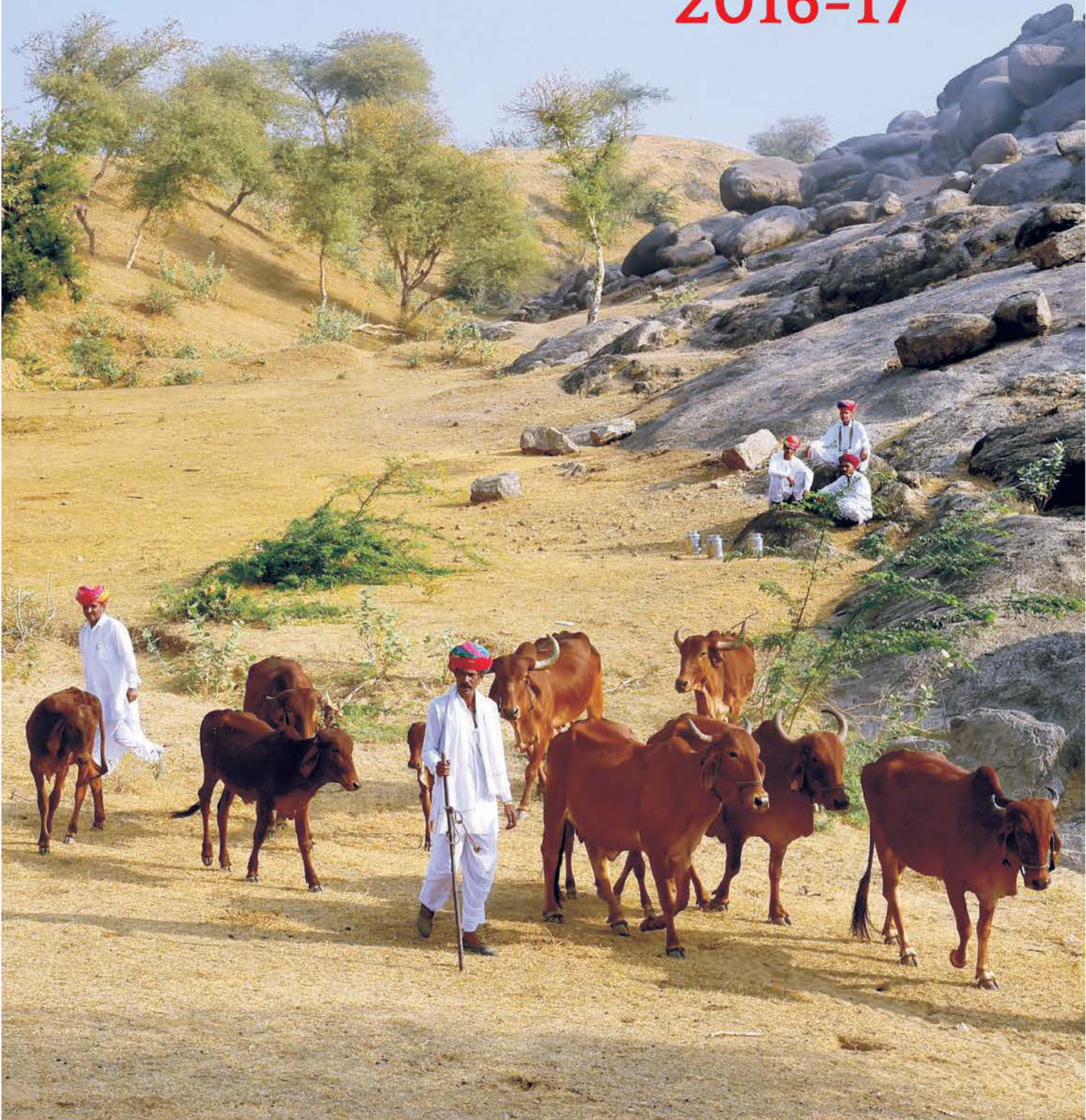




# Annual Report 2016-17









## **Values**

*Honesty and Transparency*

*Team Spirit*

*Quality & Excellence at every Level*

*Long Term Vision*

*Innovation*

*Passion*

## **Mission**

*Paayas Milk Producer Company is committed to increase the income of their members by reducing the cost of milk production and enhancing their milk business.*

## **Vision**

*Being committed to its mission, Paayas Milk Producer Company shall become one of the pioneer companies among world dairy enterprises and shall prove to be the first choice of its members, customers and employees.*







A photograph of a brown and white cow running across a green field. The cow is in the foreground, moving from left to right. The background shows a white fence and a clear sky.

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## Members of the Board

(As on March 31, 2017)

### Shri Anil Kumar

Chairman

### Shri Baldev Ram Berwal

Director

### Shri Bhagwan Sahay

Director

### Smt. Manju Jakhar

Director

### Smt. Mamta Choudhary

Director

### Smt. Geeta Devi Gurjar

Director

### Smt. Kamala Devi

Director

### Shri Doongar Singh Rathor

Director

### Shri Sed Mal Sharma

Director

### Shri Jai Singh Rathore

Director

### Shri Meva Ram Bairwa

Director

### Dr. Omveer Singh

Expert Director

### Dr. C.L. Dadhich

Expert Director

### Shri Sriram Singh

Expert Director

### Shri Ratan Kumar Singh

Director & Chief Executive

### Company Secretary

Shri Anup Gupta

### Chief Financial Officer

Shri Kapil Pachori

### Statutory Auditors

SB Billimoria & Co.

Chartered Accountants, Gurugram

### Internal Auditors

Ernst & Young LLP

Chartered Accountants, Gurugram

### Bankers

State Bank of India, Jaipur

Oriental Bank of Commerce, Jaipur

HDFC Bank, Jaipur

ICICI Bank, Jaipur

Yes Bank, Jaipur

### Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.

44, Community Centre,

2<sup>nd</sup> Floor, Naraina Industrial Area, Phase I,

New Delhi - 110028

### Registered Office

Paayas Milk Producer Company Ltd.

(Corporate Identity Number: U01211RJ2012PTC038955)

Registered Office: D-232,233, 4th Floor,

Atlantis Tower, Vaishali Nagar,

Jaipur 302021, Rajasthan, India

Phone : 0141-2352736

www.paayasmilk.com | info@paayasmilk.com





Award in.....

# Adopting Digital Initiatives in Public & Social sect

National Dairy Services  
Paayas Milk Producer Co

Maahi Milk Producer Co  
Shreeja Mahila Milk Producer Co

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**NDP I Regional Review Meeting**  
Rajasthan & Gujarat  
6-7 September 2016  
National Dairy Development Board







**Membership**  
112460

**Milk Procurement**  
650 TKgPD

**Milk Sale**  
66000 LPD

**Turnover**  
₹1062 crore

### The Year in Retrospect

It was yet another productive year during which the company recorded substantial advancement in all the major domains. Additional interventions such as General Packet Radio Service ( GPRS ) - to enable instant transfer of information to all stake holders, faster data synchronisation between Milk Pooling Point and Central server, member's payment through their respective bank accounts etc led to stricter adherence to core design norms. Fresh peaks were achieved in membership (112460), milk procurement (650 TKgPD), milk sale (66000 LPD), cattle feed distribution (20664 MT) and turnover (₹1062 crore). Accomplishing the aforesaid in a short span of 4 years is motivating.

The implementation of National Dairy Plan I - Village Based Milk Procurement System, Ration Balancing Programme, Fodder Development and Pilot Model for Viable Artificial Delivery, continued as a focus area with cheering results. Fodder Development subproject came to an end on 31st March 2017 with an impressive closure rating.

One of our members Smt. Mamta Chaudhary was conferred upon prestigious Dairy Woman of the Year Award 2017 by Indian Dairy Association (IDA) and the same was presented to her during 45th Dairy Industry Conference in presence of industry luminaries and milk producers. It would not be out of place to mention that during the previous year also, the said award was earned by yet another Paayas member Smt. Manju Jakhar. Our women producers bagging it for 2 consecutive years, early in our journey, is a distinction.

SAP bestowed distinguished SAP – ACE award 2016 upon our ERP - SAP Project - SAARTHI, which had earlier been accomplished following stringent time lines, amidst competition from major corporates.

The company went for creditworthiness assessment by Credit Analysis and Research ( CARE ) and landed with impressive AA-.

Dun and Bradstreet found our case study worthy of publication in its annual journal – HR Best Practices 2017 in the categories – Recruitment Initiative (cost effective hiring, meeting time lines), Initiative of establishing productivity centric culture reducing attrition and Training & Development translating into increased turn over. Early recognition from an organisation of this repute is inspiring.



पुंजायस  
सिन्धोलिया  
एम पी पी कोड 124

विश्वस्तरीय कृषि मर्गाधान सेवा  
का एक-दिवस सत्र का







## Dairy Value Chain

Fairness and Transparency, being the central points, each MPP is equipped with automatic weighing, testing and generating milk receipt systems with adequate maintenance support with SOP in place. As a further step towards accuracy and speed, the company has gradually been replacing Pen drive and printer with GPRS which not only facilitates swiftness and precision, but also is environment friendly, with fairly encouraging outcome in terms of member's delight / increasing member's bonding with the organisation. Similarly, at Milk Chilling Centres, operations are automatic and transparent transforming the entire value chain member oriented.

With an aim to pass on benefits of this system to new producers, the company expanded the procurement grid to new geographies. The expansion drive remained quality oriented with members agreeing to follow institutional norms and to receive payment through their respective bank accounts. Bringing all the members under banking, despite inadequate banking density in rural Rajasthan, is a major accomplishment, putting a closure on issues arising out of sahayak handling member's payment, once and for ever. At this scale of membership, we are among the pioneers in the country to have achieved this feat.



## Quality Environment

Quality is never an accident, it is rather the result of high intention, sincere effort, intelligent direction and skilful execution. Paayas has remained completely uncompromising on this front. To achieve quality leadership, a comprehensive Quality Plan along with well-defined SOP backed by adequate facilities and training modules for all the stake holders – farmers, sahayaks, transporters and members of staff remains in place. Adequately competent and trained manpower is available to carry out quality functions at various stages of dairy value chain. Refinements are being undertaken from time to time to keep things up-to-date. Paayas milk and milk products are widely appreciated leading to a sizable growth in their sale. The company gets periodic vetting from consumers on quality aspects and also organises independent analysis from reputed Analytical Laboratories.









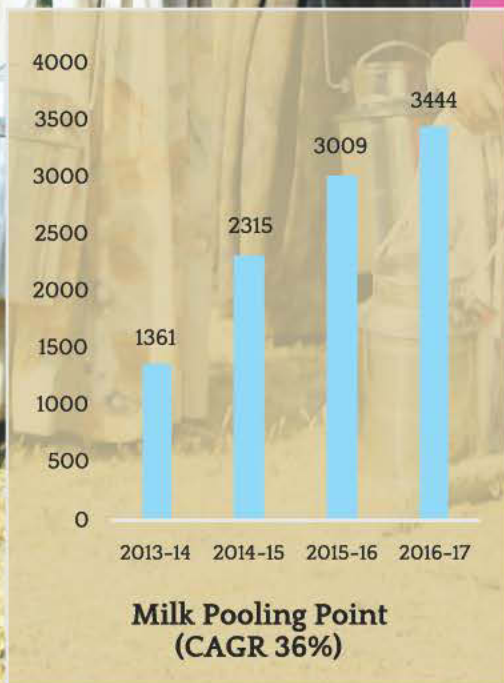




## Milk Procurement

The company procures clean and wholesome milk only from members. To the existing network, 440 new milk pooling points were added. At the turn of the year, Paayas has a total of 3444 milk pooling points, registering a healthy growth of 15 percent over the previous year.

The Company procured at an average of 650 TKPD milk which is 14 percent higher than the previous year despite the environment remaining challenging from procurement perspective due to increasing commodity prices throughout the year, even during the winter.





## Producer Institution Building

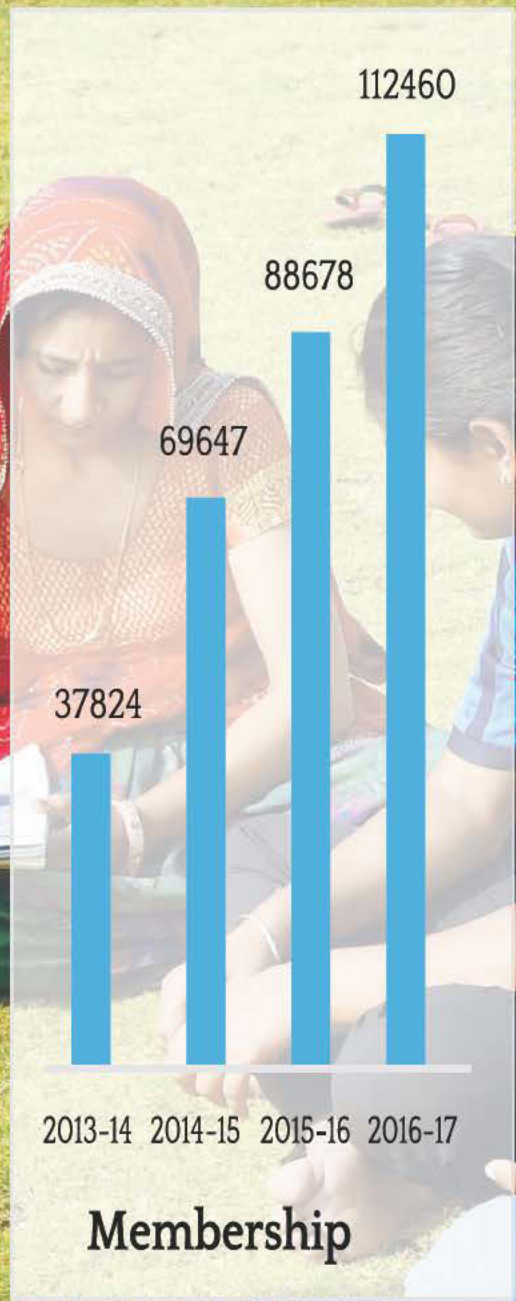
To sensitize stakeholders on various issues, the company went for the following major interventions.

1. Producers Awareness Programme
2. Women Awareness Programme
3. Rural Youth Awareness Programme
4. Children Awareness Programme
5. Clean Milk Production Programme

While working methodically with farmers / farmer groups, our observation is that Paayas acceptance has gradually been growing among them. Farmers have been developing an urge to become Paayas member to reap benefits of a fair and transparent procurement system on one hand and the company productivity enhancement services on the other. They eagerly await for periodic membership drive to enable them help themselves getting enrolled as a member. This is established by the membership progression from 88,678 in 2015-16 to 1,12,460 in 2016-17, posting a sizable 27 percent growth.







Out of the above, an overwhelming 40 percent are women members. The company owes a word of gratitude to the existing members who have been playing a constructive role in this endeavour by educating fellow farmers about the company and the benefits that membership brings to them.

Measures were taken to strengthen Village Contact Groups (VCG) and Member Relation Groups (MRG) which are instrumental in fostering relationship between the Members and the Company. The group also organised Educational trips for the Board of Directors to 'Banni Milk Producer Company', Patiala, Punjab and to 45th Dairy Industry Conference held in Mumbai.










### Dairy Product Profile

The company markets Dairy Products under brand PAAYAS. The following type of milk and milk products are currently being manufactured and marketed.

Variant	Type	Min. Composition (%)	SKU
Fit N Fine	Double Toned Milk	Fat: 1.5   SNF: 9.0	200ml, 500ml, 1l, 6l
Tazza	Toned Milk	Fat: 3.0   SNF: 8.5	200 ml, 500ml, 1l, 6l
Gold	Full Cream Milk	Fat: 6.0   SNF: 9.0	500ml, 1l, 6l
Tea Special	Homogenised Toned Milk	Fat: 3.0   SNF: 8.5	200ml, 500ml, 1l, 6l
Curd	Fermented Milk	Proprietary Food	200 gm
Butter Milk	Fermented Milk	Proprietary Food	400 ml
Spiced Butter Milk	Fermented Milk	Proprietary Food	250 ml
Ghee			500ml, 1l, 15 Kg

Clean and wholesome milk procured from members is used to produce dairy products. Post catering to retail market, surplus milk is marketed to interested buyers. Emphasis has remained on quality and consistency, enabling the company create a place for itself in a fiercely competitive market in a relatively short term.



A man wearing a white kurta and a red turban with a yellow and white pattern is smiling and handing a small white packet to a customer. The customer, a woman with her hands visible, is also smiling. They are at a milk stall. In the background, another man in a dark blue t-shirt is handing a blue and white carton of milk to the man in the white kurta. The stall has a counter with various milk products, including cartons and packets. The wall behind the man in the white kurta has blue Hindi text. The scene is brightly lit, suggesting it's daytime.

**Poly Pack Milk** marketing grew from 42 to 66 thousand litre per day, a growth of 57 per cent which is heartening for the young organisation.

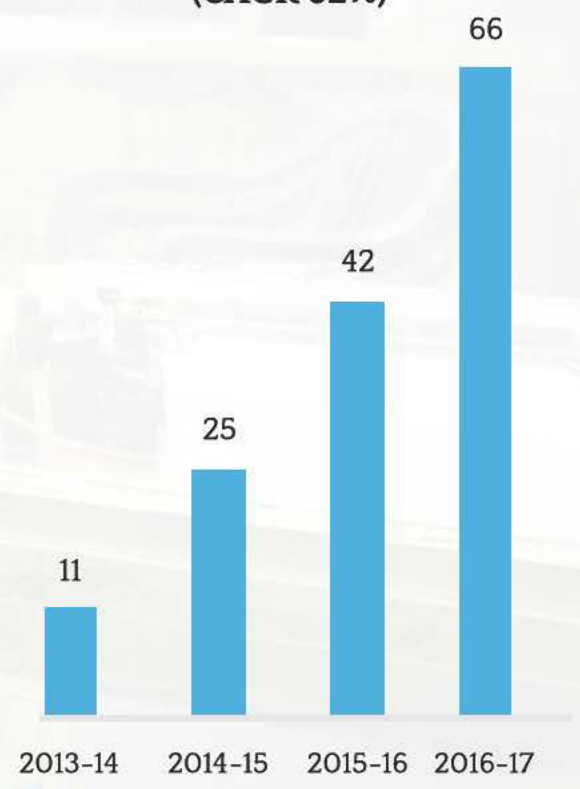
A new product "Tea Special" was launched during the year in 4 SKUs. Launch of cow milk has been planned during the next year

In fermented milk section, Spiced Butter milk was added. Sweet Lassi is under development and its launch is expected during ensuing year.



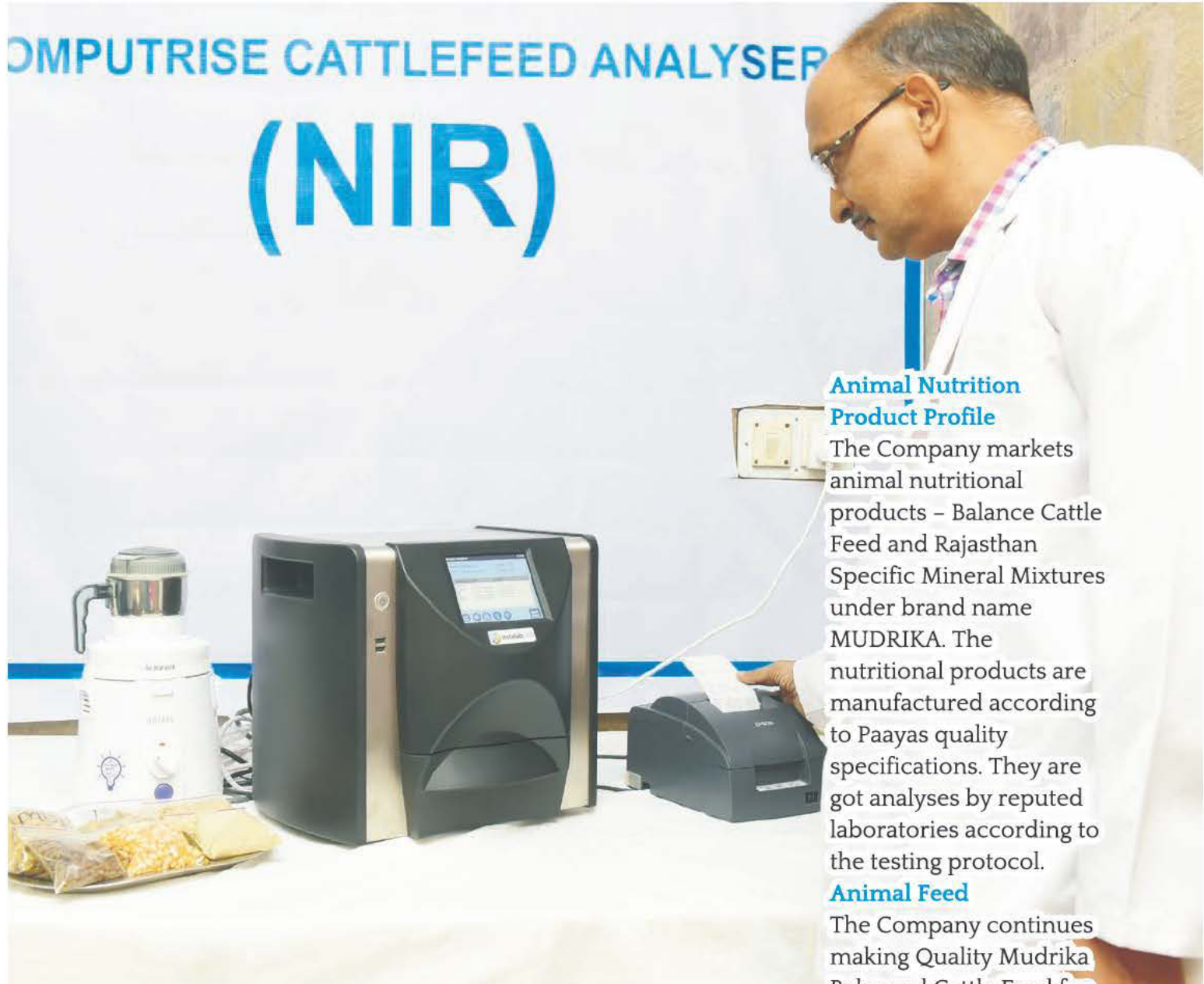


Sale of Packed Liquid Milk (TLPD)  
(CAGR 82%)





# COMPUTRISED CATTLEFEED ANALYSER (NIR)



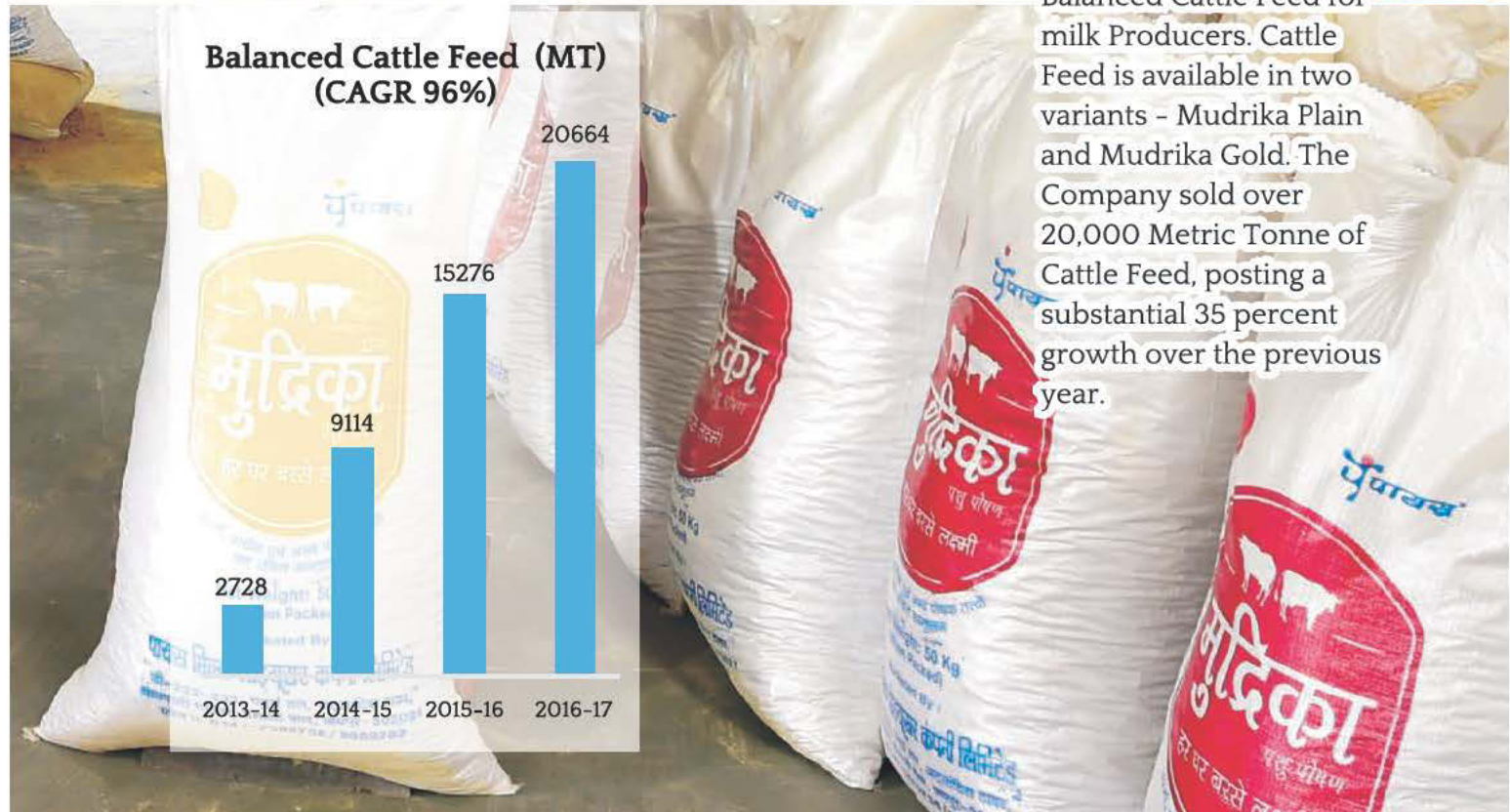
## Animal Nutrition Product Profile

The Company markets animal nutritional products - Balance Cattle Feed and Rajasthan Specific Mineral Mixtures under brand name MUDRIKA. The nutritional products are manufactured according to Paayas quality specifications. They are got analyses by reputed laboratories according to the testing protocol.

## Animal Feed

The Company continues making Quality Mudrika Balanced Cattle Feed for milk Producers. Cattle Feed is available in two variants - Mudrika Plain and Mudrika Gold. The Company sold over 20,000 Metric Tonne of Cattle Feed, posting a substantial 35 percent growth over the previous year.

## Balanced Cattle Feed (MT) (CAGR 96%)

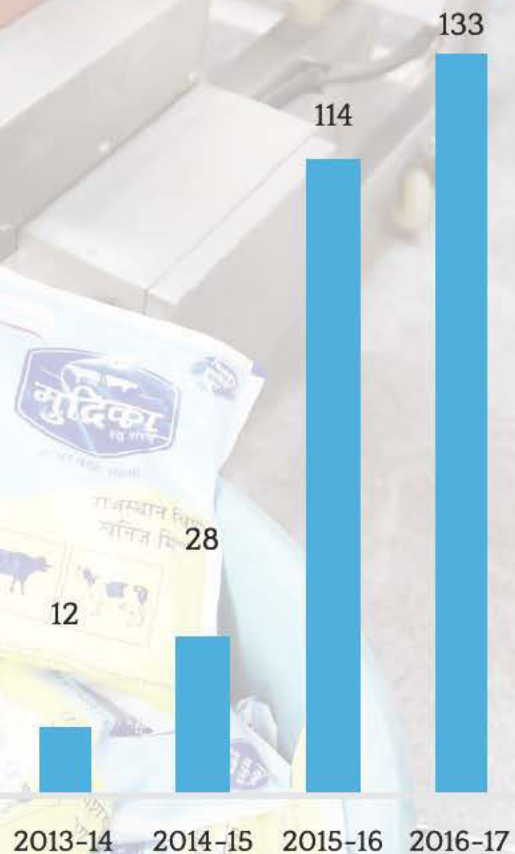




### Rajasthan Specific Mineral Mixture

Rajasthan Specific **Mineral Mixture** is available in chelated form. Like Cattle Feed, the acceptability of Mudrika Mineral Mixture has also been growing steadily in course of time. About 133 MT Mineral Mixture was distributed which is 17 percent higher than the previous year.

### Mineral Mixture (MT) (CAGR 123%)







## Mission Milk – National Dairy Plan – I

National Dairy Plan is a Central Sector Scheme. It is scientifically planned multi stated initiative with the following project objectives:

- i. To help increase productivity of milch animals and thereby increase milk production to meet the rapidly growing demand for milk
- ii. To help provide milk producers with greater access to the organised milk processing sector

These objectives would be pursued through adoption of focused scientific and systematic processes in provision of technical inputs supported by appropriate policy and regulatory measures.

Under National Dairy Plan, Paayas had submitted four Sub Project Plans, to NDDB for approval.

1. Village Based Milk Procurement System (VBMPS)
2. Ration Balancing Programme (RBP)
3. Fodder Development (FD)
4. Pilot model for viable Artificial Insemination delivery (AI)

All four plans are being implemented in five districts of Rajasthan - Jaipur, Sikar, Ajmer, Pali and Tonk.



## Village Based Milk Procurement System (VBMPS)

The objectives of VBMPS sub project are:

1. To strengthen Paayas by building capabilities of various stakeholder through education, training and other activities
2. To setup a fair and transparent procurement systems and to ensure accurate and timely payment to the milk producers
3. To safeguard the interests of small dairy producers by providing round the year access to organised milk market

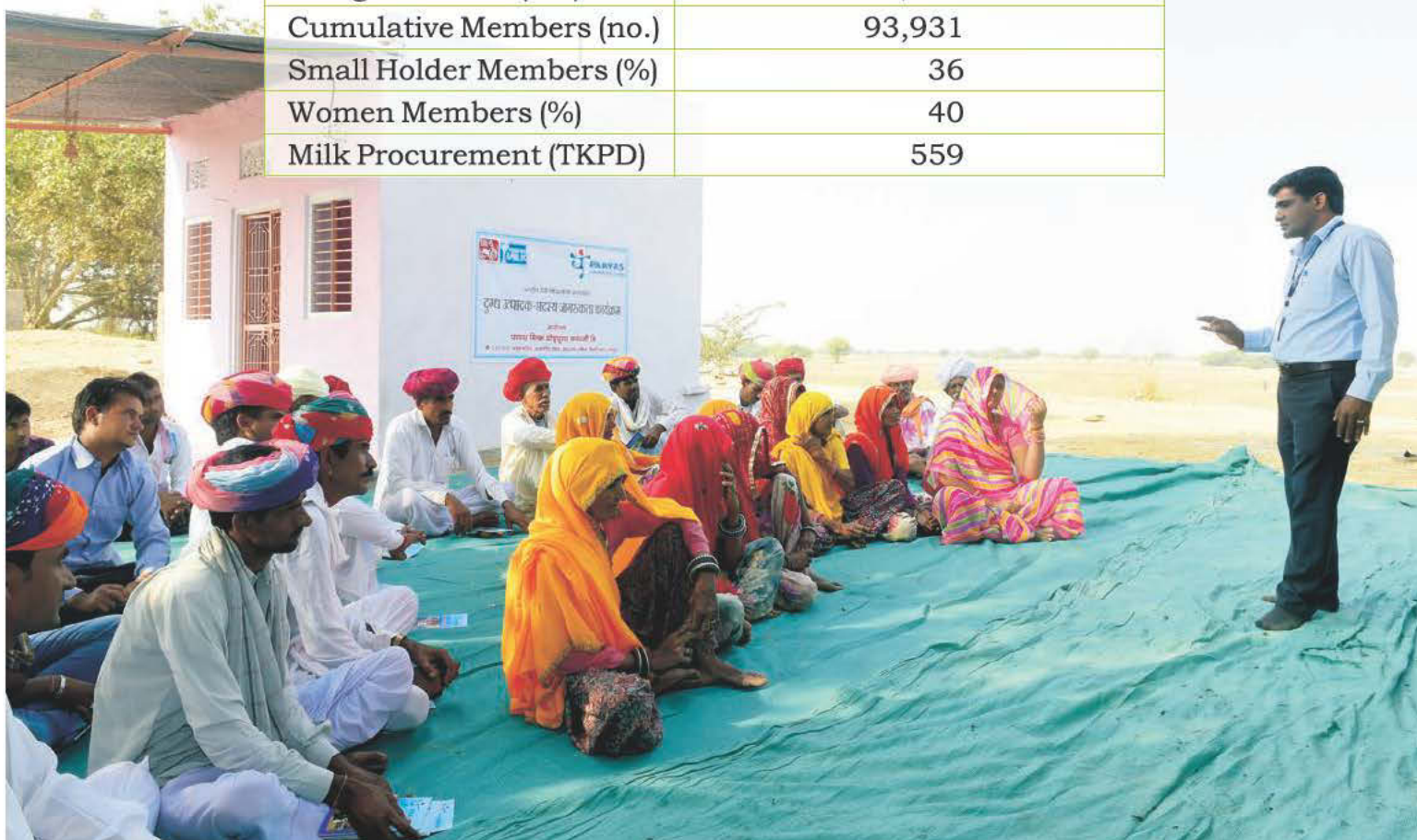
Focus Area

- \* Capacity Building
- \* Expansion of Milk Procurement Network viz. village coverage and inclusion of producer-members
- \* Procurement of equipment for weighing and testing of milk

Under VBMPS, new members in fresh geographies have been added with a focus on induction of Women Members. Training was imparted to Sahayaks and Staff belonging to field operations and Milk Chilling Centre. In addition, Leadership and Motivational programmes were conducted for Office Staff.

### **Key Achievements**

<b>Key Result Indicators</b>	<b>Achievement</b> (Cumulative till March 2017)
Villages covered (no.)	2,772
Cumulative Members (no.)	93,931
Small Holder Members (%)	36
Women Members (%)	40
Milk Procurement (TKPD)	559







### Ration Balancing Programme (RBP)

The Objective of RBP Sub Project is to create awareness amongst milk producers on optimization of animal feeding by efficient utilisation of locally available feed resources at the possible least cost.

Following are the Key Stages:

1. Registration of animals
2. Evaluation of animals' nutrient status
3. Formulating least cost ration with locally available feed resources
4. Repeat Advice

### **Key Achievements**

Key Result Indicators	Achievement (Cumulative till March 2017)
Trained LRPs deployed (no.)	1,401
Villages covered under RBP (no.)	2,700
Animals covered under RBP (Lakh.)	1.94
Producers covered under RBP (Lakh.)	1.23



## Fodder Development (FD)

The Objective of FD Sub Project is to promote the conservation of green fodder and crop residues by demonstrating silage making, use of mowers and biomass storage silos.

The Company undertook the following programmes:

1. Mower Demonstration
2. Silage Demonstration
3. Biomass Storage Bunker

Key Result Indicators	Achievement (Cumulative till March 2017)
Mower (Manual & Auto) Demonstration (no.)	189
Village covered under demonstration (no.)	455
Producers seen demonstration (no.)	5291
Producers adopted use of mowers (no.)	199
Silage making Demonstration (no.)	100
Village covered under demonstration (no.)	275
Producers seen demonstration (no.)	3095
Producers adopted the technology (no.)	226
Biomass Storage Silo Construction (no.)	3

Besides, Paayas has introduced low-cost Silage bags (Capacity 1 Metric Tonne) on its own, with fairly encouraging results.

The project came to an end on 31 Mar 2017. The closure report rating is impressive.

Besides, the company has aggressively been promoting use of improved fodder seed to help producers in an otherwise fodder deficient state. About 367 quintal good quality hybrid seeds - Lucern, Sorghum and Millet Seeds, was distributed posting a notable 88 percent growth over the previous year.







## Pilot model for viable Artificial Insemination delivery (AI)

The objectives of AI sub project are:

1. To provide quality AI services at producers door step using top genetics available in the country aimed at producing superior calves with higher productivity.
2. To provide efficient service following SOP through well trained and qualified AI Technicians aimed at improving the conception rate and reducing the inter calving interval and increasing the productive life of the animal.
3. To provide infertility management support to dairy producers aimed at reducing infertility problems in field and reducing 'inter calving period' thereby increasing the proportion of 'In milk' animals in a given year leading to increased milk production.
4. To provide advisory services to producers with respect to animal health, animal breeding and animal nutrition for creating awareness about profitable dairy animal management
5. To capture and maintain the breeding data of all the inseminated animals linked to unique identification number to determine 'reproductive efficiency' of bulls, cow and evaluate the qualitative performance of AI technicians, region or a state and to implement management changes based on objectively gathered data.

### Key Achievements

Key Result Indicators	Achievement (Cumulative till March 2017)
MAITs(no.)	450
Village Covered (no.)	3,292
AI done (Lakh.)	5.60
AI conception rate based on First AI follow up (%)	43





## Technological Advancement

The Company reaped sumptuous benefits as detailed below by putting the following in place

### General Packet Radio Service (GPRS)

Implementation of GPRS completed on Milk Pooling points having new DPMCU. This lead to the following advantages

1. Enables Milk Data transfer from MPP to Central Server in Real Time
2. Milk Pricing & Member Data from Central Server to MPP

### Mobile Technology

Field force is the face of the Company while interacting with Members and Sahayak at the Village level. The Company empowered them by providing with a set of Mobile Tablets. This helps fetch the following on regular basis to enable them discharge their responsibilities more effectively

1. Relevant Exception Reports
2. Route Info and Member Data
3. Pouring history of Member and MPP





## Key Events (2016-17)

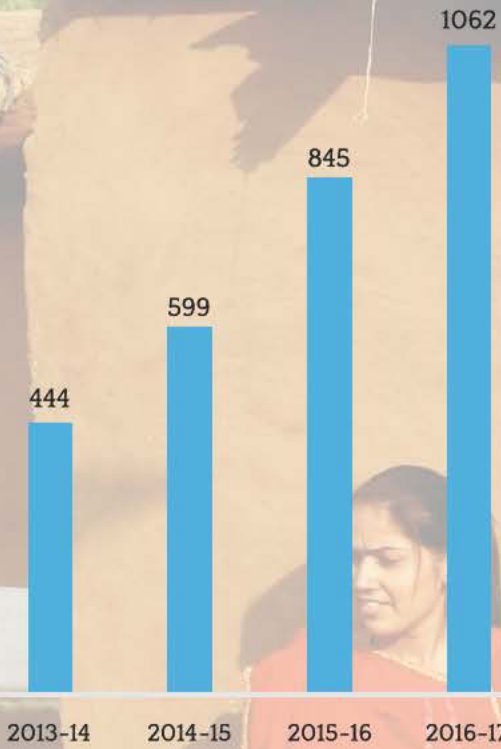
<b>May</b> <b>16</b>	<b>Visit of NDDB Delegates</b>	<b>Jun</b> <b>08</b>	<b>Tablet Distribution</b>	<b>Jun</b> <b>20</b>	<b>Visit of National Rural Livelihood Mission Delegates</b>
<b>Jul</b> <b>28</b>	<b>Visit of Shreeja Board</b>	<b>Sep</b> <b>02</b>	<b>Curd Launch</b>	<b>Sep</b> <b>19</b>	<b>Fifth Annual General Meeting</b>
<b>Oct</b> <b>27</b>	<b>Workshop on Core Design Principles</b>	<b>Nov</b> <b>26</b>	<b>Milk Day Celebration</b>	<b>Feb</b> <b>16</b>	<b>Smt. Mamta Choudhary receives Dairy Women of the Year 2017 award</b>



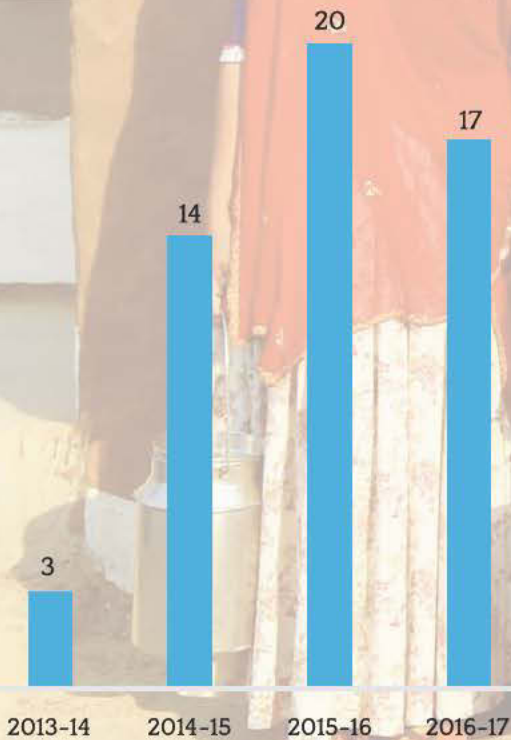
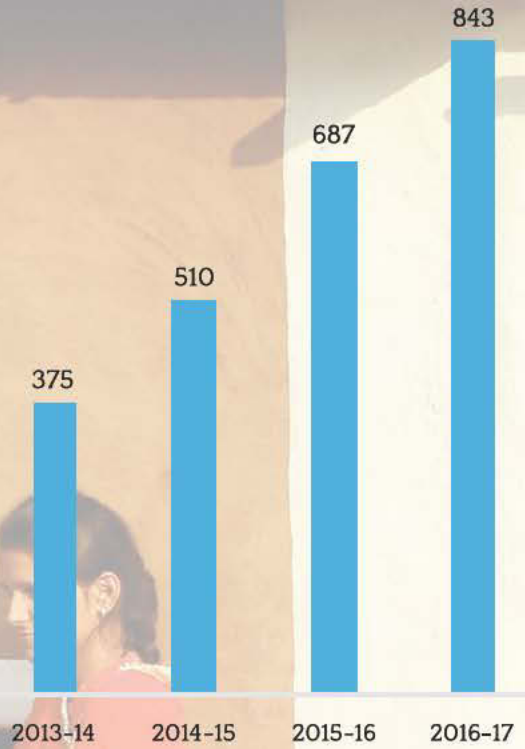


## Key Financial Indicators

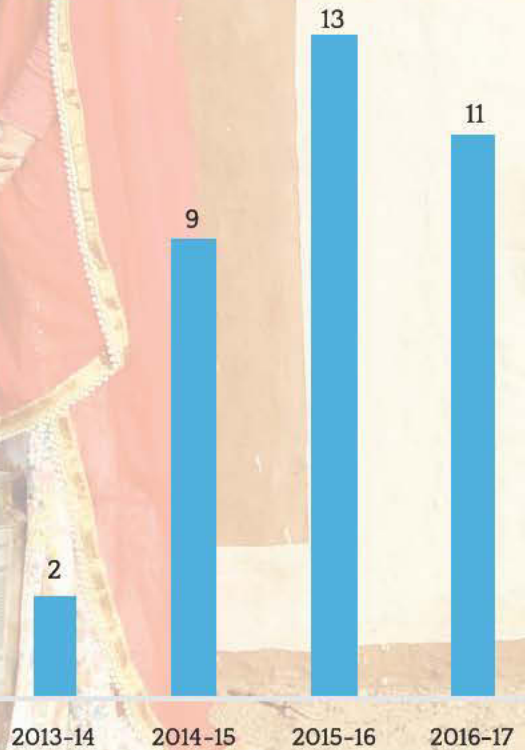
### Total Revenue (Crore)



### Milk Payment (Crore)



### Profit Before Tax (Crore)

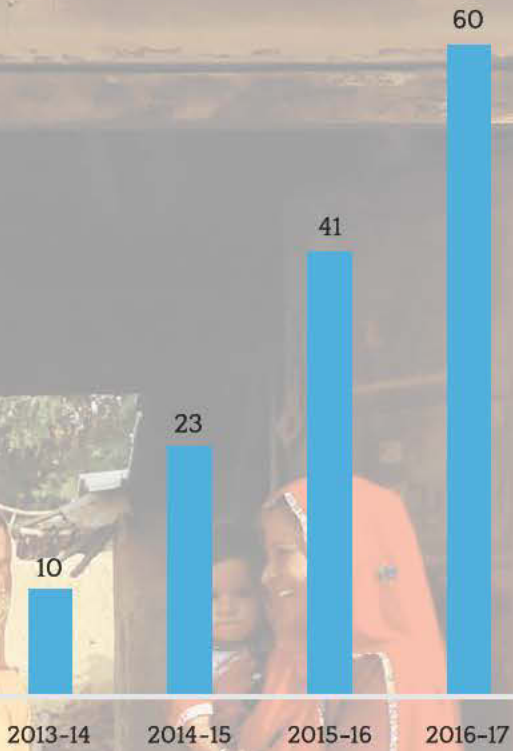


### Profit After Tax (Crore)

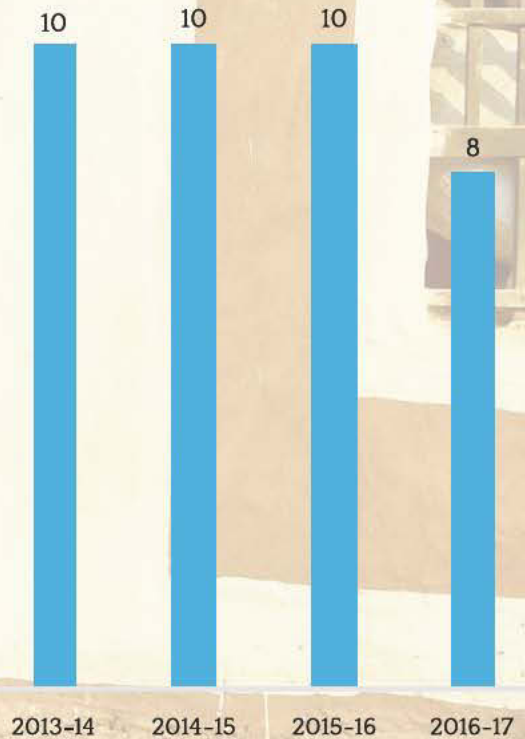
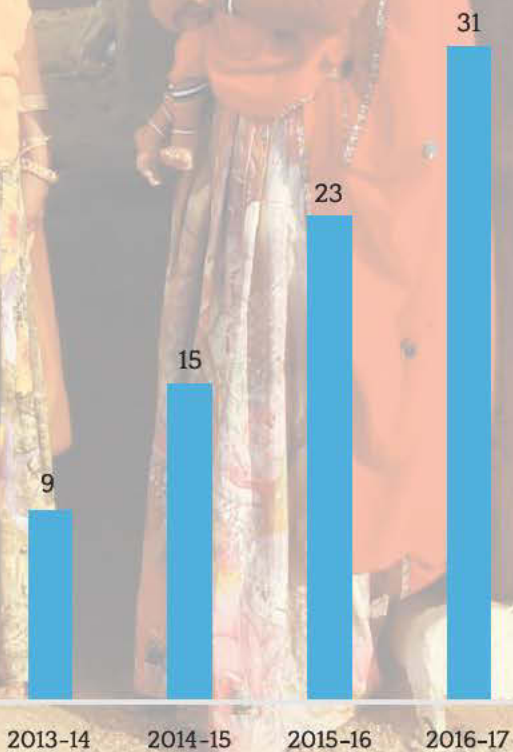
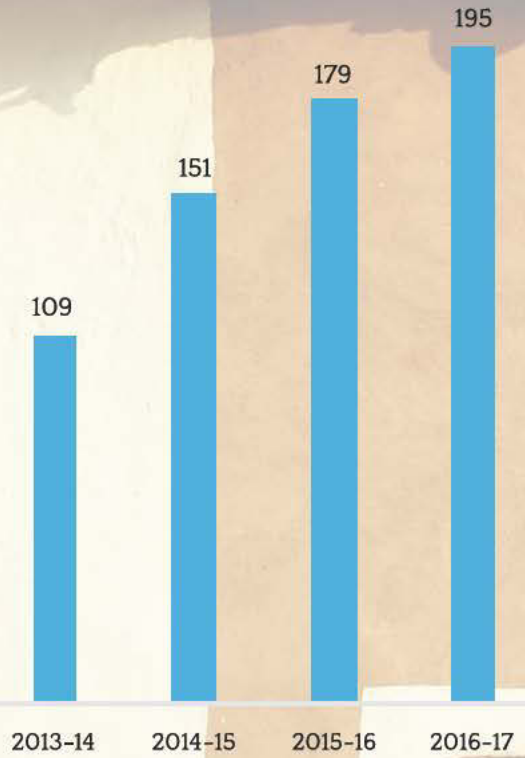


# Key Financial Indicators

### Net Worth (Crore)



### Book Value per Share



### Paidup Share Capital (Crore)

### Dividend Payout per Share







**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors are pleased to present before you their Fifth Annual Report on the operations of the Company along with the Audited Accounts for the year ended March 31, 2017.

The Company was incorporated on May 19, 2012 as a Producer Company under the provisions of Part IXA of the Companies Act, 1956 in the State of Rajasthan to undertake the business of pooling, purchasing, processing of milk and milk products primarily of the Members and also of others, marketing of the same and to deal in activities that are part of or incidental to any activity related thereto.

**Financial Results**

The summarized Financial Results are as under:

Particulars	For the year ended March 31, 2017 (Rs in Crore)	For the year ended March 31, 2016 (Rs in Crore)
Total Revenue	<b>1062.19</b>	845.31
Total Cost including expenses	<b>1045.32</b>	825.40
Profit/(Loss) before tax	<b>16.87</b>	19.91
Provision for Taxation	<b>5.72</b>	7.02
Profit/(Loss) after tax	<b>11.15</b>	12.89

It gives us pleasure to inform that, during the year under review, the Company achieved a turnover of Rs. 1062.19 Crores which is a record.

During the year under review, the total revenue from the operations increased to Rs. 1062.19 Crores, as against Rs. 845.31 Crores in previous year registering a growth of 26 percent. The total cost including expenses increased to Rs. 1045.32 Crores as against Rs. 825.40 Crores in previous year.

The Profit after Tax is Rs. 11.15 Crores as against Rs. 12.89 Crores in previous year.

**Limited Return (Dividend)**

The Board of Directors are pleased to recommend limited return (dividend) at the rate of Rs. 8 per equity share absorbing Rs. 2.96 Crore (including Dividend Distribution Tax of Rs. 50.04 Lakh). The limited return (dividend) will be paid to those members, whose names appear in the Register of Members of the Company as on March 31, 2017.

**Transfer to General Reserve**

Pursuant to provisions of article no 11.10 of the Articles of Association of the Company read with Section 581 ZI of the Companies Act 1956, the Board proposes to transfer Rs. 8.19 Crores to the credit of General Reserve in the Balance Sheet.



## Operations

The Company is harvesting raw milk from 3,444 Milk Pooling Points located in 3201 villages in 8 Districts of Rajasthan. During the period under review, the Company procured 23.03 Crore litre as against to 20.27 Crore litre raw milk in previous year. The Company continues to pay competitive producer price to its members.

The company continues to sell Poly Pack Milk (PPM) in different variants in the state of Rajasthan. During the period under review, total sales of Poly Pack Milk and Ghee remained 241 Lac Litre and 653 MT respectively as against 154 Lac litre and 422 MT in previous year. The Company believes that it can further perk up sale of milk and milk products and it has therefore being expanded its network to reach to more consumers.

## Recognition

Indian Dairy Association (IDA) which is the apex association of Indian Dairy Sector chose Smt. Mamta Choudhary (Director) for the Dairy Women of The Year 2017 award. During 45<sup>th</sup> Dairy Industry Conference held on February 15, 2017 at Mumbai. IDA honoured Smt. Mamta Choudhary by presenting the said award to her in presence of leading academicians and industry luminaries. It is the second consecutive year in which a Paayas director has received this coveted award. Previous year Smt. Manju Jakhar, Paayas Director had bagged it.

## Credit Rating

During the year under review, CARE Ratings Ltd. ("CARE") re-affirmed the "AA-" ("Double A Minus") rating. The rating is an opinion on the general creditworthiness of the Company.

## Product Portfolio

### Milk and Milk Products

The Company is committed to serving consumers with quality milk and milk products. It markets Poly Pack Milk in various SKU in Jaipur and in other parts of Rajasthan.

Variant	Type	Composition (%) (minimum)	SKU
<b>Fit N Fine</b>	Double Toned Milk	Fat: 1.5   SNF: 9.0	200ml, 500ml, 1l, 6l
<b>Tazza</b>	Toned Milk	Fat: 3.0   SNF: 8.5	500ml, 1l, 6l
<b>Gold</b>	Full Cream Milk	Fat: 6.0   SNF: 9.0	500ml, 1l, 6l
<b>Tea Special</b>	Homogenized Toned Milk	Fat: 3.0   SNF: 8.5	200ml, 500ml

The company also markets bulk milk to Mother Dairy and other interested buyers.

## Dahi

Paayas "Dahi" is the new variant in the product basket of the company which is being marketed in 200 gm pack. It has received encouraging response from consumers, selling more than 93 thousand kgs in 7 months.



## **Buttermilk**

Paayas Chhach is being sold in 500 ml pack in both rural and urban market.

## **Ghee**

Paayas Ghee is being sold in various denominations of 1 litre / half litre Ceka Pack and 15 kg Tin both through rural and urban marketing channels.

## **Tea Special- Homogenized Toned Milk**

Paayas Homogenised Toned Milk was launched in February 2017 and it has started making inroads quickly registering sale of 4.5 lakh litres in just 45 days.

## **Cattle Feed**

The Company sold about 20,600 metric tonne Cattle Feed during 2016-17 under its own brand Mudrika in two variants - BIS Type II and Gold-High Energy. As compared to previous year the growth in sale is about 35 percent.

## **Rajasthan Specific Mineral Mixture**

Taking into account the specific need of minerals which are not available in Rajasthan soil, the Company organised to develop Rajasthan Specific Mineral Mixture and it has been providing the same to the producers at a competitive price under its own brand - Mudrika. The response users has rather been encouraging, as a result of which distribution of about 133 metric tonne mineral mixture. This has led to a growth of about 18 percent over the previous year sale.

## **Product Development**

Encouraged by the response received in case of Paayas products, the Company is in the process of developing new products such as Sweet Lassi and Spiced Buttermilk.

## **Producer Institution Building (PIB)**

PIB focus remained on awareness generation among members about their roles and responsibilities apart from spreading information about various activities and schemes of the Company. Paayas conducted 'Producer Awareness Programme' covering 26,653 producers/members in five districts of Rajasthan viz. Jaipur, Sikar, Tonk, Pali and Ajmer. Also, 22,920 producers/members were covered under 'Awareness programme on Quality and Clean Milk Production'. Further under 'Women Awareness Programme' 7,586 women milk producers were covered. The focus was to encourage them come forward and actively participate in Dairy activities.

In addition, 1,603 rural youths were also trained under 'Rural Youth Awareness Programme' to encourage them understand the importance of dairying as an emerging source of livelihood and sensitize them accept this as a profession. Further under 'Awareness Programme for School Children', 454 school-going children were oriented on nutritional



aspects of milk and milk products. They were encouraged to consume adequate dairy products in order to keep them healthy.

Being a single tier Company with a large operational area and membership base, it is essential that some informal groups be created in order to redress the members' issues and to strengthen relationship and bonding between the Company and its members for ensuring effective two way communication. Keeping this in mind, 2,511 informal Village Contact Groups (VCGs) were created at village level and 202 informal Member Relation Groups (MRGs) at milk route level. The Company also conducted 'Leadership Development Programmes' for MRG members in which 52 people were trained with a view to groom them for leadership roles.

To strengthen the understanding of Policy Governance by Board members refresher workshops was organized. As a step towards Board Orientation, Board Members visited 'Bani Milk Producer Company Ltd', Patiala and participated in 45th Dairy Industry Conference organized in Mumbai.

### **Sub Project Plan (SPP)**

The Company had submitted four Sub Project Plans under National Dairy Plan – Phase I, to Project Management Unit, located at NDDB, for the following elements:

1. **Village Based Milk Procurement System**
2. **Ration Balancing Programme**
3. **Pilot model for viable Artificial Insemination delivery, and**
4. **Fodder Development**

PMU approved all the aforesaid SPPs and grant in aid under NDP-I. All four plans are being implemented in company's operational five districts of Rajasthan viz. Jaipur, Sikar, Ajmer, Pali and Tonk.

### **Village Based Milk Procurement System (VBMPS)**

VBMPS aims to strengthen to the Company building capabilities of various stakeholder through Milk procurement, building awareness, organizing training sessions and other such activities. Its objective is to setup a fair and transparent procurement system and to ensure accurate and timely payment to members. VBMPS ensures to safeguard the interests of small farmers by providing them, round the year access to organised dairy market.

Under this project, the Company plans to cover a total of 2,716 village in five districts. At the end of the project, the number of members to be covered under the project are estimated at 1,00,105 and Milk Procurement is planned at 742 TKgPD per day.

The Company ended up with procuring 559 TKgPD milk from 93,931 members located in 2772 villages belonging to Sub Project Plan (SPP) Area.



### **Ration Balancing Programme (RBP)**

RBP aims to improve production and reproduction of animals through adoption of scientific method of feeding with provision of technical inputs and services to milk producers at their doorstep, thereby improving milk production efficiency and economic return from dairying.

The Company has developed network to provide RBP services in about 2,700 villages. RBP has helped changing traditional feeding practices. The Company organised several mass awareness campaigns to educate producers.

The Company ended up with deployment of 1,401 Local Resource Persons (cumulative), who carried out Ration Balancing for 1,93,546 (cumulative) animals scattered in 2,700 villages (cumulative).

### **Pilot model for viable Artificial Insemination delivery (AI)**

The Company has implemented AI Services with an objective to deliver quality AI services through well 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.

The Company recruits local youths and provide them rigorous training in the training centre 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. After training, candidates are given adequate field exposure post which are being provided with necessary equipment and are deployed in field to deliver quality AI Service to the farmers at their doorstep. To facilitate efficient monitoring and field extension support for breeding service delivery, **Mobile Artificial Insemination Technicians** are placed into territories with nearly 20 AI centres per territory. A Veterinary Executive manages each territory. A Breeding Specialist provides technical and managerial support to 6-7 Veterinary Executives.

The Company managed to do over 2.45 lakh AI (43 percent conception rate basis first AI follow-up) through 450 Centres covering 3,292 villages.

### **Fodder Development (FD)**

To ensure supply of fodder throughout the year, it is necessary to focus on increasing the productivity of available land under fodder cultivation, improve the efficiency of fodder utilization and minimize the fodder wastages / encourage fodder conservation.

Under Fodder Development, activities such as Silage Demonstration, Mowers Demonstration, Biomass Storage Demonstration, Fodder Crop (Thornless Cactus, Napier Grass) Demonstration and Quality Fodder Seed Supply are being undertaken.

The Company ended up with 189 demonstrations of Auto & Manual Mowers, 100 demonstrations of Silage making and 3 demonstrations of Biomass Storage, covering 1000 villages (all cumulative).



For small and marginal milk producers, Company also provided low-cost Silage bags (Capacity 1 MT) with encouraging response. As many as 121 demos were carried out in this regard.

The Company continued distributing quality fodder seeds including Lucerne, Sorghum, Hybrid Maize and Millet Seeds etc. at affordable rates among milk producers. A total of 603 quintal (cumulative) fodder seed was distributed. In future, several other varieties of fodder such as Drum Sticks, Oat, Fodder Beet and Chinese Cabbage etc. are planned.

#### **Quality Assurance:**

Quality remains a focus area. Our Milk chilling centres are equipped with essential Milk testing facilities. Testing equipment like Digital electronic balances, water baths, vortex shakers, Oven, BR metres etc. are in place. Various training programmes for Chemists and MCC Incharges were organised to upgrade skill. System upgrades such as additional dock and additional storage facility at high pouring Chilling Centre, refrigeration capacity enhancement to preserve freshness of milk and setting up Model MCCs with state-of-the-art facilities viz. Auto CIP, Auto conveyor etc. were undertaken.

#### **Directors**

Shri Bhanwar Lal Jat and Smt. Kaushal Yadav retired as a Director with effect from September 19, 2016. The Board would like to thank him for his association and support as director with the Company.

Pursuant to the Article 9.6 and pursuant to Section 581ZA and other relevant articles of the Articles of Association of the Company and applicable provisions, of the Companies Act, 1956, Smt. Geeta Devi Gurjar and Smt. Kamala Devi were appointed as Directors of the Company with effect from September 19, 2016.

#### **Composition of Board of Directors & reappointment of Directors:**

Article 9.4 of the Articles of Association of the Company deals with determination of criteria for categorising members into different classes based on their patronage and representation of such classes of members on the Board, to the extent possible, based on the patronage of members of respective class. The criteria for categorizing members into three different classes viz., Class-A, Class-B and Class-C based on patronage were approved at the first AGM of the Company.

Based on the analysis of data w.r.t., fulfilment and non-fulfilment of patronage criteria by the members during FY 2016-17, it has been found that, 59% of the total members as on March 31, 2017 have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly, out of this 59% of the total members, 12% comprised of Class-A, 18% Comprised Class-B and 70% comprised Class-C. Whereas, the proportionate percentages (%) of quantity of milk (patronage) supplied by the said Class-A, Class-B and Class-C of members amongst themselves were respectively 55%, 25% and 20% during FY 2016-17. Accordingly, the



composition of the Board providing for representation of each class of members on the Board based on patronage of each class of members comes to 6 directors for Class-A, 3 directors for Class-B and 2 directors for Class-C respectively. The Board will meet the requirement of Article 9.5, as following:-

#### **Class-A Directors-**

Pursuant to Article 9.6 of the Articles of Association of the Company, Shri Bhagwan Sahay and Shri Baldev Ram Berwal Directors of the Company, will retire at the ensuing AGM of the Company on completion of their second term and a director representing Class-B to be appointed in place of retiring Directors and one position remains vacant.

This will make the total strength of Directors in Class-A to 4 Directors as permissible under Article 9.5 and 9.6 of the Articles of Association of the Company.

#### **Class-B Directors:-**

Pursuant to Article 9.6 of the Articles of Association of the Company, Shri Doongar Singh Rathor, Director of the Company “representing Class- B” will retire at the ensuing AGM of the Company and being eligible, offers himself for re-appointment. Based on the recommendation of Nomination Committee, the Board recommends his re-appointment.

Based on the recommendation of Nomination Committee, the Board recommends the appointment of Shri Sukhpal Jat “representing Class-B” to fill up the vacancy of Class-B.

The statement containing name and qualifications of the Directors seeking appointment is annexed to the Notice convening 6<sup>th</sup> AGM of the Company.

This will make the total strength of Directors in Class-B to 2 Directors as permissible under Article 9.5 and 9.6 of the Articles of Association of the Company.

#### **Class-C Directors:-**

At present the Board has 4 directors representing Class-C, therefore, there is no retirement/election in category of Class-C directors at the 6<sup>th</sup> AGM.

#### **Membership/Voting Rights/ Share Capital**

As at March 31, 2017, the paid up share capital was Rs. 30.72 Crore, whereas 1,12,460 members were appearing on the register of members of the Company. During the period under review, membership of 13,824 members have been cancelled/ surrendered due to non-fulfilment of membership criteria.

After 31 March 2017, Company has enrolled 1379 new members and the membership of 19,902 members have been cancelled/ surrendered due to non-fulfilment of membership criteria. Therefore, the total number of members as on the date of this report stands at 93,937 members.



To avoid cancellation of membership, all the members belonging to Class-A, Class-B and Class-C are hereby requested to fulfil all the patronage criteria of their respective class and conditions for continuation of membership during the relevant financial year.

### **Voting Rights and attendance at AGM:**

Out of total 1,12,460 members, 38,852 members have voting rights and remaining 73,608 members out of which membership of 19,902 members have been cancelled and 53,706 members did not pour milk for at least 200 days totalling to at least 500 litres during the previous financial year 2016-17 lost their voting rights in 6<sup>th</sup> AGM.

New members, who were admitted as members of the Company post March 31, 2017, will not be entitled to dividend for FY 2016-17 as well as voting right at 6<sup>th</sup> AGM.

### **Directors Responsibility Statement**

In accordance with section 217 (2AA) of the Companies Act, 1956 the Board of Directors of the Company informs the members that:

- a) in the preparation of annual accounts, the applicable accounting standards along with proper explanation have been followed;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year and the profit for that period;
- 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;
- d) the directors have prepared the annual accounts on a going concern basis.

### **Internal Control System**

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. Pursuant to the Section 581ZF of the Companies Act, 1956, M/s. Ernst & Young LLP, Chartered Accountants, has been appointed as Internal Auditors of the company who independently evaluate the adequacy of internal controls, and carry out the audit of accounts of the Company.

### **Auditors**

M/s S.B. Billimoria & Co., Chartered Accountants, Statutory Auditors 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 reappointment if made, would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.



Your Directors recommend the re-appointment of M/s S.B. Billimoria & Co. as Statutory Auditors of the Company at the ensuing Annual General Meeting

### **Particulars of Employees**

Pursuant to Sections 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, none of the employees were in receipt of remuneration which in the aggregate exceeds Rupees Sixty Lacs per annum or Rupees Five Lacs per month, as the case may be, during the period under review.

### **Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earning and out go.**

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.

### **Acknowledgement**

The Board of Directors wish to convey their appreciation to members, business associates for their support and contribution during the period under review. The Directors would also like to thank bankers, employees, both internal and statutory auditors for their continued support to the Company.

The Board of Directors acknowledge with gratitude the encouragement and support extended by National Dairy Development Board, NDDB Dairy Services and Mother Dairy Fruit & Vegetable Private Limited.

**For and on Behalf of the Board of Directors**

Sd/-  
**Anil Kumar**  
**Chairman & Director**

Place: Jaipur

Date : 03.08.2017



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAAYAS MILK PRODUCER COMPANY LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **PAAYAS MILK PRODUCER COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial



statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30 December 2016; and such disclosures are in accordance with the books of account maintained by the Company. However, as stated in Note 33 to the financial statements amount aggregating to Rs. 33,945,000 as represented to us by the Management have been received in Specified Bank notes which are not permitted.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
  3. As required by Section 581ZG of the Part IXA of the Companies Act, 1956 (in terms of section 465 of the Companies Act, 2013, provisions of part IXA of the Companies Act are applicable to a producer company in a manner as if the Companies Act, 1956 has not been repealed), we give in "Annexure C" a statement on the matters specified in that Section.

**For S. B. BILLIMORIA & CO.**  
Chartered Accountants  
(Registration No. 101496W)

Sd/-  
Jitendra Agarwal  
Partner  
(Membership No. 87104)

Place: Gurugram  
Date: 03 August, 2017

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Paayas Milk Producer Company Limited ("the Company") as of 31 March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S. B. BILLIMORIA & CO.**

Chartered Accountants

(Firm Registration No. 101496W)

Sd/-

(Jitendra Agarwal)

Partner

(Membership No. 87104)

Place: Gurugram

Date: 03 August, 2017

## **ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2 under 'Reports on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us and the records examined by us, the Company has constructed buildings on land taken on lease and the lease agreements are in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public, and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any liability for Customs Duty and Excise Duty.
  - b. There are no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.



- c. There are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31 March 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks or financial institutions. The Company has not taken any loan from government and it has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) The Company is registered under Chapter IXA of the Companies Act, 1956 and hence reporting under clause (xiv) of CARO 2016 is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For S. B. BILLIMORIA & CO.**  
Chartered Accountants  
(Firm Registration No. 101496W)

Sd/-  
(Jitendra Agarwal)  
Partner  
(Membership No. 87104)

Place: Gurugram  
Date: 03 August, 2017

## ANNEXURE "C" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 3 under 'Reports on Other Legal and Regulatory Requirements' section of our report of even date)

- i. The amount of debts due from sale of goods and services are as disclosed in note 15 to the financial statements. According to the information and explanations given to us no debts are considered as doubtful of recovery.
- ii. According to the information and explanations given to us, cash on hand as at year-end has been physically verified by the management and no discrepancies were noticed on such verification. According to the information and explanations given to us, the Company does not hold any investment securities.
- iii. The details of assets and liabilities as at 31 March, 2017 are as per the financial statements of the Company as at and for the year ended 31 March, 2017.
- iv. In our opinion and according to the information and explanations given to us, the Company has not done any transaction which appears to be contrary to the provisions of part IXA of the Companies Act, 1956.
- v. According to the information and explanations given to us, the Company has not granted any loan to its directors.
- vi. According to the information and explanations given to us, the Company has not given any donations or subscriptions during the year.

**For S. B. BILLIMORIA & CO.**  
Chartered Accountants  
(Firm Registration No. 101496W)

Sd/-  
(Jitendra Agarwal)  
Partner  
(Membership No. 87104)

Place: Gurugram  
Date: 03 August, 2017



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**BALANCE SHEET AS AT 31 MARCH, 2017**

	Note No.	As at 31 March, 2017	As at 31 March, 2016
		Rupees	Rupees
<b>A. EQUITY AND LIABILITIES</b>			
1. Shareholders' funds			
(a) Share capital	3	307,248,400	228,047,300
(b) Reserves and surplus	4	292,329,957	180,775,620
		599,578,357	408,822,920
2. Share application money pending allotment		5,376,300	10,250,800
3. Deferred grant	5	233,972,742	225,583,738
4. Non - current liabilities			
(a) Deferred tax liabilities (net)	6	3,756,805	4,568,931
(b) Other long-term liabilities	7	96,591,974	86,612,091
		100,348,779	91,181,022
5. Current liabilities			
(a) Short - term borrowings	8	946,471,192	989,892,434
(b) Trade payables	9		
(i) Total outstanding dues of micro and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		484,004,093	420,014,274
(c) Other current liabilities	10	40,241,600	49,442,062
(d) Short - term provisions	11	-	42,894,991
		1,470,716,885	1,502,243,761
<b>Total</b>		<b>2,409,993,063</b>	<b>2,238,082,241</b>
<b>B. ASSETS</b>			
1. Non - current assets			
(a) Fixed assets			
(i) Tangible assets	12a	317,732,339	303,977,060
(ii) Intangible assets	12b	89,094,819	64,448,644
(iii) Capital work-in-progress	12c	44,334,363	63,707,964
		451,161,521	432,133,669
(b) Long - term loans and advances	13	7,446,638	2,001,258
		458,608,159	434,134,927
2. Current assets			
(a) Inventories	14	104,839,616	82,485,442
(b) Trade receivables	15	1,089,085,709	1,086,822,743
(c) Cash and cash equivalents	16	734,242,382	611,504,641
(d) Short - term loans and advances	17	19,825,558	20,860,461
(e) Other current assets	18	3,391,639	2,274,027
		1,951,384,904	1,803,947,314
<b>Total</b>		<b>2,409,993,063</b>	<b>2,238,082,241</b>

See accompanying notes forming part of the financial statements  
In term of our report attached

**For and on behalf of the Board of Directors**

**For S.B. BILLIMORIA & CO.**  
Chartered Accountants

Sd/-  
**JITENDRA AGARWAL**  
Partner

Sd/-  
**Anil Kumar**  
Director

Sd/-  
**Manju Jakhar**  
Director

Sd/-  
**Ratan Kumar Singh**  
Director & Chief Executive

Sd/-  
**Anup Gupta**  
Company Secretary

Sd/-  
**Kapil Pachori**  
Senior Manager (Finance)

Place: Gurugram  
Date: 03 August, 2017

Place: Jaipur  
Date: 03 August, 2017

**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017**

	Note No.	Year ended 31 March, 2017	Year ended 31 March, 2016
		Rupees	Rupees
1. Revenue from operations	19	10,590,927,224	8,427,938,193
2. Other income	20	31,058,076	25,135,688
<b>3. Total revenue (1+2)</b>		<b>10,621,985,300</b>	<b>8,453,073,881</b>
<b>4. EXPENSES</b>			
(a) Cost of materials consumed	21	33,868,879	182,659,671
(b) Purchases of traded goods	22	9,579,671,873	7,417,139,436
(c) Changes in inventories of finished goods & stock-in-trade	23	(22,510,453)	(44,020,535)
(d) Employee benefits expense	24	83,932,942	68,683,635
(e) Finance costs	25	72,457,143	22,222,413
(f) Depreciation and amortization expense	12	33,728,200	34,143,100
(g) Other expenses	26	672,094,505	573,171,485
<b>Total expenses</b>		<b>10,453,243,089</b>	<b>8,253,999,205</b>
<b>5. Profit before tax (3-4)</b>		168,742,211	199,074,676
<b>6. Tax expense:</b>			
(a) Current tax		58,000,000	71,000,000
(b) Deferred tax charge/(credit)		(812,126)	(872,024)
Net tax expense		57,187,874	70,127,976
<b>7. Profit for the year (5-6)</b>		<b>111,554,337</b>	<b>128,946,700</b>
<b>8. Earnings per equity share:</b>	32		
(Nominal value Rs. 100 per share)			
(a) Basic		47.13	76.27
(b) Diluted		47.13	76.25

See accompanying notes forming part of the financial statements  
In term of our report attached

**For and on behalf of the Board of Directors**

**For S.B. BILLIMORIA & CO.**  
Chartered Accountants

Sd/-  
**JITENDRA AGARWAL**  
Partner

Sd/-  
**Anil Kumar**  
Director

Sd/-  
**Anup Gupta**  
Company Secretary

Sd/-  
**Manju Jakhar**  
Director

Sd/-  
**Kapil Pachori**  
Senior Manager (Finance)

Sd/-  
**Ratan Kumar Singh**  
Director & Chief Executive

Place: Gurugram  
Date: 03 August, 2017

Place: Jaipur  
Date: 03 August, 2017



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017**

	Year ended 31 March, 2017 Rupees	Year ended 31 March, 2016 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	168,742,211	199,074,676
<b>Adjustments For :</b>		
Finance costs	72,432,002	21,018,532
Interest income	(18,215,465)	(17,390,780)
Depreciation and amortization expense	33,728,200	34,143,100
<b>Operating Profit before working capital changes</b>	<b>256,686,948</b>	<b>236,845,529</b>
<b>Adjustments for movement in working capital:</b>		
Decrease/(increase) in inventories	(22,354,174)	(38,554,299)
Decrease/(increase) in trade receivables	(2,262,966)	(836,800,793)
Decrease/(increase) in long term loans and advances	(419,546)	(3,636,691)
Decrease/(increase) in short term loans and advances	1,034,903	(13,044,851)
(Decrease)/increase in other long term liabilities	9,979,883	-
(Decrease)/increase in trade payables	63,989,818	101,149,059
(Decrease)/increase in provisions	-	(319,420)
(Decrease)/increase in other current liabilities	6,196,604	(38,283,320)
<b>Cash generated from/(used in) operations</b>	<b>312,851,469</b>	<b>(592,644,786)</b>
Net income taxes (paid)/refund	(78,473,604)	(59,128,632)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>234,377,865</b>	<b>(651,773,418)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Decrease/(increase) in bank balances not considered as cash and cash equivalents	12,355,356	(16,961,289)
Capital expenditure on fixed assets (net of capital grant received)	(44,367,047)	(104,469,823)
Interest received	17,097,854	21,291,885
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(14,913,837)</b>	<b>(100,139,227)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of share capital	68,950,300	73,928,400
Share application money received	5,376,300	10,250,800
Repayment of long term borrowings	-	(62,960,000)
Net increase/(decrease) in working capital borrowings	(43,421,242)	989,892,434
Dividend Paid including dividend tax	(32,047,961)	(7,850,613)
Finance costs paid	(83,228,328)	(6,186,333)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(84,370,931)</b>	<b>997,074,688</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>	<b>135,093,096</b>	<b>245,162,043</b>
Cash and cash equivalents at beginning of the year	404,971,073	159,809,030
<b>Cash and cash equivalents at the end of the year</b>	<b>540,064,169</b>	<b>404,971,073</b>
<b>Components of Cash and cash equivalents as at:</b>		
Balances with banks:		
in current accounts	438,246,241	290,707,541
in deposit accounts	101,817,928	114,263,532
Cash and cash equivalents as per Cash Flow Statement	<b>540,064,169</b>	<b>404,971,073</b>
Add: Bank balances not considered as Cash and cash equivalent	194,178,213	206,533,568
<b>Cash and bank balances as per Balance Sheet (Note 16)</b>	<b>734,242,382</b>	<b>611,504,641</b>

See accompanying notes forming part of the financial statements

In term of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.  
Chartered Accountants

Sd/-  
JITENDRA AGARWAL  
Partner

Sd/-  
Anil Kumar  
Director

Sd/-  
Manju Jakhar  
Director

Sd/-  
Ratan Kumar Singh  
Director & Chief Executive

Sd/-  
Anup Gupta  
Company Secretary

Sd/-  
Kapil Pachori  
Senior Manager (Finance)

Place: Gurugram  
Date: 03 August, 2017

Place: Jaipur  
Date: 03 August, 2017

## PAAYAS MILK PRODUCER COMPANY LIMITED

### Notes forming part of the financial statements

#### 1. Corporate information

Paayas Milk Producer Company Limited (“the Company”) was incorporated on 19 May 2012 under Part IXA of the Companies Act, 1956.

The Company procures milk directly from milk producers through Milk Pooling Points (MPP) in villages of Rajasthan and sells to various dairies. The Company also process raw milk for manufacture of Polypack Milk (PPM) and Ghee. The Company also trades in cattle feed, dairy fresh and animal semen.

#### 2. Significant accounting policies

The significant accounting policies are as follows:

##### a. Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”) / Companies Act, 1956 (“the 1956 Act”) as applicable. MCA has clarified that the provisions of part IXA of the Companies Act, 1956 shall be applicable to a producer company in the manner as if the Companies Act, 1956 has not been repealed. The financial statements are prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which results are known/materialize.

##### c. Cash and cash equivalents (for the purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are



readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**d. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**e. Revenue recognition**

Sales are recognized, net of returns and trade discounts, on transfer of significant risk and rewards of ownership to the buyers, which generally coincides with the delivery of goods to customers.

**f. Other income**

Interest income on deposits is recognized on accrual basis.

**g. Fixed assets (Tangible/Intangible)**

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previous assessed standard of performance.

**h. Capital work-in-progress**

- Assets which are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**i. Depreciation and amortisation**

Depreciation on tangible and intangible fixed assets has been provided on straight line method as per the useful life of the assets assessed as under based on technical advice, taking into account the nature of asset, the estimated usage of assets, the operating condition of the asset, past history of replacements, anticipated technological changes, manufactured warranties and maintenance support etc.

The useful life considered for charging depreciation is as follows:

<b>Description</b>	<b>Useful life (in years)</b>
Building	10
Plant and equipment	10
Milk cans	10
Furniture and fixtures	15
Computers and software	3
Office equipment	10
Trade marks	5

Depreciation is provided pro-rata from the date of addition.

All assets costing Rs. 5,000 or less individually are fully depreciated in the year of capitalisation.

**j. Inventories**

Inventories comprise raw materials and packing material, finished goods and stores and spares. Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost is determined using weighted average method. Cost includes all charges incurred in bringing the inventories to their present location and condition. Finished goods include appropriate proportion of overheads.

**k. Grants**

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants related to depreciable fixed assets are treated as deferred grants which is recognised in the statement of profit and loss on a systematic and rational basis over the useful life of the asset, i.e., depreciation charge on assets procured from such grants is appropriated from Deferred Grant and recognized in the Statement of Profit and Loss by way of reduced depreciation charge.

Revenue government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis and are deducted in reporting the related expense.



## I. **Employee benefits**

Employee benefits include Provident Fund, Employee State Insurance scheme, Gratuity and compensated absences.

### a. **Defined contribution plans**

The Company's contributions to provident fund and employees state insurance scheme is considered as defined contribution plan and are charged to the Statement of Profit and Loss based on the amount of contributions required to be made as and when services are rendered by the employees.

### b. **Defined benefit plans**

Gratuity is considered as defined benefit plan. Gratuity is provided based on actuarial valuation carried out at the balance sheet date. The incremental liability based on an actuarial valuation as per the 'Projected Unit Credit' method, as at the reporting date, is charged to the Statement of Profit and Loss Account. Actuarial gains and losses are recognized in the Statement of Profit and Loss.

### c. **Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the services. These benefit includes performance incentives and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

### d. **Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation as at the balance sheet date on the basis of actuarial valuation.

## m. **Earnings per share**

Basic earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

**n. Taxes on income**

Income tax comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legal enforceable right for such set off.

**o. Borrowing cost**

Borrowing costs includes interest and ancillary costs incurred. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, pertaining to the period from commencement of activities relating to construction/development of qualifying asset upto the date of capitalization of such asset, are capitalized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the statement of profit and loss in the year in which they are incurred.

**p. Impairment of assets**

At each balance sheet date, the Company reviews the carrying values of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use. In assessing value in use the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.



Reversal of impairment loss is recognized as income in the statement of profit and loss.

**q. Provisions and contingencies**

A provision is recognized when the Company has present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Assets are not recognized in the financial statements. Contingent liabilities are disclosed in the notes to accounts. Contingent assets are not recognized in the financial statements.

**r. Leases**

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rent under operating leases are recognized in the statement of profit and loss account on straight line basis.

**s. Material events**

Material adjusting events occurring after the Balance Sheet date are taken into cognizance.

**t. Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

**Note 3: Share Capital**

	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
<b>(a) Authorised share capital</b>				
Equity Shares of Rs. 100 each	3,500,000	350,000,000	3,000,000	300,000,000
<b>(b) Issued, subscribed and fully Paid up share capital</b>				
Equity Shares of Rs. 100 each	3,072,484	307,248,400	2,280,473	228,047,300

See notes (i) to (iii) below

**Notes:**

**(i) Rights, preferences and restrictions attached to shares**

The Company has issued one class of equity shares having face value of Rs. 100 each. Each member is entitled to one vote. Members are entitled to limited return (Dividend) and bonus in accordance with Article of Association of the Company.

**(ii) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year:**

	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
Shares outstanding at the beginning of the year	2,280,473	228,047,300	1,541,189	154,118,900
Shares issued during the year	792,011	79,201,100	739,284	73,928,400
Shares outstanding at the end of the year	<b>3,072,484</b>	<b>307,248,400</b>	<b>2,280,473</b>	<b>228,047,300</b>

(iii) The Company is registered under Part IXA of the Companies Act, 1956 as 'Producer Company' and none of the member holds 5% or more of the share capital of the Company.



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**Notes forming part of the financial statements**

	As at 31 March, 2017 Rupees	As at 31 March, 2016 Rupees
<b>Note 4: Reserves and surplus</b>		
<b>(a) General reserve</b>		
Opening balance	180,775,620	79,276,141
Add: Transferred from surplus in Statement of Profit and Loss	81,970,581	101,499,479
Closing balance	<u>262,746,201</u>	<u>180,775,620</u>
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening Balance	-	-
Add: Profit for the year	111,554,337	128,946,700
Less:		
Proposed limited return (dividend) to members (previous year Rs.10/- per share)	-	22,804,730
Tax on proposed limited return (dividend)	-	4,642,491
Transferred to general reserve	81,970,581	101,499,479
Closing balance	<u>29,583,756</u>	<u>-</u>
	<b><u>292,329,957</u></b>	<b><u>180,775,620</u></b>
<b>Note 5: Deferred grant</b>		
<b>Opening balance</b>	225,583,738	150,498,473
Capital Grant utilised during the year (see note 34)	83,649,734	146,123,469
Less: Depreciation pertaining to assets acquired from capital grant (see note 12)	75,260,730	71,038,204
<b>Closing balance</b>	<u>233,972,742</u>	<u>225,583,738</u>
<b>Note 6: Deferred tax liabilities (net)</b>		
(i) Tax effect of items constituting deferred tax liabilities:		
a. On difference between book balance and tax balance of fixed assets	3,756,805	3,462,248
b. Provision for compensated absences and gratuity	-	1,257,081
	<u>3,756,805</u>	<u>4,719,329</u>
(ii) Tax effect of items constituting deferred tax assets:		
a. Disallowances under section 35D of the Income Tax Act	-	150,398
	<u>-</u>	<u>150,398</u>
<b>Net deferred tax liability/(asset)</b>	<b><u>3,756,805</u></b>	<b><u>4,568,931</u></b>
<b>Note 7: Other long-term liabilities</b>		
(a) Trade / security deposits received	96,591,974	86,612,091
	<u>96,591,974</u>	<u>86,612,091</u>

**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

	As at 31 March, 2017	As at 31 March, 2016
	Rupees	Rupees
<b>Note 8: Short - term borrowings</b>		
(a) Unsecured Loans		
(i) Bill discounting facility	946,471,192	989,892,434
	<b>946,471,192</b>	<b>989,892,434</b>
<b>Note 9: Trade payables</b>		
(a) Trade Payables (other than acceptances) (see note 36)	484,004,093	420,014,274
	<b>484,004,093</b>	<b>420,014,274</b>
<b>Note 10: Other current liabilities</b>		
(a) Application money received for allotment of securities and due for refund	14,780,935	13,725,267
(b) Interest accrued but not due on borrowings	4,035,873	14,832,199
(c) Unclaimed/Unpaid dividends	6,098,025	10,698,765
(d) Statutory dues (Contribution to PF, Withholding Tax, Service Tax, VAT etc.)	5,487,737	5,343,005
(e) Advances from customers	9,839,030	4,842,826
	<b>40,241,600</b>	<b>49,442,062</b>
<b>Note 11: Short term provisions</b>		
(a) Provision for proposed limited return (dividend)	-	22,804,730
(b) Provision for tax on proposed limited return	-	4,642,491
(c) Provision for income tax (net of advance tax of Rs. nil; previous year Rs. 56,756,111)	-	15,447,770
	<b>-</b>	<b>42,894,991</b>



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**Notes forming part of the financial statements**

**Note 12: Fixed assets**

Particulars	Gross Block			Accumulated Depreciation/amortisation		Net Block	
	As at April 1, 2016	As at March, 2017	As at April 1, 2016	For the year	As at March, 2017	As at March, 2017	As at March 31, 2016
<b>(a) Tangible assets (owned)</b>							
Buildings	4,618,338	6,830,618	135,273	3,923,661	4,058,934	2,771,684	4,483,065
(Previous year)	(3,190,183)	(4,618,338)	(8,879)	(126,394)	(135,273)	(4,483,065)	(3,181,304)
Plant and equipment	336,712,872	420,325,987	88,702,945	45,286,154	133,989,099	286,336,888	248,009,927
(Previous year)	(243,840,651)	(336,712,872)	(34,836,798)	(53,866,147)	(88,702,945)	(248,009,927)	(209,003,853)
Furniture and fixtures	20,634,820	23,241,255	18,964,489	2,446,624	21,411,113	1,830,142	1,670,331
(Previous year)	(13,887,088)	(20,634,820)	(363,728)	(18,600,761)	(18,964,489)	(1,670,331)	(13,523,360)
Office equipment	6,318,933	6,458,043	1,213,432	605,273	1,818,705	4,639,338	5,105,501
(Previous year)	(5,346,672)	(6,318,933)	(591,253)	(622,179)	(1,213,432)	(5,105,501)	(4,755,419)
Computers	77,982,939	81,698,940	33,274,703	26,269,951	59,544,654	22,154,286	44,708,236
(Previous year)	(40,226,952)	(77,982,939)	(11,526,272)	(33,274,703)	(33,274,703)	(44,708,236)	(28,700,680)
<b>Total (A)</b>	<b>446,267,902</b>	<b>538,554,843</b>	<b>142,290,842</b>	<b>78,531,663</b>	<b>220,822,505</b>	<b>317,732,339</b>	<b>303,977,060</b>
Previous year	(306,491,546)	(446,267,902)	(47,326,930)	(94,963,912)	(142,290,842)	(303,977,060)	(259,164,616)
<b>(b) Intangible assets</b>							
(other than self generated)							
Computer software	78,333,256	133,436,698	13,916,163	30,439,267	44,355,430	89,081,268	64,417,093
(Previous year)	(22,249,107)	(78,333,256)	(3,717,521)	(10,198,642)	(13,916,163)	(64,417,093)	(18,531,586)
Trade mark	90,000	90,000	58,449	18,000	76,449	13,551	31,551
(Previous year)	(90,000)	(90,000)	(39,699)	(18,750)	(58,449)	(31,551)	(50,301)
<b>Total (B)</b>	<b>78,423,256</b>	<b>133,526,698</b>	<b>13,974,612</b>	<b>30,457,267</b>	<b>44,431,879</b>	<b>89,094,819</b>	<b>64,448,644</b>
Previous year	(22,339,107)	(78,423,256)	(3,757,220)	(10,217,392)	(13,974,612)	(64,448,644)	(18,581,887)
<b>(c) Capital work-in-progress</b>							
<b>Total (C)</b>	-	-	-	-	-	<b>44,334,363</b>	<b>63,707,964</b>

**Notes:**

(i) **Depreciation and amortisation expense**

	Year ended	Year ended
	31-Mar-17	31-Mar-16
Tangible assets	Rupees	Rupees
Intangible assets	78,531,663	94,963,912
Less: Depreciation pertaining to assets acquired on grant	30,457,267	10,217,392
	75,260,730	71,038,204
	<b>33,728,200</b>	<b>34,143,100</b>

(ii) The details of assets purchased out of capital grant and included in the above schedule are given below (see note 34):

Assets	Gross Block		Accumulated Depreciation/amortisation		Net Block	
	As at 1 April, 2016	As at 31 March, 2017	As at 1 April, 2016	For the year	As at 31 March, 2017	As at 31 March, 2016
<b>Tangible assets :</b>						
Building	3,190,183	3,190,183	115,431	303,067	418,497	2,771,686
Plant and equipment	111,590,126	150,204,036	27,753,670	18,599,523	46,353,193	103,850,843
Office equipment	4,888,788	4,888,788	890,950	461,238	1,352,188	3,536,600
Furniture and fixtures	17,493,851	19,775,233	16,860,392	2,326,514	19,186,906	588,327
Computers	72,678,757	72,930,046	30,113,107	24,241,943	54,355,050	18,574,996
<b>Intangible assets :</b>						
Computer Software	78,321,706	129,612,698	13,877,744	29,328,445	43,206,189	86,406,509
<b>Total</b>	<b>288,163,411</b>	<b>380,600,984</b>	<b>89,611,293</b>	<b>75,260,730</b>	<b>164,872,023</b>	<b>215,728,961</b>

**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

	As at 31 March, 2017	As at 31 March, 2016
	Rupees	Rupees
<b>Note 13: Long - term loans and advances</b>		
(Unsecured, considered good)		
(a) Security deposits	240,050	202,347
(b) Prepaid expenses	381,843	-
(c) Advance income tax (net of provisions of Rs. 58,000,000; previous year Rs. nil)	6,824,745	1,798,911
	<b>7,446,638</b>	<b>2,001,258</b>
<b>Note 14: Inventories</b>		
(At lower of cost and net realisable value)		
(a) Finished goods	50,053,321	33,938,581
(b) Stock-in-trade	19,666,898	18,225,502
(c) Stock-in-trade (in transit)	34,611,532	29,657,215
(d) Stores and spares	507,865	664,144
	<b>104,839,616</b>	<b>82,485,442</b>
<b>Note 15: Trade receivables</b>		
(Unsecured, considered good)		
(a) Outstanding for a period less than six months from due date	1,089,085,709	1,086,822,743
	<b>1,089,085,709</b>	<b>1,086,822,743</b>



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

	As at 31 March, 2017	As at 31 March, 2016
	Rupees	Rupees
<b>Note 16: Cash and cash equivalents</b>		
<b>(a) Cash and cash equivalents</b>		
(i) Balance with banks:		
a) In current accounts	438,246,241	290,707,541
b) In deposit accounts		
- original maturity of 3 months or less	101,817,928	114,263,532
Cash and cash equivalents as per AS 3 - Cash flow statement	<b>540,064,169</b>	<b>404,971,073</b>
<b>(b) Other bank balances</b>		
(i) In deposit accounts (original maturity more than 3 months)	146,387,655	149,804,610
(ii) Balances held as security against bank borrowings	41,692,533	46,030,193
(iii) In earmarked accounts		
- Unpaid dividend accounts	6,098,025	10,698,765
	<b>734,242,382</b>	<b>611,504,641</b>

**Note:**

- (i) Balances with banks include deposits amounting to Rs. 3,10,00,000 (previous year Rs. Nil) which have maturity of more than 12 months from the balance sheet date.
- (ii) Fixed deposit amounting to Rs. 41,692,533 (previous year Rs. 46,030,193) have been pledged against bank overdraft facility

	As at 31 March, 2017	As at 31 March, 2016
	Rupees	Rupees
<b>Note 17: Short - term loans and advances</b>		
(Unsecured, considered good)		
(a) Loans and advances to employees	44,110	60,430
(b) Gratuity Fund (net of liability Rs. 60,25,647; previous year Rs. 3,782,730)	239,276	654,084
(c) Leave Encashment fund (net of liability Rs. 37,28,918; previous year Rs. 2,017,832)	3,183,555	2,978,260
(d) Advances to vendors	4,040,079	3,787,353
(e) Prepaid expenses	2,488,372	1,097,216
(f) Balance with VAT authority	7,024,450	3,517,367
(g) Grant receivable from NDDDB (see note 34)	2,805,716	8,765,752
	<b>19,825,558</b>	<b>20,860,461</b>
<b>Note 18: Other current assets</b>		
(Unsecured, considered good)		
(a) Interest accrued but not due on bank deposits	3,391,639	2,274,027
	<b>3,391,639</b>	<b>2,274,027</b>

**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

	Year ended 31 March, 2017	Year ended 31 March, 2016
	Rupees	Rupees
<b>Note 19: Revenue from operations</b>		
(a) Sale of products		
(i) Gross sale	11,509,137,929	8,901,601,166
(ii) Less: sale to milk processors (see note below (i) below)	918,210,705	473,662,973
(iii) Net sales	<b>10,590,927,224</b>	<b>8,427,938,193</b>
<b>Notes:</b>		
(i) Sale to milk processors means the milk supplied by the Company to various dairies/federations for processing and packaging.		
<b>Sale of products comprises:</b>		
(ii) Traded goods		
a. Raw milk	9,045,159,010	7,465,664,933
b. Poly pack milk	832,324,276	521,149,049
c. Other milk product	55,410,310	30,591,181
e. Ghee	197,456,153	-
f. Cattle feed	394,269,276	257,109,873
g. Semen	32,275,577	28,306,694
<b>Total</b>	<b>10,556,894,602</b>	<b>8,302,821,730</b>
(iii) Manufactured goods:		
a. Ghee	34,032,622	125,116,463
<b>Total</b>	<b>34,032,622</b>	<b>125,116,463</b>
<b>Total (ii + iii)</b>	<b>10,590,927,224</b>	<b>8,427,938,193</b>
<b>Note 20: Other income</b>		
(a) Interest income		
(i) On deposits with banks	18,215,465	17,390,780
(b) Other non-operating income		
(i) Membership fees	2,934,900	2,566,500
(ii) Liabilities/provisions no longer required written back	-	1,250,000
(iii) Miscellaneous income	9,907,711	3,928,408
	<b>31,058,076</b>	<b>25,135,688</b>



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**Notes forming part of the financial statements**

	Year ended 31 March, 2017	Year ended 31 March, 2016
	Rupees	Rupees
<b>Note 21: Cost of materials consumed</b>		
Raw Milk		
(a) Opening stock	-	-
(b) Add: Purchases	33,868,879	182,659,671
	33,868,879	182,659,671
(c) Less: Closing stock	-	-
	<b>33,868,879</b>	<b>182,659,671</b>
<b>Note 22: Purchases of traded goods</b>		
(a) Raw Milk	7,975,931,027	6,342,241,951
(b) Poly Pack Milk	855,602,223	507,622,720
(c) Ghee	214,826,839	-
(d) Cattle Feed	373,206,921	259,506,699
(e) Other milk product	56,644,188	25,642,698
(f) Semen	33,680,482	26,396,232
(g) Procurement expenses	10,460,965	195,243,055
(h) Incentive to members	59,319,228	60,486,081
	<b>9,579,671,873</b>	<b>7,417,139,436</b>
<b>Note 23: Changes in inventories of finished goods and stock-in-trade</b>		
<b>Decrease/(increase) in inventories of finished goods and stock-in-trade</b>		
(a) Inventories at the beginning of the year		
Stock-in-trade	18,225,502	11,519,564
Finished goods	33,938,581	1,700,288
Stock-in-transit	29,657,215	24,580,911
	81,821,298	37,800,763
(b) Inventories at the end of the year		
Stock-in-trade	19,666,898	18,225,502
Finished goods	50,053,321	33,938,581
Stock-in-transit	34,611,532	29,657,215
	104,331,751	81,821,299
<b>Net decrease/(increase) in inventories</b>	<b>(22,510,453)</b>	<b>(44,020,535)</b>
<b>Note 24: Employee benefits expense</b>		
(a) Salaries and wages	75,256,882	62,346,674
(b) Contribution to provident and other funds	7,914,628	6,282,381
(c) Staff welfare expenses	761,432	54,580
	<b>83,932,942</b>	<b>68,683,635</b>

**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

	Year ended 31 March, 2017	Year ended 31 March, 2016
	Rupees	Rupees
<b>Note 25: Finance costs</b>		
(a) Interest expense on borrowings	72,432,002	21,018,532
(b) Interest on delayed payment of income tax	25,141	1,203,881
	<b>72,457,143</b>	<b>22,222,413</b>
<b>Note 26: Other expenses</b>		
(a) Consumption of stores and spares	2,973,675	4,381,792
(b) Power and fuel	1,626,867	1,480,191
(c) Milk chilling charges	102,018,269	88,648,353
(d) Rent	4,897,334	3,929,100
(e) Rates and taxes	1,190,258	818,355
(f) Repair and maintenance - buildings	3,828,815	3,366,446
(g) Repair and maintenance - machinery	20,246,256	21,190,676
(h) Repair and maintenance - others	1,375,142	2,586,723
(i) Advertisement and business promotion	28,165,809	27,879,771
(j) Freight, forwarding and distribution expenses	372,630,366	305,757,706
(k) Insurance charges	2,871,992	2,393,603
(l) Legal and professional fees	26,902,161	26,195,245
(m) Auditor's remuneration (refer note (i) below)	1,307,033	1,259,292
(n) Travelling and conveyance	16,777,565	13,690,709
(o) Training expenses	2,759,768	1,666,882
(p) Contractual and retainership expenses	63,590,709	52,536,537
(q) Communication expenses	7,274,048	5,414,940
(r) Miscellaneous expenses	11,658,438	9,975,164
	<b>672,094,505</b>	<b>573,171,485</b>
<b>Note:</b>		
<b>(i) Auditors' remuneration comprises:</b>		
a. Statutory audit fee	850,000	800,000
b. Tax audit fee	175,000	150,000
c. Reimbursement of expenses	111,550	145,670
d. Service tax on above	170,483	163,622
	<b>1,307,033</b>	<b>1,259,292</b>



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

	As at 31 March, 2017	As at 31 March, 2016
	Rupees	Rupees
<b>Note 27: Contingent liabilities and commitments</b>		
<b>A. Contingent Liabilities</b>		
<b>(a) Claims against the Company not acknowledged as debt</b>		
(i) Consumer claims under litigation	836,500	-
<b>B. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid Rs. nil)	11,545,749	-

**Note 28**

In respect of the year ended 31 March, 2017, the directors in their meeting dated 03 August, 2017 have proposed a final dividend of Rs. 24,579,872 (Re. 8 per share) to be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in the financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total equity dividend and tax thereon amounts to Rs. 24,579,872 and Rs. 5,003,884 respectively.

**Note 29**

The Company has received share application money of Rs. 5,376,300 towards equity shares, against which allotment has been made at the Board meeting held on 20 June, 2017.

**Note 30: Employee benefit plans:**

**Defined contribution plan**

The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund cover all regular employees. Provident Fund Contribution is deposited with the Regional Provident Fund Commissioner (RPFC). Both the employees and the Company pay predetermined contributions into the provident fund and pension fund. The contributions are normally based on a certain proportion of the employee's salary.

The Company has recognised Rs. 5,198,617 (previous year Rs. 4,638,675) for Provident Fund and Pension Fund contribution in the statement of profit and loss.

**Defined benefit plan**

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are based on years of service and the employee's compensation (immediately before retirement). The gratuity scheme covers all regular employees. In the case of the gratuity scheme, the Company contributes to a trust administered by LIC of India and funds approved by Income Tax Authorities. Commitments are actuarially determined at year-end. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the statement of Profit and Loss.

**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

The following tables sets out the funded status of the defined benefit plan in respect of Gratuity and amount recognised in the financial statements.

<b>i. Change in defined benefit obligation</b>	<b>31 March, 2017</b>	<b>31 March, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Present value of obligations at the beginning of the year	3,782,730	1,983,971
Interest cost	253,748	157,726
Current service cost	1,761,120	1,415,480
Benefit Paid	(825,810)	-
Actuarial (gains)/losses on obligation	1,053,859	225,553
Present value of obligations at the end of the year	<b>6,025,647</b>	<b>3,782,730</b>
<b>ii. Fair value of plan assets</b>	<b>31 March, 2017</b>	<b>31 March, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Fair value of plan assets at the beginning of the year	4,436,814	1,664,551
Expected return on plan assets	411,378	276,801
Contributions	2,301,303	2,617,210
Benefit paid	(825,810)	-
Actuarial gains/(losses) on plan assets	(58,762)	(121,748)
Fair value of plan assets at the end of the year	<b>6,264,923</b>	<b>4,436,814</b>
<b>iii. Return on plan assets</b>	<b>31 March, 2017</b>	<b>31 March, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Expected return on plan assets	411,378	276,801
Actuarial gains/(losses)	(58,762)	(121,748)
Actual return on plan assets	<b>352,616</b>	<b>155,053</b>
<b>iv. Amount recognised in the Balance Sheet</b>	<b>31 March, 2017</b>	<b>31 March, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Present value of defined benefit obligations	6,025,647	5,581,489
Fair value of plan assets	6,264,923	7,209,077
Net liability/(asset) recognised in the balance sheet	<b>(239,276)</b>	<b>(1,627,588)</b>
<b>v. Expenses recognised in the statement of profit and loss</b>	<b>31 March, 2017</b>	<b>31 March, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Current service costs	1,761,120	1,415,480
Interest cost	253,748	157,726
Expected return on plan assets	(411,378)	(276,801)
Net actuarial (gain)/loss recognized during the year	1,112,621	347,301
Expenses recognized in Statement of Profit and Loss	<b>2,716,111</b>	<b>1,643,706</b>
<b>vi. Balance Sheet reconciliation</b>	<b>31 March, 2017</b>	<b>31 March, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Net liability/(asset) at the beginning of the year	(654,084)	(654,084)
Expenses as above	2,716,111	1,643,706
Contributions	(2,301,303)	(2,617,210)
<b>Net liability/(asset) at the end of the year</b>	<b>(239,276)</b>	<b>(1,627,588)</b>

The planned assets of the Company are managed by the trust and the Life Insurance Corporation of India (LIC) in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. Information about the categories of plan assets with respect to its investment pattern for group gratuity fund is not available with the Company.



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**Notes forming part of the financial statements**

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and expense.

**vii. Principal actuarial assumptions**

	<b>31 March, 2017</b>	<b>31 March, 2016</b>
Discount rate	7.53% p.a.	7.95% p.a.
Expected salary escalations	10.00% p.a.	10.00% p.a.
Expected return on plan assets	7.95% p.a.	9.00% p.a.
Attrition rate:		
Below 30 Years	3%	3%
Ages 31-44 Years	2%	2%
Ages 44 and Above	1%	1%
Mortality table used	IAL (2006-08) ultimate	IAL (2006-08) ultimate

Discount rate is based on prevailing market yields of government of India securities as at the balance sheet date for the estimated term of obligation

The estimate of future salary increase considered takes into account the inflation, seniority, promotions, increments and other relevant factors.

**viii. Actuarial assumptions for compensated absences**

Actuarial assumptions used for valuation of liability for compensated absences is same as vii above.

**ix. Experience adjustment**

	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Present value of defined benefit obligations	6,025,647	3,782,730	1,983,971	742,347
Fair value of plan assets	6,264,923	4,436,814	1,664,551	901,913
Funded status	(239,276)	(654,084)	319,420	(159,566)
Gain/(loss) on obligations	(1,053,859)	(225,553)	(166,013)	2,688
Gain/(loss) on plan assets	(58,762)	(121,748)	(30,661)	(30,907)

**Note 31: Leasing arrangements**

The Company has entered into lease arrangements for office premises. The Company has recognised lease rental expenses of Rs. 48,97,334 (previous year Rs. 39,29,100) in the statement of profit and loss.

The lease for corporate office premises is for a period of eight years and eight months and is cancellable at the option of the lessee by giving six months notice. Agreement provides for increase in lease payments by 15% every three years. Lease for cluster office and bindyaka are for a period of six years and five years respectively with an annual increase in lease payments by 5%. For other office premises rent agreement is for the period of 11 months which can be cancelled only by lessee with the permission of lessor.

**Future minimum lease payment are:**

**Particulars**

	<b>As at 31 March, 2017</b>	<b>As at 31 March, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Payable not later than one year	4,293,025	4,238,724
Payable later than one year but not later than five years	10,262,864	9,603,045
Payable later than five years	1,573,775	5,564,850
	<b>16,129,664</b>	<b>19,406,619</b>

**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

**Note 32: Earnings Per Equity Share**

Particulars	Unit	Year ended	Year ended
		31 March, 2017	31 March, 2016
Net profit after tax	Rupees	111,554,337	128,946,700
Weighted average number of equity shares outstanding during the year	Numbers	2,366,859	1,690,681
Nominal value per Equity Shares	Rupees	100	100
Basic earnings per share	Rupees	47.13	76.27
Equity shares used to compute diluted earnings per share	Numbers	2,367,017	1,690,997
Diluted earnings per share	Rupees	47.13	76.25

**Note 33: Disclosure on Specified Bank Notes (SBNs)**

In accordance with the MCA notification G.S.R 308 (E) dated March 30, 2017 details of Specified Bank Notes (SBNs) and other denomination notes which were held and transacted during the period 8 November, 2016 to 30 December, 2016, is given below:

Particlaurs	SBN's	Other denomination notes	Total
	Rupees	Rupees	Rupees
(i) Closing cash in hand on 8 November, 2016	625,500	258,281	883,781
(ii) Add: Permitted receipts	-	47,051,471	47,051,471
(iii) Add: Non-Permitted receipts (see note below)	33,945,000	-	33,945,000
(iv) Less: Permitted payments	-	-	-
(v) Less: Amount deposited in banks	34,570,500	47,086,092	81,656,592
(vi) Closing cash in hand on 30 December, 2016	-	223,660	223,660

**Note:**

These Specified Bank Notes (SBN's) have been directly deposited by distributors/customers in the Company's bank accounts. In the absence of any detail of the currency deposited, the Company has relied upon the certification from the banks with respect to the SBN's.

**Note 34: Details of Government grants**

	Year ended 31 March, 2017	Year ended 31 March, 2016
Details of grants received from NDDDB and its utilisation is as under:		
(a) Opening balance	(8,765,752)	69,773,568
(b) Received during the year	181,775,631	199,186,029
	173,009,880	268,959,597
(c) Utilised during the year		
(i) For capital assets:		
- For fixed assets	83,631,551	122,528,633
- For assets under installation (CWIP)	18,183	23,594,836
	83,649,734	146,123,469
(ii) For revenue expenses	92,165,862	131,601,879
Total utilised (i) + (ii)	175,815,596	277,725,348
(d) Balance carried forward (a+b-c)	(2,805,716)	(8,765,752)

**Note:**

Grant utilised for purchase of capital assets has been recorded as deferred grant and revenue grant utilised has been netted off with respective expense (see note 2k).



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
Notes forming part of the financial statements

**Note 35: Disclosures as required by the Accounting Standard (AS) 18 – “Related Party Disclosures” are as below:**

**A. Name of the related parties and nature of relationship**

Nature of Relationship	Name of Entity
Key Management Personnel:	Ratan Kumar Singh

**B. The nature and volume of transactions during the year with the above related parties are as follows:**

Particulars	KMP	(Rupees) Total
<b>Managerial remuneration:</b>		
Ratan Kumar Singh	4,415,100	4,415,100
	(4,220,500)	(4,220,500)
Anil Kumar Mathur	-	-
	(703,417)	(703,417)

Figures in brackets represent previous year's figures

**Note 36:**

According to the information available with the Management, on the basis of intimation received from suppliers, regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) therefore Company has no amounts due to Micro and Small Enterprises under the said Act.

**Note 37:**

The Company is engaged in trading of milk and cattle feed, which is considered as single business segment. The Company operates in single geographical segment in India. The disclosures as required under Accounting Standard AS-17 on Segment reporting are not required as the Company deals in one business and geographical segment.

**Note 38:**

Previous period's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For and on behalf of the Board of Directors**

Sd/-  
**Anil Kumar**  
Director

Sd/-  
**Manju Jakhar**  
Director

Sd/-  
**Ratan Kumar Singh**  
Director & Chief Executive

Sd/-  
**Anup Gupta**  
Company Secretary

Sd/-  
**Kapil Pachori**  
Senior Manager (Finance)

Place: Jaipur  
Date: 03 August 2017









**Paayas Milk Producer Company Limited**

Incorporated under Part IXA of the Companies Act, 1956 (No. 1 of 1956)

(Corporate Identity Number: U01211RJ2012PTC038955)

Registered Office: D-232,233, 4th Floor, Atlantis Tower,

Uaishali Nagar, Jaipur 302021, Rajasthan, India

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