



6th Annual Report 2017-18







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.



**KNOCK
OUT**

GIESCH
ADVENTURE
Juicy



CONTENTS

- 01 Corporate Information
- 05 The Year Gone By
- 07 Dairy Value Chain
 - Milk Procurement
 - Quality Environment
 - Producer Institution Building
- 13 Product Portfolio
 - Dairy Basket
 - Animal Feed
- 17 Fodder Development
- 18 National Dairy Plan-I
 - Sub Projects
- 25 Model Dairy Farm
- 26 Key Financials
- 29 Directors' Report
- 38 Independent Auditors' Report
- 46 Balance Sheet
- 47 Statement of Profit and Loss
- 48 Cash Flow Statement
- 49 Notes Forming Part of the Financial Statements

छठी
वार्षिक
आम सभा

प्रायस मिलक प्रोड्यूसर कम्पनी लिमिटेड
छठी वार्षिक आम सभा

छठी
वार्षिक
आम सभा

सोमवार
11 सितम्बर 2017

सोमवार, 11 सितम्बर 2017

सोमवार
11 सितम्बर 2017



Board of Directors

(As on March 31, 2018)

Shri Anil Kumar

Chairman

Shri Doongar Singh Rathor

Director

Smt. Manju Jakhar

Director

Smt. Mamta Choudhary

Director

Smt. Geeta Devi Gurjar

Director

Smt. Kamala Devi

Director

Shri Sed Mal Sharma

Director

Shri Jai Singh Rathore

Director

Shri Sukhpal Jat

Director

Shri Meva Ram Bairwa

Director

Shri Narayan Lal Gurjar

Additional 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

HDFC Bank, Jaipur

ICICI Bank, Jaipur

Yes Bank, Jaipur

Oriental Bank of Commerce, Jaipur

Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.

44, Community Centre,

2nd 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







Rajasthan has the largest geographical area in India covering one-tenth of country's land area wherein just 5.7% of the country's population reside. The state of Rajasthan has extreme geo-climatic conditions. It had 48 drought years in 100 years for the century ending 2002. It has about 11 per cent of the country's land mass, but only 1 per cent of total surface water of the country is available in the state. Apart from water resource limitations, the weather is severe as the temperature ranges from as low as 3°C to as high as 49°C. Weather uncertainties and unfavourable climatic conditions lead to high level of fluctuation in crop productivity as well as agricultural production which results into wide fluctuation in Gross State Domestic Product (GSDP).

Animal Husbandry is a major economic activity of the rural people of Rajasthan, especially in the arid and semi-arid regions. The State faces frequent droughts which causes frequent crop failure as most of the agriculture is rain fed. Under rain-fed agriculture, dairying is most reliable livelihood insurance for the poor in rural areas of Rajasthan. Thus, Dairy sector provides sustainable year-round income to large number of farmers.

The state is second highest in milk production in the country. Approximately, 50 per cent of the milk produced is sold in the market and only 25 per cent is consumed at home as liquid milk. Remaining 25 per cent of the milk produced is converted into milk products.

Importance of producer owned enterprises/producer companies is of greater significance in the current market economy to serve as countervailing force against possible exploitation of specially small & marginal producers. Based on the earlier interaction National Dairy Development Board (NDDB) had with the Government of India (GOI), the Companies Act was amended incorporating provisions for incorporation of a Producer Company. Paayas Milk Producer Company Limited (Paayas) is first of its kind set up by National Dairy Development Board Dairy Services (NDS) with the following objectives.

1. To carry on the business of pooling, purchasing, processing of milk and milk products primarily of the Members, and marketing of the same.
2. To provide or arrange to provide technical and managerial services in the areas of breeding, feed & fodder, veterinary services to increase milk production for the benefit of the Members.
3. To provide education, training and other activities, which may promote the principles of mutuality and mutual assistance amongst the Members.
4. To arrange, that the quality of milk received from the Members, meets with the standards laid down by the Company and the statutory authorities.
5. To extend various financial services to the Members



Paayas, a business enterprise registered under the provisions of Part IX A of the Companies Act, is run on the basis of Mutual Assistance Principles- voluntary membership, voting rights independent of shareholding, an elected board, distribution of surplus on patronage basis, limited dividend, education of own members and co-operation with other organisations. Paayas aims to combine the philosophy and working style of the cooperative principles with the liberal regulatory framework of Company Law. The corporate structure provides Paayas more autonomy, better professional management and governance etc.

The statutory compliances required as per the provisions of the Companies Act do necessitate a higher level of discipline compared to the Co-operative Act. Against that, there is no loss of benefits. To achieve the same, Paayas has adopted certain core design principles and appropriate practices as follows

1. Business only with members
2. Active user membership and their participation in business and governance - No Free Riders
3. Member equity in proportion to patronage - 'building skin in the game'
4. Patronage based member classes and member class representation on the Board to ensure inclusiveness in governance
5. Appropriate mechanism for member communication and grievance redressal.
6. Professionally managed business operations and continuous capacity building of all stakeholders.
7. Building an efficient value chain management for maximizing returns to members.
8. Leveraging technology for information and data management to ensure transparency and deliver need based services.
 - Member payments through individual savings bank account

Paayas members get standard benefits of a fair and transparent system of milk collection, competitive price and timely credits to respective bank accounts, as well as incentives and patronage-linked bonuses. Besides, they are also provided with productivity enhancement services like Balanced Cattle Feed, Rajasthan Specific Mineral Mixture, Ration Balancer, Quality Fodder Seed, Ration Balancing Program, and Artificial Insemination at competitive price at their door step.



The Year Gone By

Within Institutional framework, Paayas continued building a robust milk procurement and productivity enhancement grid for milk producers with thrust on fairness and transparency in the dairy value chain. It also laid emphasis on quality, market development, brand building, information technology and capacity building with productive outcome. The company continued to figure among the leading organisations in the country as far as implementation of National Dairy Plan I is concerned.

From business perspective, Paayas achieved sizable growth, generating fresh milestones in domains such as turn over (INR 1282 Cr), milk procurement (760 TKgPD), balanced cattle feed distribution (27249 MT), quality fodder seed distribution (454 Quintals), milk marketing (78 TLPD), Ghee marketing (809 MT) etc to name a few. Besides, it intensified General Packet Radio Service (GPRS) at Milk Pooling Points to further the element of transparency and also undertook development of 8 Model Dairy Farms with the technical and the financial support from NDS. Shaping up well within a short span, they are currently serving as excellent demonstration centres for interested milk producers who in turn are demanding setting up more such centres at their respective farms which the company is actively considering for an early implementation. Paayas, for the first time, went for major infrastructure expansion to undertake separate raw cow milk collection to meet buyer's requirement. Besides, It continued supporting Asha Mahila Milk Producer Company Bali, Rajasthan.

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





Dairy Value Chain

Paayas continued its endeavour of objectivity & clarity, which are the building blocks of trust and satisfaction for all the stake holders, in the entire dairy value chain. Before commencing milk pooling point operation, each MPP is equipped with a proper Data Processor Milk Collection Unit (DPMCU) fitted with GPRS, with an aim to instil fairness right from the launch. Similarly, every Milk Chilling Centre is equipped with automatic weighing and testing system with appropriate record keeping. Member's information pertaining to quality, quantity and value stands transferred to central server automatically. Member's payment is made only through their respective bank account. The aforesaid leaves no chance of manoeuvring what so ever thereby completely protecting member's interest. The company is open to adopting new technology capable of adding value in future too.

Due to indifferent commodity market, the competitors dropped producer price abnormally followed by delayed payment and cut on procurement volumes. Undeterred, Paayas kept protecting member's interest throughout the year by successfully handling their surplus milk, which was duly acknowledged by the members during village meetings. In addition to producer price, the company paid handsome loyalty incentive and dividends to eligible members.

The co packing plant (which serves exclusively to Paayas) which produces milk and milk products for the company is equipped with state of the art technology with SOP and rigorous monitoring in place.

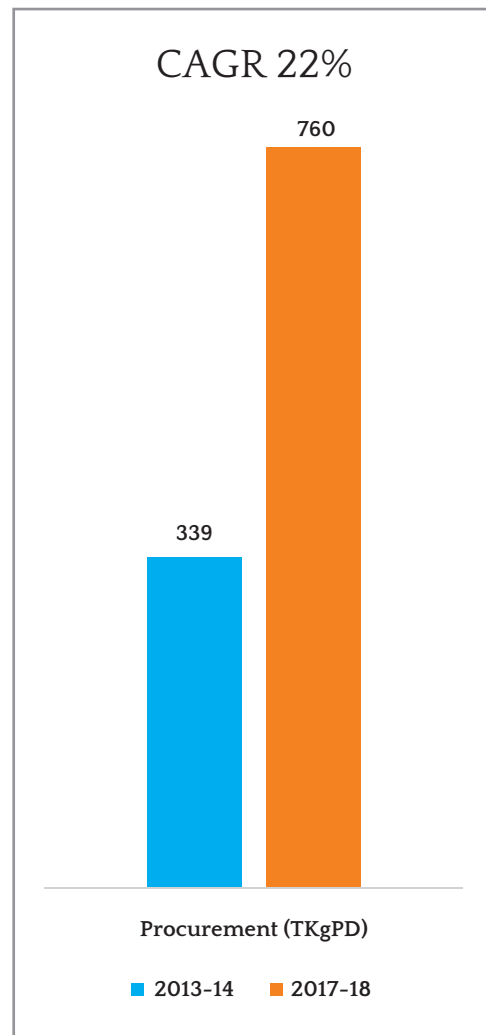
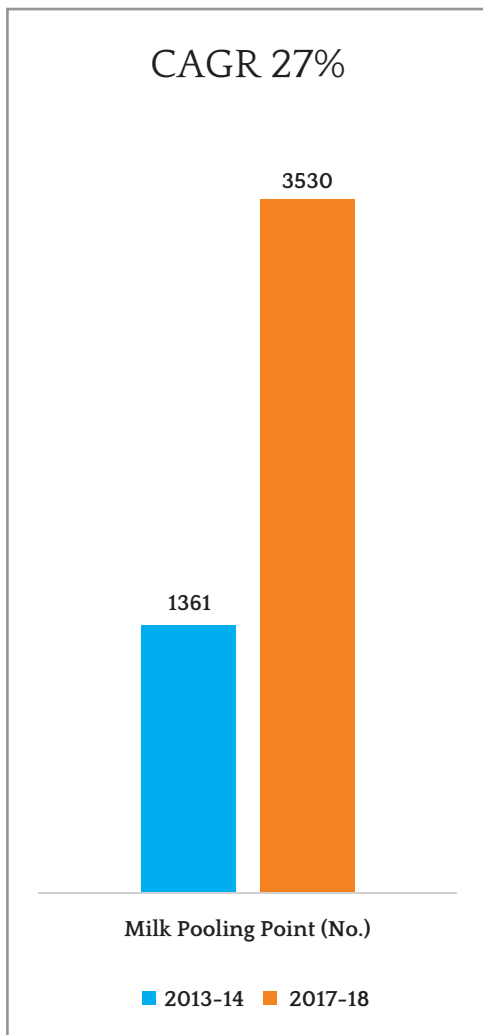
Development of milk & milk product market remained a priority area. To accomplish, the focus remained on sale network expansion in existing and new geographies. Apart from quality product, support was also extended in terms of cold chain, competitive margins and promotions.





Milk Procurement

Further to developing sizable procurement network during the past 3 years, the company resorted to perking up procurement volume from the existing MPP network to improve milk procurement density and in turn economy. A new Milk Chilling Centre at Deoli was commenced to benefit the milk producers of that area. In order to handle increasing milk volume and to enable separate cow milk procurement, major reorganisation was undertaken in 12 milk chilling centres. Besides, capacity building exercise was undertaken for members, sahayaks and service providers on how to separately procure and handle cow milk. By close of the year, cow milk volume rose to approximately one lakh kg per day which enabled Paayas become a major cow milk supplier in a short span, consolidating its position in the market. While achieving an all time high average milk procurement of 760 TKgPD posting a healthy growth of 17 percent over the previous year, a glorious peak procurement of 1.1 million was attained and the same was successfully handled.





Quality Environment

Quality has always remained a major attention area. The company continued to remain uncompromising in this regard. The following broad strategy were deployed leading to practically zero rejection from the market.

1. Clean Milk Production drive at Village level
2. Expansion & modification of chilling / processing facility with additional quality tests
3. Revamping SOP, work instructions and testing plans
4. Stringent screening of incoming and outgoing milk & milk products
5. Quality Incentive System
6. Capacity building for stake holders – members, sahayaks, transporters, staff, service providers

The company developed a couple of products - homogenised toned milk and spiced butter milk in house and commenced their commercial production with an overwhelming acceptability from the market.

Paayas organises feed back from the consumers from time to time and incorporates their valuable quality suggestions. It also organises periodical quality analysis from reputed analytical laboratories.





Producer Institution Building

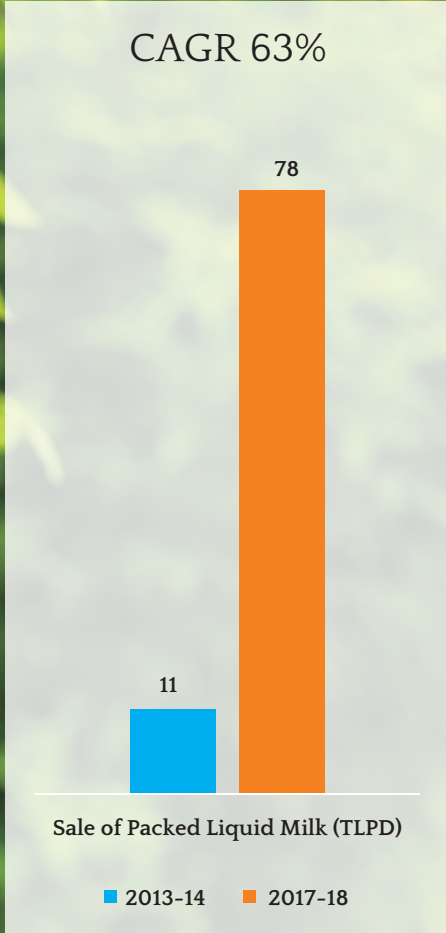
The company continued the following major capacity building activities in a bid to educate members and others.

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

The assessment of awareness among producer members on training themes conducted by NDS in March 2018 indicated encouraging outcomes. It is also heartening to note that milk pouring for 25 days in a month increased from an earlier 32 percent to 44 percent, posting a healthy 37 percent growth.

Paayas also focused on creation and development of Village Contact Group (VCG) and Member Relation Group (MRG) who continued serving as an important link between the company and the members.

As a result of the aforesaid, the demand for company membership kept growing appreciably. Nearly 20000 new members were enrolled post completing necessary formalities. Despite traditional rural environment, the women membership is 38 percent which is noteworthy.



Product Portfolio

The company markets Dairy Products under brand 'Paayas' and Animal Nutrition Products under brand 'Mudrika'.

Dairy Basket

Dairy products are made out of Quality milk received only from the producer members. The Company also markets bulk milk to Mother Dairy and other interested buyers. Quality, Consistency and Services are the salient features enabling the Company penetrate in an otherwise fiercely competitive market, develop the brand and build volume in a relatively short span.

Despite competition from major national and regional players, **Poly Pack Milk** marketing grew from 66 to 78 thousand litre per day, a growth of 18 per cent which is heartening for the young organisation. A new variant – Homogenised Toned Milk was developed in house and the same was launched with promising response. Masala Chhach was relaunched with modified recipe.

Ghee is yet another Paayas product in retail as well as in bulk packing. The product acceptance continued to improve owing to its taste, flavour and purity leading to a sale of 809 Metric Tonne as compared to 653 Metric Tonne during the previous year registering a healthy growth of 24 percent.

The following variants in given SKU are being 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

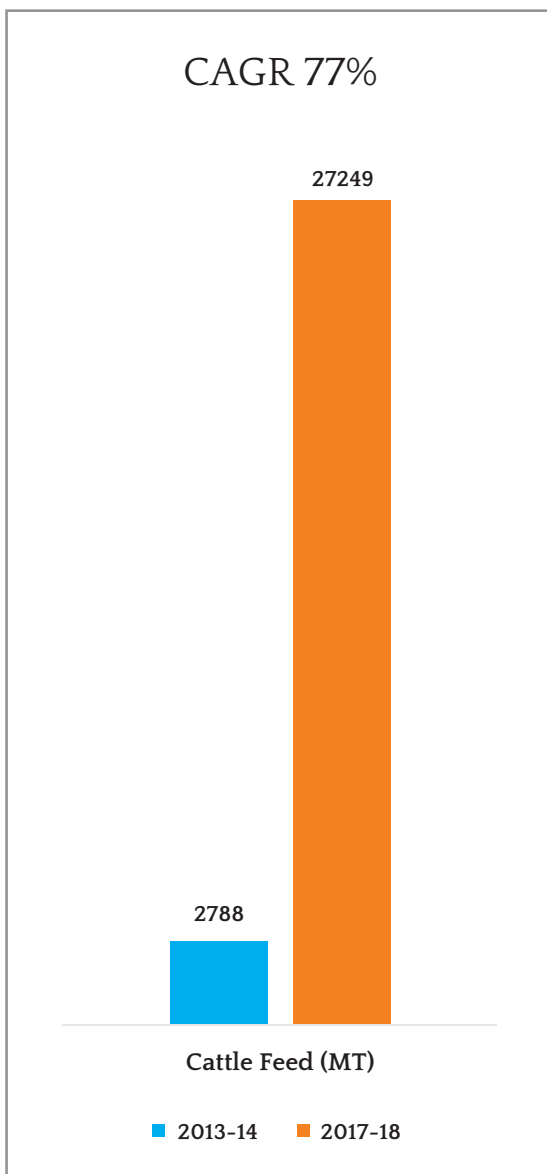




Animal Feed

The Company continues making Quality Mudrika Cattle Feed and Rajasthan Specific Mineral Mixture available to Milk Producers. **Cattle Feed** is available in two variants viz BIS Type II and Gold-High Energy. The Company distributed over 27249 Metric Tonne of quality Cattle Feed, posting a growth of 31 per cent over the previous year. It would not be out of place to mention that the Company succeeded in achieving a multi-fold growth in Cattle Feed Distribution from 2,788 MT in 2013-14 to 27000 MT in 2017-18 due to Superior Quality, Competitive Price and Efficient Supply Chain.

Rajasthan Specific **Mineral Mixture** is available in chelated form. Like Cattle Feed, the acceptability of Mudrika Mineral Mixture also grew manifold leading to distribution of 82 MT.

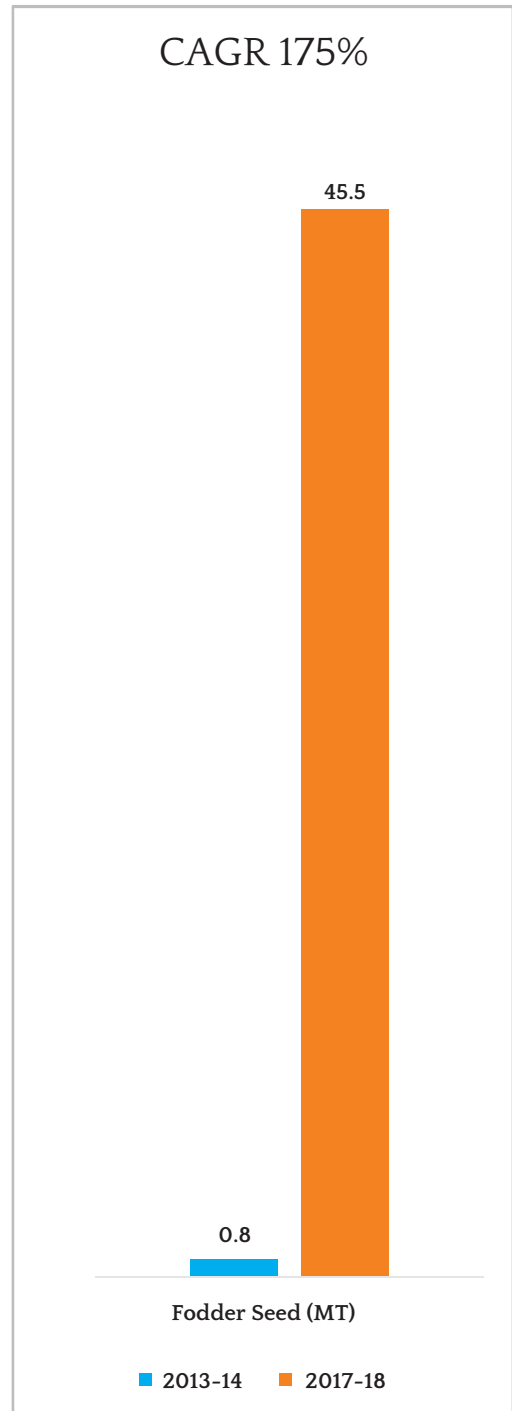






Fodder Development

The state produces only 75 percent of the fodder requirement. Considering the importance of green fodder on animal productivity, the Company continued its endeavour of providing quality fodder seed to interested members at their door step at competitive price. During this year, 45.5 MT quality fodder seed was made available posting a growth of 24% over the previous year. The major varieties were Sorghum, Lucern and Maize etc.





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.

The Fodder Development Sub Project stands closed as on 31 Mar 2017 with impressive rating

Village Based Milk Procurement System

The objectives of VBMPS sub project are:

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

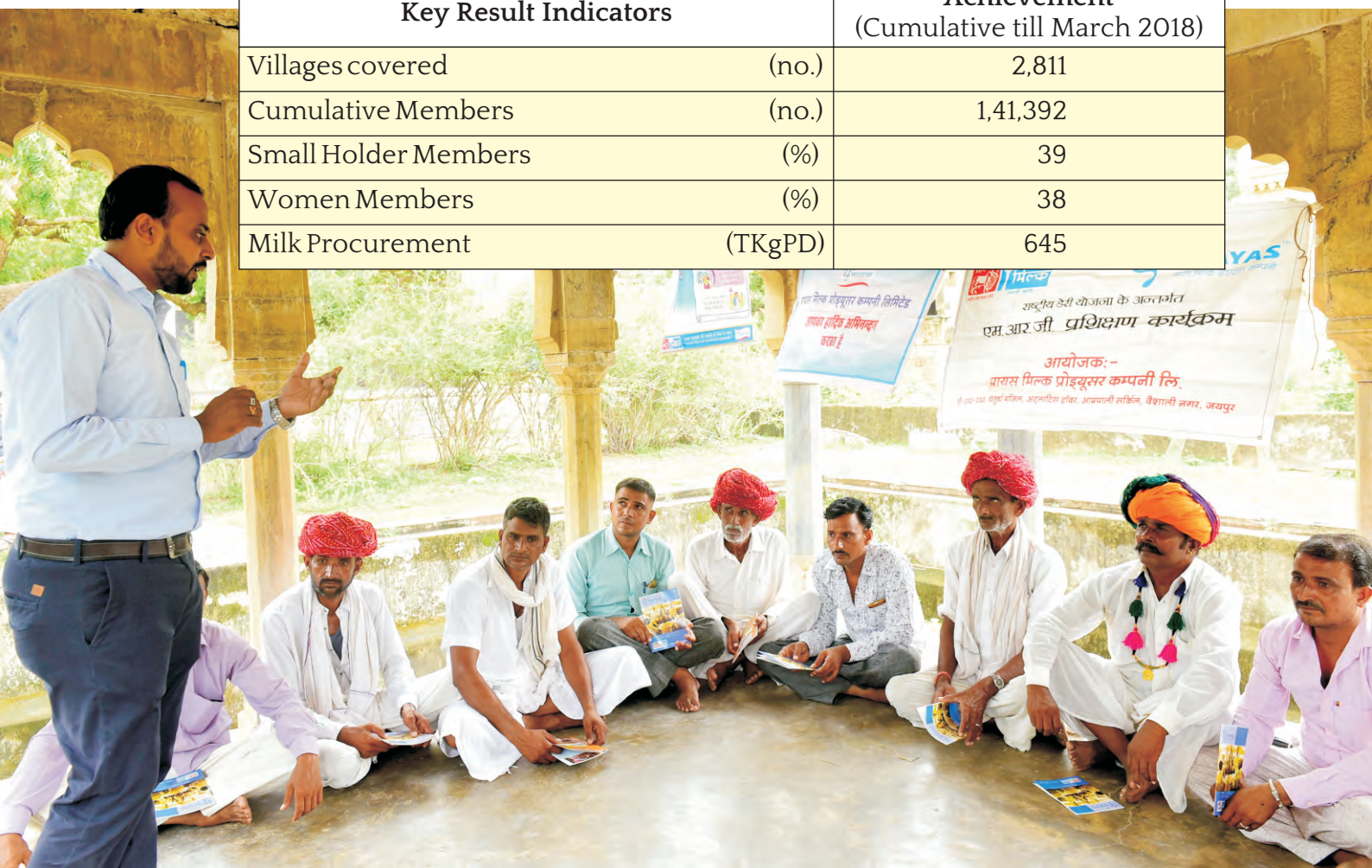
Focus Area

- ❖ 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

Key Result Indicators		Achievement (Cumulative till March 2018)
Villages covered	(no.)	2,811
Cumulative Members	(no.)	1,41,392
Small Holder Members	(%)	39
Women Members	(%)	38
Milk Procurement	(TKgPD)	645





Ration Balancing Programme

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.

Educated rural youth after completion of classroom training, each trainee was provided with a netbook, an internet dongle, a set of uniform and required RBP gear and then was deployed as Local Resource Persons in her/his native village, in a fashion that one LRP manage two villages. Every animal enrolled for RBP advisory has to be tagged, in its ear, with a unique ID for its registration under INAPH. To carry out the programme, 1528 Local Resource Persons, chosen from amongst educated rural youth were trained and deployed.

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 2018)
Trained LRPs deployed	(no.)	1,528
Villages covered under RBP	(no.)	2,763
Animals covered under RBP	(Lakh.)	1.99
Producers covered under RBP	(Lakh.)	1.27





Pilot model for viable Artificial Insemination delivery

The objectives of AI sub project are:

- ❖ To provide quality AI services at producers door step using top genetics available in the country aimed at producing superior calves with higher productivity.
- ❖ 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.
- ❖ 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.
- ❖ To provide advisory services to producers with respect to animal health, animal breeding and animal nutrition for creating awareness about profitable dairy animal management
- ❖ 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.

To carry out AI at village level, the Company selected AI Technicians from amongst the educated rural youth. After providing them training for couple of months in NDDDB training centres and in field, they are allotted six villages to undertake AI operation. The Company carried out village meetings/AI Centre launches and used suitable extension material to educate the producers about this activity. During meetings AI technician was introduced to the producers.

Key Achievements

Key Result Indicators		Achievement (Cumulative till March 2018)
MAITs	(no.)	450
Village Covered	(no.)	3,596
AI done	(Lakh.)	8
AI conception rate based on First AI follow up	(%)	43



Model Dairy Farm

With Technical and Financial assistance from NDS, the company successfully established 8 Model Dairy Farms in 3 districts- Jaipur, Sikar, Ajmer. The key interventions are as follows

- Cow Comfort - Housing & Heat Stress Management (Free Housing for Animals)
- Free Access to Drinking Water
- Controlling of Mastitis (California Mastitis Test (CMT) & Teat Dip)
- Deworming & Vaccination
- Calf & Heifer Care “Calf to First Calving”
- Preventive Health Care
- Heat Detection & Calving (Breeding Calendar)
- Silage Preparation
- Vermi-compost
- Azola Farming
- Milking Machine
- Soil, Water, Fodder and Manure Resource Management
- Assessment of Farm Economics through maintaining Farm Record Book

More than 800 Producer Members have been trained on above mentioned improved animal husbandry practices

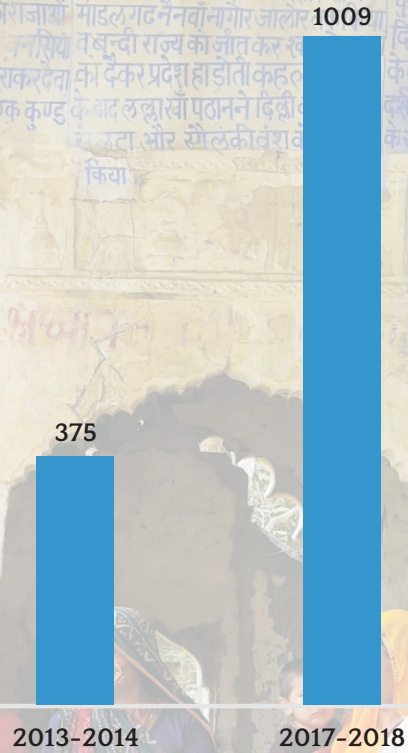


Key Financial Indicators

Turn Over (Crore)



Milk Payment (Crore)



PBT (Crore)



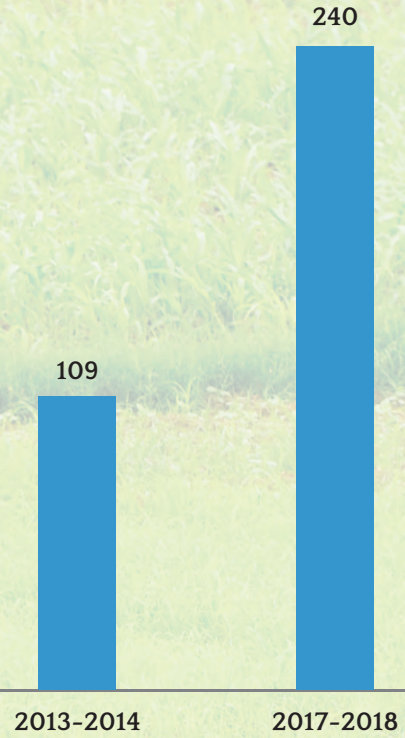
PAT (Crore)

Key Financial Indicators

Net Worth (Crore)



Book Value/Share (₹)



Paid up share capital (Crore)

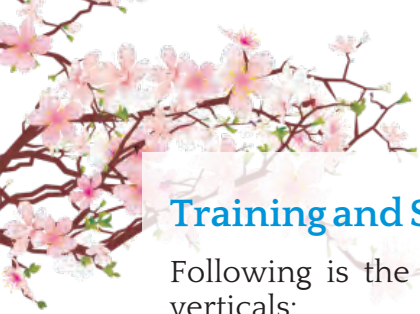


Dividend Payout per share (₹)



Paid up share capital (Crore)

Dividend Payout per share (₹)



Training and Skill Building

Following is the list of Training Programmes organised till last year across various verticals:

Village Based Milk Procurement System				
Name of the Programme	Partakers	SC/ST	Women	Participants
Producer Awareness Programme	Milk Producers	6,086	22,794	71,378
Awareness Programme on Clean Milk Production	Milk Producers	5,968	22,897	67,645
Women's Awareness Programme	Women	3,051	22,518	22,518
Rural Youth Awareness Programme	Rural Youth	331	27	5,206
Awareness Programme / Competitions for Children	School Children	-	2,976	6,467
MRG Orientation Programme	Members of MRG	372	542	17,222
UCG Orientation Programme	Members of UCG	-	-	11,051
Business & Governance Strategy Workshop for BODs	Board of Directors	4	15	60
Exposure Visits for BODs	Board of Directors	5	15	61
Institution Building - Trainers' Training programme	IB Executives	24	38	265
Leadership Development Programme	Board of Directors	15	4	265
Training of MCC Operators on Operation/Maintenance	MCC Staff	8	0	177
Sahayak Orientation Programme	Sahayaks	259	63	10,939
Sahayak Refresher Programme	Sahayaks	66	4	1716
Training on Procurement, PIB & QA for Facilitators	Facilitators	25	1	479
Training on Procurement, PIB & QA for Area Officers	Area Managers	-	-	74
Skill Development Programme for Office Assistants	Office Assistants	-	1	49
Motivation Programme for Office Assistants	Office Assistants	-	3	64
Team Building and Leadership Development	Office Assistants	-	-	69
Training Programme for Quality Assurance Officers	QA Officers	-	-	16
Training Programme for QA assistants	QA Assistants	8	-	210
Sub Total		16,222	71,898	2,15,931
Ration Balancing Programme				
Name of the Programme	Partakers	SC/ST	Women	Participants
LRP Basic Training	LRP	117	69	1,701
LRP Refresher Training	LRP	46	36	787
Animal Nutritionist & Technical Officer Basic Training	AN& TO	3	-	28
Animal Nutritionist & Technical Officer Refresher Trn.	AN & TO	1	-	7
IT Officer Training on Software	IT Officers	-	-	2
Sub Total		167	105	2,497
Fodder Development Programme				
Name of the Programme	Partakers	SC/ST	Women	Participants
Training on Fodder Production and Conservation	FDO	1	-	24
Sub Total		1	-	24
Artificial Insemination Programme				
Name of the Programme	Partakers	SC/ST	Women	Participants
AI Basic Trainings for MAITs	MAIT	36	-	738
AI Field Trainings for MAITs	MAITs	14	-	715
Veterinary Executive & Breeding Specialist Training	VE&BS	1	-	34
INAPH Training for MAITs	MAIT	14	-	715
Sub Total		65	-	2,202
Grand Total				

PAAYAS MILK PRODUCER COMPANY LIMITED DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting 6th Annual Report on the business and operations of the Company, together with the Audited Accounts for financial year ended March 31, 2018.

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, 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, 2018 (Rs. in Crore)	For the year ended March 31, 2017 (Rs. in Crore)
Total Revenue	1282.05	1062.19
Total Cost including expenses	1256.14	1045.32
Profit/(Loss) before tax	25.91	16.87
Provision for Taxation	9.07	5.72
Profit/(Loss) after tax	16.84	11.15

It gives us pleasure to inform that, during the year under review, the Company achieved a turnover of Rs. 1282.05 Crore which is a record.

During the year under review, the total revenue from the operations increased to Rs. 1282.05 Crore, as against Rs. 1062.19 Crore in previous year registering a growth of 21 percent. The total cost including expenses increased to Rs. 1256.14 Crore as against Rs. 1045.32 Crore in previous year.

The Profit after Tax is Rs. 16.84 Crore as against Rs. 11.15 Crore in previous year registering a growth of 51 percent.

Limited Return (Dividend)

The Board of Directors are pleased to recommend limited return (dividend) at the rate of Rs. 9 per equity share absorbing Rs. 3.68 Crore (including Dividend Distribution Tax of Rs. 62.70 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, 2018.

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.13.16 Crore to the credit of General Reserve in the Balance Sheet.

Operations

The Company is harvesting raw milk from 3,438 Milk Pooling Points located in 3196 villages of Rajasthan. During the period under review, the Company procured 26.94 Crore liter as against 23.03 Crore liter raw milk in previous year registering a growth of 16 percent. Out of this, 1.13 Crore liter was cow milk for its bulk sale. The Company continues to pay competitive producer price to its members.

The company sells 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 286 Lac Liter and 809 MT respectively as against 242 Lac liter and 653 MT in previous year. The Company believes that it can further perk up sale of milk and milk products and it has therefore been expanding its network to reach more consumers.

Visits

It is our pleasure to inform you that dignitaries from reputed organizations visited Paayas in a bid to learn from our experiences.

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
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	500ml, 1l, 6l
Gold	Full Cream Milk	Fat: 6.0 SNF: 9.0	500ml, 1l, 6l
Tea Special	Homogenized Toned Milk	Fat: 3.0 SNF: 8.5	200ml, 500ml, 1l, 6l

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

Dahi

Paayas "Dahi" in 200 gm Pack is being sold in both rural & urban market.

Buttermilk

Paayas Butter Milk in 400 ml pack & Spice Butter Milk in 200 ml Pack are being sold 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.

Product Development

Encouraged by the response received in case of Paayas products, the Company is in the process of developing new products.

Cattle Feed

The Company sold about 27245 MT Cattle Feed during 2017-18 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 32 percent. During the past 4 years, cattle feed distribution has grown about 4 times.

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 from users has rather been encouraging, as a result of which the Company distributed about 82 MT mineral mixture.

Fodder

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.

Fodder Crop (Thornless Cactus, Napier Grass) Demonstration and Quality Fodder Seed Supply are being undertaken. For small and marginal milk producers, the Company provided low-cost Silage bags (Capacity 1 MT) with encouraging response and 137 demos were carried out in this regard. In addition, with the support of NDDDB Dairy Services, 80 Silage bags having capacity of 0.5 MT demonstrated under Model Dairy Farms project.

The Company continued distributing quality fodder seeds including Lucerne, Oat, Sorghum, Hybrid Maize and Millet Seeds etc. at affordable rates among milk producers. The Company procured stem slips of hybrid Napier from NDDDB, Anand and distributed to milk producers free of cost for green fodder availability round the year. A total of 454 quintal fodder seed was distributed. Further, the Company is likely to start distribution of several other varieties of fodder such as Drum Sticks, Fodder Beet and Chinese Cabbage etc. among the farmers.

Model Dairy Farm

The Company is providing assistance with the support of NDDDB Dairy Services to its members for developing Model Dairy Farms. During the period under review, the company has developed eight (08) Model Dairy Farms in three districts (Jaipur, Sikar & Ajmer) of Rajasthan.

Producer Institution Building (PIB)

PIB focuses primarily on Educating and sensitizing members about their roles and responsibilities apart from spreading information about various activities and schemes of the Company. Paayas conducted "Producer Awareness Programme" covering 16483 Producers/members in five districts of Rajasthan viz. Jaipur, Sikar, Tonk, Pali and Ajmer. In addition, 16,486 producers/members were educated under 'Awareness programme on

Quality and Clean Milk Production'. Further, under 'Women Awareness Programme' 5,503 women milk producers were covered. Focus of these Educational/Awareness programs was to encourage members to come forward and actively participate in Dairy activities resulting in higher return with enhanced milk quality.

In addition, 1,427 rural youths were also trained under 'Rural Youth Awareness Programme' to encourage them understand the importance of dairying as an additional/alternative source of livelihood and motivate them to take it up this as a profession. Further under 'Awareness Programme for School Children', 412 school-going children were oriented on nutritional and quality 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 strengthen relationship and bonding between the Company and its members for ensuring effective two-way communication. Keeping this in mind, 2,717 informal Village Contact Groups (VCGs) were created at village level which comprise of 11,021 member and 207 informal Member Relation Groups (MRGs) were created at milk route level which comprise of 2,717 members. The Company also conducted 'Leadership Development Programmes' in which 64 members were trained with a view to groom them for leadership roles.

Moving further, Board members were given training on Policy Governance and Finance Modules. As a part of exposure visit, Board Members participated in 46th Dairy Industry Conference organized in Kochi.

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 (completed)

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.

The Company ended up with procuring 645 TKgPD milk from 141392 (including cancelled members) members located in 2811 (including cancelled member villages) 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 1,528 Local Resource Persons (cumulative), who carried out Ration Balancing for 1,98,601 (cumulative) animals scattered in 2,763 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 center 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 they 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 centers 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 2,47,916 AI (42 percent conception rate basis first AI follow-up) through 450 Centers covering 3596 villages.

Fodder Development (FD)

Under Fodder Development, activities such as Silage Demonstration, Mowers Demonstration, Biomass Storage Demonstration, were 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). This fodder development project was completed with highly satisfactory remark (rating 96%) on 31st March 2017.

Quality Assurance:

Quality remains a focus area. Our Milk chilling centers are equipped with essential Milk testing facilities. Testing equipment like Digital electronic balances, water baths, vortex shakers, Oven, R.M test equipment's, BR meters, Remi centrifuge machine, sodium analyzers & refrigerator etc. are in place to perform the quality tests in raw milk at centers. Additional Facility created at Six chilling Centre's for cow milk reception, chilling, storage and dispatch separately so as to enable good quality raw cow milk supply to interested bulk buyers. System upgrades such as



additional dock, lab expansion, 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.

Various in house training programs along with external plant visit for Chemists and MCC In charges were organized to upgrade skill.

Directors

Shri Bhagwan Sahay and Shri Baldev Ram Berwal retired as a Director with effect from September 11, 2017. The Board would like to thank them for their association and support as directors 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, Shri Sukhpal Jat was appointed as Director of the Company with effect from September 11, 2017.

Shri Sriram Singh, was reappointed as an Expert Director of the Company with effect from June 26, 2018 for a period of two years.

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 2017-18, it has been found that, 57% of the total members as on March 31, 2018 have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly, out of this 57% of the total members, 16% comprised of Class-A, 25% Comprised Class-B and 59% 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 59%, 24% and 17% during FY 2017-18. 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 Anil Kumar Director of the Company, will retire at the ensuing AGM of the Company on completion of his second term and in his place, Class-A category of Director to be appointed.

Based on the recommendation of Nominating Committee, the Board recommends the appointment of Shri Ramcharan Jat "representing Class-A" to fill up the vacancy of Class-A.

Pursuant to Article 9.6 of the Articles of Association of the Company, Smt. Mamta Choudhary, Director of the Company “representing Class- A” will retire at the ensuing AGM of the Company and being eligible, offers herself for re-appointment. Based on the recommendation of Nominating Committee, the Board recommends her re-appointment. Pursuant to the Article 9.7 of the Articles of Association of the Company Shri Narayan Lal Gurjar, was co-opted as an additional director of the Company by the Board of Directors with effect from 27.02.2018 and who holds his office till 7th Annual General Meeting of the Company and being eligible, offers himself for re-appointment, whose period of office shall be liable to retire by rotation. Based on the recommendation of Nominating Committee, the Board recommends his appointment.

The statement containing name and qualifications of the aforesaid Directors seeking appointment/re-appointment are annexed to the Notice convening 7th AGM of the Company.

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. One position remains vacant.

Class-B Directors:-

At present the Board has 3 directors representing Class-B, therefore, there is no retirement/election in category of Class-B directors at the 7th AGM.

Class-C Directors:-

Pursuant to Article 9.6 of the Articles of Association of the Company, Shri Meva Ram Bairwa Director of the Company, will retire at the ensuing AGM of the Company and in his place, Class-A category of Director to be appointed.

This will make the total strength of Directors in Class-C to 3 Directors as permissible under Article 9.5 and 9.6 of the Articles of Association of the Company.

Membership/Voting Rights/ Share Capital

As at March 31, 2018, the paid up share capital was Rs. 33.89 Crore, whereas 97816 members were appearing on the register of members of the Company. During the period under review, membership of 34630 members have been cancelled/ surrendered due to non-fulfilment of membership criteria.

After 31 March 2018, the Company has enrolled 7488 new members and the membership of 16144 members have been cancelled/ surrendered due to non-fulfilment of membership criteria and other reasons. Therefore, the total number of members as on the date of this report stands at 89160 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 97816 members, 35406 members have voting rights on all the resolutions as set in Annual General Meeting notice and 9996 members, who have fulfilled basic condition for voting (i.e., pouring of milk for at least 200 days totalling to at least 500 litres in a previous financial year) but have not fulfilled one or more of the patronage criteria of their respective

class during F.Y. 2017-18, consequently they are not entitled to vote on the class based election of Directors. Remaining 52414 members out of which membership of 16144 members have been cancelled and 36270 members did not pour milk for at least 200 days totalling to at least 500 litres during the previous financial year 2017-18 lost their voting rights in 7th AGM.

New members, who were admitted as members of the Company post March 31, 2018, will not be entitled to dividend for FY 2017-18 as well as voting right at 7th 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 and that no material departures have been made from the same;
- 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 of the company 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.

Corporate Social Responsibility (CSR):

Refer to section 465 of the Companies Act 2013, Provisions of Part IX A of the Companies Act, 1956 shall be applicable mutatis mutandis to a Producer Company in a manner as if the Companies Act, 1956 has not been repealed until a special Act is enacted for Producer Companies. Keeping in view of aforesaid provisions, the company has filed its representations before Ministry of Corporate Affairs (MCA), New Delhi, to seek clarification regarding the applicability of Companies Act, 2013 including CSR provisions on 25th November 2015 and 9th March 2016. The clarification from MCA is yet to be received. The Compliance of CSR provisions will be initiated on the receipt of clarification from MCA.

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 : 04.08.2018



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, 2018, 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 Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

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 issued 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 Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018 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 of the Company as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 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.

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: 04 August, 2018

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, 2018 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, 2018, 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: 04 August, 2018

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, Goods and Services 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, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2018 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 2018 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. The Company has not taken any loan from government or financial institutions 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: 04 August, 2018

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, 2018 are as per the financial statements of the Company as at and for the year ended 31 March, 2018.
- 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: 04 August, 2018

PAAYAS MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2018

	Note No.	As at 31 March, 2018	As at 31 March, 2017
		Rupees	Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	338,938,900	307,248,400
(b) Reserves and surplus	4	475,410,057	292,329,957
		<u>814,348,957</u>	<u>599,578,357</u>
2. Share application money pending allotment		5,919,000	5,376,300
3. Deferred grant	5	161,962,132	233,972,742
4. Non - current liabilities			
(a) Deferred tax liabilities (net)	6	2,414,807	3,756,805
(b) Other long-term liabilities	7	102,523,013	96,591,974
		<u>104,937,820</u>	<u>100,348,779</u>
5. Current liabilities			
(a) Short - term borrowings	8	955,408,952	946,471,192
(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		512,929,143	484,004,093
(c) Other current liabilities	10	47,902,691	40,241,600
(d) Short - term provisions	11	16,002,923	-
		<u>1,532,243,709</u>	<u>1,470,716,885</u>
Total		<u>2,619,411,618</u>	<u>2,409,993,063</u>
B. ASSETS			
1. Non - current assets			
(a) Fixed assets			
(i) Tangible assets	12a	263,191,405	317,732,339
(ii) Intangible assets	12b	48,903,056	89,094,819
(iii) Capital work-in-progress	12c	35,825,550	44,334,363
		<u>347,920,011</u>	<u>451,161,521</u>
(b) Long - term loans and advances	13	7,248,795	7,446,638
		<u>355,168,806</u>	<u>458,608,159</u>
2. Current assets			
(a) Inventories	14	126,291,602	104,839,616
(b) Trade receivables	15	1,435,515,143	1,089,085,709
(c) Cash and cash equivalents	16	647,514,942	734,242,382
(d) Short - term loans and advances	17	44,990,928	19,825,558
(e) Other current assets	18	9,930,197	3,391,639
		<u>2,264,242,812</u>	<u>1,951,384,904</u>
Total		<u>2,619,411,618</u>	<u>2,409,993,063</u>

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: 04 August, 2018

Place: Jaipur
Date: 04 August 2018

PAAYAS MILK PRODUCER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018

	Note No.	Year ended	Year ended
		31 March, 2018	31 March, 2017
		Rupees	Rupees
1. Revenue from operations	19	12,786,356,755	10,590,927,224
2. Other income	20	34,204,469	31,058,076
3. Total revenue (1+2)		12,820,561,224	10,621,985,300
4. EXPENSES			
(a) Cost of materials consumed	21	-	33,868,879
(b) Purchases of traded goods	22	11,609,200,619	9,579,671,873
(c) Changes in inventories of finished goods & stock-in-trade	23	(21,959,851)	(22,510,453)
(d) Employee benefits expense	24	84,059,329	83,932,942
(e) Finance costs	25	60,870,554	72,457,143
(f) Depreciation and amortisation expense	12	34,324,508	33,728,200
(g) Other expenses	26	794,912,157	672,094,505
Total expenses		12,561,407,316	10,453,243,089
5. Profit before tax (3-4)		259,153,908	168,742,211
6. Tax expense:			
(a) Current tax		92,100,000	58,000,000
(b) Deferred tax charge/(credit)		(1,341,998)	(812,126)
Net tax expense		90,758,002	57,187,874
7. Profit for the year (5-6)		168,395,906	111,554,337
8. Earnings per equity share:	32		
(Nominal value Rs. 100 per share)			
(a) Basic		56.80	47.13
(b) Diluted		56.79	47.13

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: 04 August, 2018

Place: Jaipur
Date: 04 August 2018

PAAYAS MILK PRODUCER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

	Year ended 31 March, 2018 Rupees	Year ended 31 March, 2017 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	259,153,908	168,742,211
Adjustments For :		
Finance costs	59,734,310	72,432,002
Interest income	(21,659,296)	(18,215,465)
Depreciation and amortization expense	34,324,508	33,728,200
Loss on retirement of Assets	150,290	-
Operating Profit before working capital changes	331,703,720	256,686,948
Adjustments for movement in working capital:		
Decrease/(increase) in inventories	(21,451,985)	(22,354,174)
Decrease/(increase) in trade receivables	(346,429,434)	(2,262,966)
Decrease/(increase) in other current assets	(64,728)	-
Decrease/(increase) in long term loans and advances	197,843	(419,546)
Decrease/(increase) in short term loans and advances	(25,165,370)	1,034,903
(Decrease)/increase in other long term liabilities	5,931,039	9,979,883
(Decrease)/increase in trade payables	28,925,050	63,989,818
(Decrease)/increase in other current liabilities	3,301,644	6,196,604
Cash generated from/(used in) operations	(23,052,222)	312,851,469
Net income taxes (paid)/refund	(76,097,077)	(78,473,604)
Net cash flow from/(used in) operating activities (A)	(99,149,299)	234,377,865
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Decrease/(increase) in bank balances not considered as cash and cash equivalents	(15,289,049)	12,355,356
Capital expenditure on fixed assets (net of capital grant received)	(3,243,898)	(44,367,047)
Interest received	15,185,466	17,097,854
Net cash flow from/(used in) investing activities (B)	(3,347,481)	(14,913,837)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of share capital	26,314,200	68,950,300
Share application money received	5,919,000	5,376,300
Proceeds from security premium	44,267,950	-
Net increase/(decrease) in working capital borrowings	8,937,760	(43,421,242)
Dividend Paid including dividend tax	(29,583,756)	(32,047,961)
Finance costs paid	(55,374,862)	(83,228,328)
Net cash flow from/(used in) financing activities (C)	480,292	(84,370,931)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(102,016,488)	135,093,096
Cash and cash equivalents at beginning of the year	540,064,169	404,971,073
Cash and cash equivalents at the end of the year	438,047,681	540,064,169
Components of Cash and cash equivalents as at:		
Balances with banks:		
in current accounts	103,896,437	438,246,241
in deposit accounts	334,151,244	101,817,928
Cash and cash equivalents as per Cash Flow Statement	438,047,681	540,064,169
Add: Bank balances not considered as Cash and cash equivalent	209,467,261	194,178,213
Cash and bank balances as per Balance Sheet (Note 16)	647,514,942	734,242,382

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: 04 August, 2018

Place: Jaipur
Date: 04 August 2018

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:

Description	Useful life (in years)
Building	10
Plant and equipment	10
Milk cans	4
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.

l. 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, 2018		As at 31 March, 2017	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
(a) Authorised share capital				
Equity Shares of Rs. 100 each	3,500,000	350,000,000	3,500,000	350,000,000
(b) Issued, subscribed and fully Paid up share capital				
Equity Shares of Rs. 100 each	3,389,389	338,938,900	3,072,484	307,248,400

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, 2018		Year ended 31 March, 2017	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
Shares outstanding at the beginning of the year	3,072,484	307,248,400	2,280,473	228,047,300
Shares issued during the year	316,905	31,690,500	792,011	79,201,100
Shares outstanding at the end of the year	3,389,389	338,938,900	3,072,484	307,248,400

(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, 2018 Rupees	As at 31 March, 2017 Rupees
Note 4: Reserves and surplus		
(a) General reserve		
Opening balance	262,746,201	180,775,620
Add: Transferred from surplus in Statement of Profit and Loss	131,621,115	81,970,581
Closing balance	394,367,316	262,746,201
(b) Surplus in Statement of Profit and Loss		
Opening Balance	29,583,756	-
Add: Profit for the year	168,395,906	111,554,337
Less:		
Final limited return (dividend) to members for the year ended 31 March, 2017(Rs.8/- per share)	24,579,872	-
Tax on above limited return (dividend)	5,003,884	-
Transferred to General Reserve	131,621,115	81,970,581
Closing balance	36,774,791	29,583,756
(c) Security Premium account		
Opening balance	-	-
Add: Premium on shares issued during the year	44,267,950	-
Closing balance	44,267,950	-
	475,410,057	292,329,957
Note 5: Deferred grant		
Opening balance	233,972,742	225,583,738
Add: Capital Grant utilised during the year (see note 33)	620,695	83,649,734
Less: Depreciation pertaining to assets acquired from capital grant (see note 12)	72,631,305	75,260,730
Closing balance	161,962,132	233,972,742
Note 6: Deferred tax liabilities (net)		
(a) Tax effect of items constituting deferred tax liabilities:		
(i) On difference between book balance and tax balance of fixed assets	2,455,938	3,756,805
	2,455,938	3,756,805
(b) Tax effect of items constituting deferred tax assets:		
(i) Disallowances under section 40(a)(i)(a) of the Income Tax Act	41,131	-
	41,131	-
Net deferred tax liability/(asset)	2,414,807	3,756,805
Note 7: Other long-term liabilities		
(a) Trade / security deposits received	102,523,013	96,591,974
	102,523,013	96,591,974

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

	As at 31 March, 2018	As at 31 March, 2017
	Rupees	Rupees
Note 8: Short - term borrowings		
(a) Unsecured Loans		
(i) Bill discounting facility	955,408,952	946,471,192
	955,408,952	946,471,192
Note 9: Trade payables		
(a) Trade Payables (other than acceptances) (see note 35)	512,929,143	484,004,093
	512,929,143	484,004,093
Note 10: Other current liabilities		
(a) Application money received for allotment of securities and due for refund	18,824,010	14,780,935
(b) Interest accrued but not due on borrowings	8,395,321	4,035,873
(c) Unclaimed/Unpaid dividends	6,263,436	6,098,025
(d) Statutory dues (Contribution to PF, Withholding Tax, Service Tax, VAT, GST etc.)	3,862,595	5,487,737
(e) Advances from customers	10,557,329	9,839,030
	47,902,691	40,241,600
Note 11: Short term provisions		
(a) Provision for income tax (net of advance tax of Rs. 7,71,83,962; previous year Rs. Nil)	16,002,923	-
	16,002,923	-

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

Note 12: Fixed assets

Particulars	Gross Block		Accumulated Depreciation/amortisation		Amount in Rupees			
	As at 01 April 2017	Additions	Disposals	As at 31 March 2018	For the year ended April 2017	Eliminated on disposal of assets	As at 31 March 2018	As at 31 March 2017
(a) Tangible assets (owned)								
Buildings	6,830,618	373,700	-	7,204,318	4,058,934	676,767	4,735,701	2,468,617
(Previous year)	(4,618,338)	(2,212,280)	(-)	(6,830,618)	(135,273)	(3,923,661)	(4,058,934)	(2,771,684)
Plant and equipment	420,325,987	11,320,604	305,811	431,340,780	133,989,099	48,732,967	182,561,357	248,779,423
(Previous year)	(336,712,872)	(83,613,115)	(-)	(420,325,987)	(88,702,945)	(45,286,154)	(133,989,099)	(286,336,888)
Furniture and fixtures	23,241,255	47,908	10,534	23,278,629	21,411,113	362,860	21,768,628	1,510,001
(Previous year)	(20,634,820)	(2,606,435)	(-)	(23,241,255)	(18,964,489)	(2,446,624)	(21,411,113)	(1,830,142)
Office equipment	6,458,043	(139,110)	(-)	6,458,043	1,818,705	606,721	2,425,426	4,639,338
(Previous year)	(6,318,933)	(139,110)	(-)	(6,458,043)	(1,213,432)	(605,273)	(1,818,705)	(5,105,501)
Computers	81,698,940	-	119,139	81,579,801	59,544,654	15,753,539	75,179,054	6,400,747
(Previous year)	(77,982,939)	(3,716,001)	(-)	(81,698,940)	(33,274,703)	(26,269,951)	(59,544,654)	(22,154,286)
Total (A)	538,554,843	11,742,212	435,484	549,861,571	220,822,505	66,132,854	286,670,166	263,191,405
Previous year	(446,267,902)	(92,286,941)	(-)	(538,554,843)	(142,290,842)	(78,531,663)	(220,822,505)	(303,977,060)
(b) Intangible assets (other than self generated)								
Computer software	133,436,698	631,195	-	134,067,893	44,355,430	40,809,407	85,164,837	48,903,056
(Previous year)	(78,333,256)	(55,103,442)	(-)	(133,436,698)	(13,916,163)	(30,439,267)	(44,355,430)	(89,081,268)
Trade mark	90,000	-	-	90,000	76,449	13,551	90,000	13,551
(Previous year)	(90,000)	(-)	(-)	(90,000)	(58,449)	(18,000)	(76,449)	(13,551)
Total (B)	133,526,698	631,195	-	134,157,893	44,431,879	40,822,958	85,254,837	48,903,056
Previous year	(78,423,256)	(55,103,442)	(-)	(133,526,698)	(13,974,612)	(30,457,267)	(44,431,879)	(89,094,819)
(c) Capital work-in-progress								
Total (C)	-	-	-	-	-	-	-	35,825,550
								44,334,363

Notes:

(i) Depreciation and amortisation expense

	Year ended		Year ended	
	31 Mar, 2018	31 Mar, 2017	31 Mar, 2018	31 Mar, 2017
Tangible assets	66,132,854	78,531,663		
Intangible assets	40,822,958	30,457,267		
Less: Depreciation pertaining to assets acquired on grant	72,631,305	75,260,730		
	34,324,508	33,728,200		

(ii) The details of assets purchased out of capital grant and included in the above schedule are given below (see note 33):

Assets	Gross Block		Accumulated Depreciation/amortisation		Net Block			
	As at 01 April 2017	Additions	Disposals	As at 31 March 2018	For the year ended April 2017	Eliminated on disposal of assets	As at 31 March 2018	As at 31 March 2017
Tangible assets :								
Building	3,190,183	-	-	3,190,183	418,497	303,067	721,564	2,468,619
Plant and equipment	150,204,036	2,526,691	-	152,730,727	46,353,193	18,131,847	64,485,040	88,245,686
Office equipment	4,888,788	-	-	4,888,788	1,352,188	461,238	1,813,426	3,075,362
Furniture and fixtures	19,775,233	-	-	19,775,233	19,186,906	45,132	19,232,038	543,195
Computers	72,930,046	-	-	72,930,046	54,355,050	14,106,849	68,461,899	4,468,147
Intangible assets :								
Computer Software	129,612,698	620,695	-	130,233,393	43,206,189	39,583,172	82,789,361	47,444,032
Total	380,600,984	3,147,386	-	383,748,370	164,872,023	72,631,305	237,503,328	146,245,041
								215,728,961

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

	As at 31 March, 2018	As at 31 March, 2017
	Rupees	Rupees
Note 13: Long - term loans and advances		
(Unsecured, considered good)		
(a) Security deposits	292,850	240,050
(b) Prepaid expenses	131,200	381,843
(c) Advance income tax (net of provisions of Rs. 17,80,26,612; previous year Rs. 17,80,26,612)	6,824,745	6,824,745
	7,248,795	7,446,638
Note 14: Inventories		
(At lower of cost and net realisable value)		
(a) Finished goods	-	50,053,321
(b) Stock-in-trade	75,409,951	19,666,898
(c) Stock-in-trade (in transit)	50,881,651	34,611,532
(d) Stores and spares	-	507,865
	126,291,602	104,839,616
Note 15: Trade receivables		
(Unsecured, considered good)		
(a) Outstanding for a period less than six months from due date	1,435,515,143	1,089,085,709
	1,435,515,143	1,089,085,709

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

	As at 31 March, 2018	As at 31 March, 2017
	Rupees	Rupees
Note 16: Cash and cash equivalents		
(a) Cash and cash equivalents		
(i) Balance with banks:		
a. In current accounts	103,896,437	438,246,241
b. In deposit accounts - original maturity of 3 months or less	334,151,244	101,817,928
Cash and cash equivalents as per AS 3 - Cash flow statement	438,047,681	540,064,169
(b) Other bank balances		
(i) In deposit accounts (original maturity more than 3 months)	182,052,623	146,387,655
(ii) Balances held as security against bank borrowings	21,151,202	41,692,533
(iii) In earmarked accounts - Unpaid dividend accounts	6,263,436	6,098,025
	647,514,942	734,242,382

Note:

- (i) Balances with banks include deposits amounting to Rs. 1,05,85,685 (previous year Rs. 3,10,00,000) which have maturity of more than 12 months from the balance sheet date.
- (ii) Fixed deposit amounting to Rs. 2,11,51,202 (previous year Rs. 4,16,92,533) have been pledged against bank overdraft facility

	As at 31 March, 2018	As at 31 March, 2017
	Rupees	Rupees
Note 17: Short - term loans and advances (Unsecured, considered good)		
(a) Loans and advances to employees	44,110	44,110
(b) Gratuity Fund (net of liability Rs. 78,55,495; previous year Rs. 60,25,647)	465,443	239,276
(c) Leave Encashment fund (net of liability Rs. 53,56,656; previous year Rs. 37,28,918)	3,141,687	3,183,555
(d) Advances to vendors	7,183,482	4,040,079
(e) Prepaid expenses	3,070,730	2,488,372
(f) Balance with Govt. authorities	11,390,454	7,024,450
(g) Grant receivable from NDDDB (see note 33)	19,695,022	2,805,716
	44,990,928	19,825,558
Note 18: Other current assets (Unsecured, considered good)		
(a) Interest accrued but not due on bank deposits	9,865,469	3,391,639
(b) Other receivables	64,728	-
	9,930,197	3,391,639

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

	Year ended 31 March, 2018	Year ended 31 March, 2017
	Rupees	Rupees
Note 19: Revenue from operations		
(a) Sale of products		
(i) Gross sale	13,843,002,719	11,509,137,929
(ii) Less: sale to third party (milk processor) (see note below (i) below)	1,056,645,964	918,210,705
(iii) Net sales	<u>12,786,356,755</u>	<u>10,590,927,224</u>
Notes:		
(i) This represents sales made to third party for processing and packaging of milk which is re-purchased from them for sale to customers.		
Sale of products comprises:		
(ii) Traded goods		
a. Raw milk	10,881,275,170	9,045,159,010
b. Poly pack milk	1,059,131,063	832,324,276
c. Other milk product	52,076,849	55,410,310
e. Ghee	295,569,628	197,456,153
f. Cattle feed	487,012,282	394,269,276
g. Semen	11,291,763	32,275,577
Total	<u>12,786,356,755</u>	<u>10,556,894,602</u>
(iii) Manufactured goods:		
a. Ghee	-	34,032,622
Total	<u>-</u>	<u>34,032,622</u>
Total (ii + iii)	<u>12,786,356,755</u>	<u>10,590,927,224</u>
Note 20: Other income		
(a) Interest income		
(i) On deposits with banks	21,659,296	18,215,465
(b) Other non-operating income		
(i) Membership fees	1,378,573	2,934,900
(iii) Miscellaneous income	11,166,600	9,907,711
	<u>34,204,469</u>	<u>31,058,076</u>

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

	Year ended 31 March, 2018	Year ended 31 March, 2017
	Rupees	Rupees
Note 21: Cost of materials consumed		
Raw Milk		
(a) Opening stock	-	-
(b) Add: Purchases	-	33,868,879
	-	33,868,879
(c) Less: Closing stock	-	-
	-	33,868,879
Note 22: Purchases of traded goods		
(a) Raw Milk	9,741,747,322	8,045,711,220
(b) Poly Pack Milk	1,030,746,406	855,602,223
(c) Ghee	311,278,009	214,826,839
(d) Cattle Feed	463,784,495	373,206,921
(e) Other milk product	51,700,609	56,644,188
(f) Semen	9,943,778	33,680,482
	11,609,200,619	9,579,671,873
Note 23: Changes in inventories of finished goods and stock-in-trade		
Decrease/(increase) in inventories of finished goods and stock-in-trade		
(a) Inventories at the beginning 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	81,821,298
(b) Inventories at the end of the year		
Stock-in-trade	75,409,951	19,666,898
Finished goods	-	50,053,321
Stock-in-transit	50,881,651	34,611,532
	126,291,602	104,331,751
Net decrease/(increase) in inventories	(21,959,851)	(22,510,453)
Note 24: Employee benefits expense		
(a) Salaries and wages	72,908,305	75,256,882
(b) Contribution to provident and other funds	7,069,416	7,914,628
(c) Staff welfare expenses	4,081,608	761,432
	84,059,329	83,932,942

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

	Year ended 31 March, 2018	Year ended 31 March, 2017
	Rupees	Rupees
Note 25: Finance costs		
(a) Interest expense on borrowings	59,734,310	72,432,002
(b) Interest on delayed payment of statutory dues	1,136,244	25,141
	60,870,554	72,457,143
Note 26: Other expenses		
(a) Consumption of stores and spares	7,832,268	2,973,675
(b) Power and fuel	2,293,741	1,626,867
(c) Milk chilling charges	122,010,501	102,018,269
(d) Rent	6,430,726	4,897,334
(e) Rates and taxes	192,470	1,190,258
(f) Repair and maintenance - buildings	5,193,718	3,828,815
(g) Repair and maintenance - machinery	36,381,702	20,246,256
(h) Repair and maintenance - others	1,335,102	1,375,142
(i) Advertisement and business promotion	28,678,212	28,165,809
(j) Freight, forwarding and distribution expenses	445,783,393	372,630,366
(k) Insurance charges	3,082,290	2,871,992
(l) Legal and professional fees	27,477,720	26,902,161
(m) Auditor's remuneration (refer note (i) below)	1,628,577	1,307,033
(n) Travelling and conveyance	13,092,962	16,777,565
(o) Training expenses	3,172,685	2,759,768
(p) Contractual and retainership expenses	63,351,770	63,590,709
(q) Communication expenses	12,001,580	7,274,048
(r) Loss on sale of fixed assets	150,290	-
(s) Miscellaneous expenses	14,822,450	11,658,438
	794,912,157	672,094,505
Note:		
(i) Auditors' remuneration comprises:		
a. Statutory audit fee	1,180,000	850,000
b. Tax audit fee	175,000	175,000
d. Reimbursement of expenses	25,150	111,550
e. GST/Service tax on above	248,427	170,483
	1,628,577	1,307,033

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

	As at 31 March, 2018	As at 31 March, 2017
	Rupees	Rupees
Note 27: Contingent liabilities and commitments		
A. Contingent Liabilities		
(a) Claims against the Company not acknowledged as debt		
(i) Staff claims under litigation	836,500	836,500
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid Rs. nil)	937,793	11,545,749

Note 28

In respect of the year ended 31 March, 2018, the directors in their meeting dated 04 August, 2018 have proposed a final dividend of Rs. 3,05,04,501 (Re. 9 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. 3,05,04,501 and Rs. 62,70,290 respectively.

Note 29

The Company has received share application money of Rs. 59,19,000 towards equity shares, against which allotment has been made at the Board meeting held on 23 June, 2018.

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. 5,458,634 (previous year Rs. 5,198,517) 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.

(i) Change in defined benefit obligation

	31 March, 2018	31 March, 2017
	Rupees	Rupees
Present value of obligations at the beginning of the year	6,025,647	3,782,730
Interest cost	443,680	253,748
Current service cost	1,988,693	1,761,120
Benefit Paid	(266,966)	(825,810)
Actuarial (gains)/losses on obligation	(335,559)	1,053,859
Present value of obligations at the end of the year	7,855,495	6,025,647

(ii) Fair value of plan assets

	31 March, 2018	31 March, 2017
	Rupees	Rupees
Fair value of plan assets at the beginning of the year	6,264,923	4,436,814
Expected return on plan assets	560,468	411,378
Contributions	1,836,949	2,301,303
Benefit paid	(266,966)	(825,810)
Actuarial gains/(losses) on plan assets	(74,436)	(58,762)
Fair value of plan assets at the end of the year	8,320,938	6,264,923

(iii) Return on plan assets

	31 March, 2018	31 March, 2017
	Rupees	Rupees
Expected return on plan assets	560,468	411,378
Actuarial gains/(losses)	(74,436)	(58,762)
Actual return on plan assets	486,032	352,616

(iv) Amount recognised in the Balance Sheet

	31 March, 2018	31 March, 2017
	Rupees	Rupees
Present value of defined benefit obligations	7,855,495	6,025,647
Fair value of plan assets	8,320,938	6,264,923
Net liability/(asset) recognised in the balance sheet	(465,443)	(239,276)

(v) Expenses recognised in the statement of profit and loss

	31 March, 2018	31 March, 2017
	Rupees	Rupees
Current service costs	1,988,693	1,761,120
Interest cost	443,680	253,748
Expected return on plan assets	(560,468)	(411,378)
Net actuarial (gain)/loss recognized during the year	(261,123)	1,112,621
Expenses recognized in Statement of Profit and Loss	1,610,782	2,716,111

(vi) Balance Sheet reconciliation

	31 March, 2018	31 March, 2017
	Rupees	Rupees
Net liability/(asset) at the beginning of the year	(239,276)	(654,084)
Expenses as above	1,610,782	2,716,111
Contributions	(1,836,949)	(2,301,303)
Net liability/(asset) at the end of the year	(465,443)	(239,276)

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	31 March, 2018	31 March, 2017
Discount rate	7.70% p.a.	7.53% p.a.
Expected salary escalations	10.00% p.a.	10.00% p.a.
Expected return on plan assets	7.95% p.a.	7.95% 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

	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligations	7,855,495	6,025,647	3,782,730	1,983,971	742,347
Fair value of plan assets	8,320,938	6,264,923	4,436,814	1,664,551	901,913
Funded status	(465,443)	(239,276)	(654,084)	319,420	(159,566)
Gain/(loss) on obligations	335,559	(1,053,859)	(225,553)	(166,013)	2,688
Gain/(loss) on plan assets	(74,436)	(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. 64,30,726 (previous year Rs. 48,97,334) 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	As at 31 March, 2018	As at 31 March, 2017
	Rupees	Rupees
Payable not later than one year	4,109,823	4,293,025
Payable later than one year but not later than five years	8,202,127	10,262,864
Payable later than five years	224,825	1,573,775
	12,536,775	16,129,664

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

Note 32: Earnings Per Equity Share

Particulars	Unit	Year ended 31 March, 2018	Year ended 31 March, 2017
Net profit after tax	Rupees	168,395,906	111,554,337
Weighted average number of equity shares outstanding during the year	Numbers	2,964,834	2,366,859
Nominal value per Equity Shares	Rupees	100	100
Basic earnings per share	Rupees	56.80	47.13
Equity shares used to compute diluted earnings per share	Numbers	2,965,002	2,367,017
Diluted earnings per share	Rupees	56.79	47.13

Note 33: Details of Government grants

	Year ended 31 March, 2018	Year ended 31 March, 2017
Details of grants received from NDDB and its utilisation is as under:		
(a) Opening balance	(2,805,716)	(8,765,752)
(b) Received during the year	66,417,912	181,775,631
	63,612,196	173,009,880
(c) Utilised during the year		
(i) For capital assets:		
- For fixed assets	620,695	83,631,551
- For assets under installation (CWIP)		18,183
	620,695	83,649,734
(ii) For revenue expenses	82,686,523	92,165,862
Total utilised (i) + (ii)	83,307,218	175,815,596
(d) Balance carried forward (a+b-c)	(19,695,022)	(2,805,716)

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).

Note 34: 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
Managerial remuneration:		
Ratan Kumar Singh	4,978,017	4,978,017
	(4,415,100)	(4,415,100)

Figures in brackets represent previous year's figures

Note 35:

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 36:

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 37:

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: 04 August, 2018



Board Orientation Programme



Visit of Mongolian Delegates



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,
Vaishali Nagar, Jaipur 302021, Rajasthan, India
Phone no. 0141-2352736
Website: www.paayasmilk.com | Email: info@paayasmilk.com