

DIRECTOR'S REPORT

TO THE MEMBERS OF SAKHI MAHILA MILK PRODUCER COMPANY LIMITED

The Directors are pleased to present the 4th Annual Report along with the audited Statement of Accounts of Sakhi Mahila Milk Producer Company Limited ('Company') for the year ended 31st March 2019.

The Company was incorporated on 19th March, 2016 as a Producer Company under the provisions of Part IXA of the Companies Act in the state of Rajasthan 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, 2019 is summarized below:

(Rs. in Lakh)

Particulars	For the Year ended 31 st March, 2019	For the Year ended 31 st March, 2018
Total Revenue	5334.00	2640.77
Total Expenses	5185.37	2563.68
Profit / (Loss) Before Tax	148.62	77.29
Tax Expense	30.95	21.18
Net Profit / (Loss) After Tax	117.67	56.10
Limited Return (Dividend) [including tax on distribution of dividend]	10.64	4.23
Transfer to General Reserve	107.03	51.81

STATEMENT OF THE COMPANY'S AFFAIRS

During the year under review, the total revenue from operations increased to 5320.47 Lakhs, as against 2632.93 Lakhs in the previous year registering a growth of 103 percent. The total expenses incurred were Rs. 5185.37 Lakhs, as against 2563.68 Lakhs in previous year. This has resulted in a profit before tax of Rs 148.62 Lakhs and net profit after tax 117.67 Lakhs, as against 56.10 Lakhs in previous year. The earning per share (EPS) on an Equity Share having a face value of ₹100/- stands at ₹216.72 considering total weighted average equity share capital of ₹54.30 lakhs.

DIVIDEND

The Board of Directors are pleased to recommend limited return (dividend) at the rate of Rs. 8 per equity share absorbing Rs.10,63,790 including Dividend

Distribution Tax of Rs. 1,81,382 the equity. 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, 2019.

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. 1,07,03,751/- to the credit of General Reserve in the Balance Sheet.

REVIEW OF OPERATIONS

MILK PROCUREMENT

The Company's milk procurement operations continue to remain extended in 200 villages of Alwar district through two BMC locations. In addition, Company has also initiated milk procurement in 100 villages of Jhunjhunu district of Rajasthan during the year under review. During the year, the Company has procured 120.14 lakh liters of liquid milk.

At the end of the financial year, the company had 10592 board approved 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.

FUTURE PLAN

The Company is planning to launch Sakhi Ghee in operational area of SMMPCCL.

QUALITY INITIATIVE

All Bulk Milk Coolers (BMCs) and Milk Chilling Centres (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, 196 Clean Milk Production training programmes at village level were conducted wherein 5,007 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

The Company has sold 945 MT Cattle feed and 10.28 MT Mineral Mixture to its member during the year. We have launched ration balancer for the members. We have also worked on silage demonstration and sales of silage bags.

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 2018-19 were:-

S.N.	Training Programmes	Nos. Training Conducted	of No of Trained	Participants
1.	Business & Governance Strategy Workshop for board of directors	1		10
2.	Exposure visit for Board members	1		5
3.	Refresher programme for staff	2		30

4.	Trainers training programme for field awareness programmes	1	30
5.	Refresher training programme for field awareness programme	1	40
6.	Producer Awareness Programme	413	17149
7.	Awareness Programme for rural youth	2	72
8.	Rural School children Awareness Programme	5	239
9.	Leadership Development Programme	2	56
10.	Orientation Programme (VCG)	102	1012
11.	Orientation Programme (MRG)	4	204

MATERIAL CHANGES AFTER CLOSURE OF FINANCIAL YEAR

There is no material/substantial change after the closure of 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 110.30 Lakhs, from 10592 members.

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 liters in the financial year 2018-19.

BOARD OF DIRECTORS

In terms of Article 9.6 of the Articles of Association of the Company, Smt. Seema Bai Jat and Smt. Manajit Kour will retire by rotation at the ensuing AGM. Smt. Manajit Kour, being eligible offer herself for re-appointment.

Smt. Seema Bai Jat also retiring at the forthcoming Annual General Meeting being ineligible expressed her desire not to be re-appointed. The Board recommends that resulting vacancy need not be filled in the Annual General Meeting.

During the year under review, Shri Brajesh Narain Singh has been appointed as Expert Director of the company with effect from 08.06.2018 for a period of 2 years.

Smt. Anju has resigned from the post of Directorship during the year and Smt. Anjna Kumari was appointed as additional director during the year and appointed as director in the 3rd Annual General Meeting.

TRAINING OF BOARD MEMBERS

During the report period, the directors have undergone Skill Development Programme in the area of Basic accounting in milk business in which they have learnt about parameters of Balance sheet and Profit and Loss statements. 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 manner. We also arranged for an educational trip for our directors to Saahaj MPC in Agra for giving them better perspective of a large 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, 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. Kalani & Co., Chartered Accountants, Jaipur, retire at the ensuing Fourth 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.

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

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 directors 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 2018-19, Five (5) meetings of Board of Directors of the Company were duly convened and held on 08.06.2018, 20.09.2018, 28.11.2018, 31.01.2019 & 06.03.2019.

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

The Details appears in notes forming part of the Financial Statements for the year ended 31st March 2019.

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 2019.

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.

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: 15.07.2019
Place: Alwar

Seema Jat
(Seema Bai Jat)