implemented a cost effective integrated ERP Software.

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.

SAFETY AND HEALTH

Our 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 company's disclosure of particulars in the report of board of director's rules, 1988:

- (i) Part A and B of 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, Five (5) meetings of Board of Directors of the Company were duly convened and held on 31.05.2019, 15.07.2019, 17.09.2019, 31.12.2019 & 24.03.2020.

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

The Details appears in notes forming part of the Financial Statements for the year ended 31st March 2020.

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 note no 30 of notes forming part of the Financial Statement for the year ended 31st March 2020.

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 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 and 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: 20.10.2020

Place: Alwar

Manajit Kour

Chairperson

Sakhi