

## ANNEXURE - III

### MANAGEMENT DISCUSSION AND ANALYSIS

#### FUTURE PROSPECTS

Milk production & consumption in India: India has come a long way since the milk deficit days to becoming the world's largest producer as well as consumer of milk. Globally, the EU, India and the United States are currently the largest milk and dairy product producers and consumers. The Indian dairy industry owing to favourable demographics will drive multi-year growth in the industry. The shift from "unorganised" to 'organised' market and consumer up gradation from 'pouch milk / powders' to 'value-added dairy products' will provide strong growth opportunities. In India, the unorganised segment comprising of 'local vendors' and 'self-consumption' commands a lion's share of 80% by value. The organised segment is divided between 'cooperatives' and 'private dairy companies'. The share of organised segment has gradually increasing. However, with rising disposable incomes and burgeoning proportion of working women, there will be greater consumption of value added dairy products.

#### BUSINESS RISK MANAGEMENT

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion. Therefore, in accordance with the provisions of the listing agreement the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

#### INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets.

All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.



All the investments related activities are done under the direct supervision of the Chairman of our company. Based on the nature of the business the Audit Committee has suggested formation of Investment Committee for the Financial Year 2017-2018 and to lay down an Investment Policy.

Considering the size and nature of business the company has appointed an Internal Auditor for the company for the financial year 2017-2018, to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the company proposes to pursue a vigil mechanism policy during the financial year 2017-2018.

### **REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

### **DIRECTORS' AND COMMITTEE MEETINGS**

During the year Four (4) Board Meetings, Four (4) Audit Committee Meetings, Five (5) Stakeholders' Relationship and Investor Grievances Committee Meetings, , One Meeting of Directors other than Independent Directors for evaluation of performance of Independent Directors and One Meeting of Independent Directors for evaluation of performance of other Directors was held. The Details of which are given in Corporate Governance Report. The provisions of Companies Act, 2013 and listing agreement were adhered to while considering the time gap between two meetings.

### **AUDIT COMMITTEE**

The company is having an audit committee comprising of the following directors:

|   |            |
|---|------------|
| Sri. Chidambaram Chettiar Ramasamy Chettiar | - Chairman |
| Sri. Narendra Kumar Lunawath                | - Member   |
| Sri. Nilav Divyang Mehta                    | - Member   |

### **STAKEHOLDERS/INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE**

The Composition of the committee is reconstituted as following:

|   |            |
|---|------------|
| Sri. Chidambaram Chettiar Ramasamy Chettiar | - Chairman |
| Sri. Bhavin Sarvaiya Kanaiyalal             | - Member   |
| Smt. Mita Ashish Desai                      | - Member   |

## **NOMINATION AND REMUNERATION COMMITTEE**

The Composition of NOMINATION AND REMUNERATION COMMITTEE is reconstituted as following:

|   |            |
|---|------------|
| Sri. Chidambaram Chettiar Ramasamy Chettiar | - Chairman |
| Sri. Narendra Kumar Lunawath                | - Member   |
| Sri. Nilav Divyang Mehta                    | - Member   |

## **RELATED PARTY TRANSACTIONS**

There were no contracts or arrangements entered into by the company in accordance with provisions of section 188 of the Companies Act, 2013. However, there were material related party transactions in terms of the provisions of the listing agreement. All material related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

## **CORPORATE GOVERNANCE**

Since your company's paid up Equity capital and Networth is less than Rs.10 crores and Rs.25 crores respectively, the provisions of revised Clause 49 relating to Corporate Governance, vide SEBI circular number CIR/CFD/POLICY CELL/7/2014 dated 15th September 2014. Hence is not applicable to the company.