

2017-2018
ANNUAL REPORT
വാർഷിക റിപ്പോർട്ട്



KERALA CO-OPERATIVE MILK MARKETING FEDERATION LTD.
കേരള സഹകരണ ക്ഷീര വിപണന ഫെഡറേഷൻ ലിമിറ്റഡ്

Contents

1. Board of Directors	04
2. AGM Notice	05
3. Report for the year 2017-18	06
4. Performance during 2017-18	08
5. Centrally Sponsored Schemes	10
6. Various Development Activities by Regional Milk Unions	10
7. Units of KCMMF	
I. Central Products Dairy, Alappuzha	13
II. Cattle Feed Plant, Malampuzha	17
III. Cattle Feed Plant, Pattanakkad	18
IV. Milma Training Centre, Thrissur	20
8. KCMMF Headquarters	
I. Procurement & Input (P&I)	21
II. Quality Control	21
III. Purchase	22
IV. Marketing	23
V. Human Resource Development	24
VI. Computer Section	24
VII. Projects	25
VIII. Audit	27
IX. Finance	27
9. Conclusion	28
10. Acknowledgement	29
11. Consolidated Balance Sheet and Profit & Loss Account	33
(as on 31.03.2018) with schedules	

BOARD OF DIRECTORS FOR THE YEAR OF REPORT

(As on 31.03.2018)

Sri. P.T. Gopala Kurup

Chairman, KCMMF

Sri. Anil X, IAS

Secretary (AH & DD), Govt of Kerala

Sri. Kallada Ramesh

Chairman, TRCMPU Ltd.

Sri. P.A. Balan Master

Chairman, ERCMPU Ltd.

Sri. K.N Surendran Nair

Chairman, MRCMPU Ltd

Sri. Karumadi Murali

Representative, TRCMPU Ltd.

Sri. S. Gireesh Kumar

Representative, TRCMPU Ltd.

Sri. PS Sebastain

Representative, ERCMPU Ltd.

Smt. Mary Lonappan

Representative, ERCMPU Ltd

Sri. V. Sudhakaran

Representative, MRCMPU Ltd.

Smt. Jessy Tom

Representative, MRCMPU Ltd.

Sri. S. Rajeev

Regional Head, NDDB

Sri. Abraham Joseph

Director, Dairy Development Dept.

Sri. O.B. Suresh Kumar

Under Secretary, Finance Dept. Govt of Kerala.

Dr. P. Pugazhendi I FS

Managing Director

KERALA CO-OPERATIVE MILK MARKETING FEDERATION LTD
No.4345, Milma Bhavan, Pattom Palace P. O
Thiruvananthapuram

No. SM: P&I: AGM/2017-18

31.08.2018

Sir,

Sub: 45th General Body meeting of the KCMMF on 17.09.2018- convening of - issue of notice.

The 45th General Body meeting of the KCMMF will be held at Kerala Cooperative Milk Marketing Federation Ltd Head Office on 17.09.2018 at 11.00 AM to transact the following business: -

1. Approval of the Notice and Agenda for the 45th General Body meeting of the KCMMF Ltd.
2. Confirmation of the Minutes of the 44th General Body meeting held on 16th August, 2017.
3. Action taken report on Minutes of the 44th General Body meeting of 16.08.2017.
4. Presidential Address.
5. Presentation of the Annual Report, Balance Sheet and Profit & Loss Account for the year 2017-18 (period from 01.04.2017 to 31.03.2018) in respect of KCMMF Ltd.
6. Approval of Supplementary Budget for the year 2017-18
7. Approval of the Budget and Capital Budget for the year 2018-19 covering the period from 01.04.2018 to 31.03.2019 in respect of KCMMF Ltd.
8. Approval of the audit certificate 2016-17.
9. Audit Report and Defects rectification report for the year 2016-2017.
10. Dividend declaration for the year 2016-2017.
11. Approval of the audit certificate 2017-18.
12. Audit Report and Defects rectification report for the year 2017-2018.
13. Dividend declaration for the year 2017-2018.
14. Appointment of auditors for the audit of accounts of the KCMMF as per section (63) of the KCS Act, 1969 as amended vide KCS (Amendment) Act, 2013 (Act 8 of 2013)
15. Approval of writing off of stock deficit at CFP, Malampuzha.
16. Disposal of Milk Powder Factory at CPD
17. Questions and Answers from Members of the Annual General Body
18. Resolution/s if any
19. Any other item with the permission of the Chair.

The questions to be answered and the resolutions, if any, to be adopted in the meeting will have to be forwarded to this Office so as to reach on or before 11.09.2018. Detailed Agenda Note will be sent separately.

Kindly make it convenient to attend the meeting.

Yours faithfully,

MANAGING DIRECTOR
By Order of the KCMMF Board



Respected Members,

It is with enormous feeling, I am inviting you all to the 45th General Body Meeting of KCMMF. On behalf of the Board of Directors of KCMMF Ltd, it is my privilege to present the Annual Report and provisional Financial Statement of KCMMF for the year 2017-18.

Milma's success is built on its Nutrition, Health and Wellness strategy. Milma believes that good nutrition is the key to a healthy life. Today, food and beverages remain core to our strategy. Our aim is to provide the tastiest and healthiest choices, at all times of the day and for all stages of life, delivered in a convenient and time-saving manner. For over 30 years, we have built a successful business through understanding and anticipating consumer needs, and adapting to succeed in an evolving market place. Through these years Milma has emerged as the leading brand of Kerala and its progress in the area of procurement and marketing of milk and milk products is worth emulating.

Kerala was included in the second stage of Operation Flood in early eighties and Milma was the implementing agency for developing milk production and marketing activities. Since then Milma has created history by achieving great progress in milk procurement and marketing of milk and milk products thus becoming a household name in Kerala. Milma operates in the true democratic lines of "of the farmer, by the farmer, for the farmer" and the goal of Milma is the socio economic progress of the dairy farmer through procuring, processing and marketing of milk and it works with the mission "farmers prosperity through consumer satisfaction". MILMA has guaranteed welfare and financial security of the dairy farmers through Regional Unions by implementing various welfare measures utilizing the funds from Central, State and their own funds. Necessary inputs like cattle feed; mineral supplements, medical aid and AI facilities are also provided to the farmers through the Regional Unions. Milma has taken major initiative to maintain the feed price in the market. The farmers were given remunerative price for the milk poured by them to the society at regular intervals.

In memory of Dr. Varghese Kurian who played the pivotal role in the White Revolution in India, MILMA celebrated his birthday on 26.11.2017 as National Milk day. Honorable Minister for Forest, Wildlife, Animal Husbandry, Dairy Development and Zoo, Adv. K. Raju inaugurated the function held at Kozhikode. During the function, awards were given to the Best APCOS and best farmer for the year 2016-17 which carried an amount of Rs. 1 lakh each, memento and certificate of merit. Pandapilly APCOS of Ernakulam Regional Union won the Best APCOS award and Sri. Saju J.S, Thiruvananthapuram won the best farmer award.

Our organization performed exceptionally well in terms of growth and profitability in the year 2017-18 also. The total revenue generated in the current financial year was 470.96 Crores which has shown a growth of 10.71% on consolidated basis on comparison with previous year. KCMMF net profit (provisional) during the financial year 2017-18 was Rs.9.29 crores.

The cattle feed sale has showed positive growth in the year 2017-18. TRCMPU provided subsidy for purchase of Milma cattle feed to the tune of Rs. 1072 Lakhs. Due to abnormal price hike of the raw materials, the price of cattle feed had to be increased once during the reporting year. However to overcome the burden of farmers due to heavy drought, KCMMF provided discounts ranging from Rs. 25/- to Rs 100/- per bag of cattle feed from 1st December 2017 to 31st March 2018. An amount of Rs 6.88 crores was used for this



discount scheme. The Federation took utmost care to maintain the quality of feed throughout the year. By continuously monitoring and interacting with the farmers, the sales could be improved. The sales of cattle feed showed an increase of 7.04% compared with previous year.

Unlike previous year, milk procurement showed a record growth in the year 2017-18. The three Regional Unions collected an average quantity of 12, 25,323 litres of milk per day, which was an increase by 16.63%, compared with the last year. The procurement growth showed the farmers confidence in their produce and in milma.

The average milk sales was only 12, 90,821 litres per day, which is lower by 1.31% in comparison with last year. This is mainly due to the high increase in production, facilitating more milk available for local sales. In this year also we relied on our neighboring states to cover the shortage of milk requirement, and through proper monitoring and planning there was no shortage of milk for supply during the year. Our dependence on neighboring States for milk has however decreased substantially, which will enable us to achieve self-sufficiency in milk production in the coming year.

Milma has initiated steps to achieve value addition to milk with Vitamin Fortification by adding Vitamin A & D in milk, in association with NDDB and trials for the same are underway. As a part of quality improvement programme organized by NDDB on processing facilities, Milma is planning to go for "Quality Mark" for

its milk and assessment of our existing processing facilities are in progress for the same. A project for promoting Energy Efficiency and renewable Energy in dairy cluster under a project of GEF-UNIDO-BEE is also being implemented in our state and its initial programmes are in progress. This would definitely help Milma to conserve energy and to reduce the manufacturing cost in dairies in the long run, ultimately enabling us to provide better benefits to dairy farmers.

Milma has initiated action for adopting new E R P system to compete with the present market challenges and to improve its overall functional activities. We have introduced a mobile application and web based information reports based on Cloud Computing in the open source platform recently. Training session is in progress to IT professionals of Regional Milk Unions at Federation level for upgradation of ERP system and to make use of new ERP software for business growth.

In a major achievement to Milma, KCMF Chairman Sri P T Gopala Kurup was awarded with Dr V Kurian Award of 2017 for his commendable contribution so far made to the dairy industry. This prestigious award was given to him during the I D A Conference which was conducted in our state for the second time after a span of 30 years time.

Dr P Pugazhendi I F S, who is also the Director of Schedule Tribe Department was given full charge of Managing Director of Milma from 10.07.2017. Sri Abraham Joseph took his place in the Board as Director, Dairy Development in place of Sri Georgekutty Jacob. Smt. Jessy Tom was nominated as representative of MRCMPU in Board in place of Smt. Indira Gupta who expired after a road accident. Sri T P Markose was relinquished from the Board on

Table 1: PAID UP SHARE CAPITAL OF KCMF

	Rs.in Lakhs
TRCMPU	238.77
ERCMPU	220.75
MRCMPU	292.41
TOTAL	751.93



completion of his tenure as Representative of ERCMPU. There were no other changes in the Board.

During the current year, all the three Regional Unions have been requested to contribute Rs 30 lakhs each to the share capital to enhance the present paid capital share.

NUMBER OF APCOS & FARMERS:

As on 31.03.18 the total numbers of registered APCOS are 3284 of which 2957 APCOS are functioning. The Union wise break up is given below.

Table: 2
Number of Registered & Functional societies

Number of Registered & Functional societies		
Union	Registered	Functional
TRCMPU	1064	899
ERCMPU	1025	905
MRCMPU	1195	1153
Total	3284	2957

Number of Farmers, Pouring Farmers and Women Farmers

Union	No. of Farmers	No. of Pouring Farmers	No. of Women Farmers
TRCMPU	314225	43592	86025
ERCMPU	297072	43912	46496
MRCMPU	353192	88937	106195
Total	964489	176441	238716

PERFORMANCE DURING 2017-18:

Milk Procurement

The average milk procurement in the year 2017-18 showed a record increase. The average milk

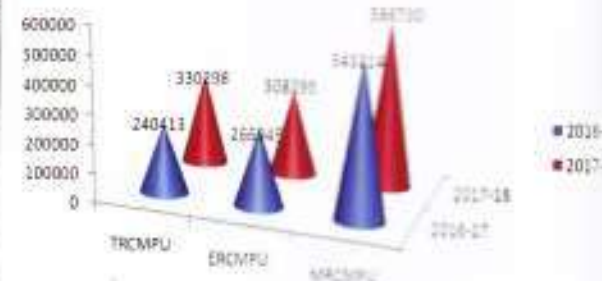
procurement per day was 12, 25,323 litres per day which was an increase by 16.63% in comparison with the procurement of 10, 50,572 litres per day in the

previous year. The increase in milk procurement was mainly due to the highest price paid to dairy farmers and other various activities undertaken for the benefit of the farmers by Milma. The average milk procured per day during the last two financial years is given below:

Table 3:
Average milk procurement per day

Procurement lit/day			
	2016-17	2017-18	% Increase
TRCMPU	2,40,413	3,30,298	37.39
ERCMPU	2,66,945	3,08,295	15.49
MRCMPU	5,43,214	5,96,730	8.01
Total	10,50,572	12,25,323	16.63

2017-18



MILK SALES

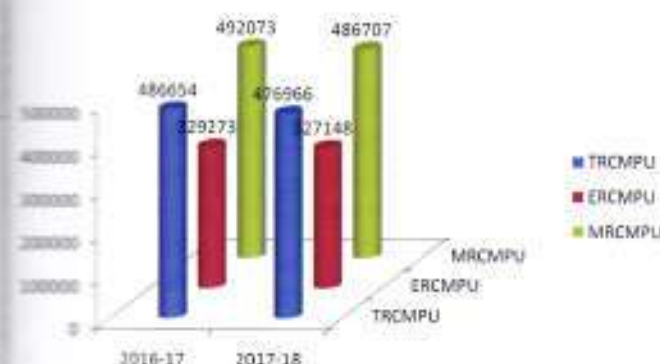
Unlike last year, the sale of milk among all the variants showed a downward trend in the year 2017-18. The average sale per day during the year was 12,90,821 litres, which was lower by 17,179 litres than the last



year's figure of 13,08,000 litres per day. i.e. a decrease of 1.31%. The shortfall between milk procurement and sale was met by arranging milk mostly from State Milk Federations of Karnataka, Tamil Nadu, and purchase of Skimmed Milk Powder (SMP).

Table 4:
Average Milk sales per day in litres

Union	Milk Sales Ltrs. per day		
	2016-17	2017-18	% Diff
TRCMPU	4,86,654	4,76,966	-1.99
ERCMPU	3,29,273	3,27,148	-0.65
MRCMPU	4,92,073	4,86,707	-1.09
Total	13,08,000	12,90,821	-1.31



MILK PRODUCTS

KCMMF along with the Regional Milk Unions produced and marketed a wide range of quality milk products through the units under them. Milma's Ghee was consumed by the consumers of Middle East also. With the well-organized distribution network, Milma could assure that the products from production unit are delivered to consumers within the minimum possible time.

The Federation has performed well in the sales of most of the milk products. This year new products like flavoured milk in metal cans and milk shake in tetra packs in different flavors were introduced to the market. The details of sales of various products are tabled below:

Table 5:
SALES OF MILK PRODUCTS

TRCMPU

Products	2016-17	2017-18	% Diff
GHEE (MT/Annum)	1540.49	1640.28	6.48
BUTTER (MT/Annum)	655.12	1330.55	103.10
ICE-CREAM (Litres/Annum)	664662	537353	-19.15
CURD (Kgs/Annum)	6093121	7452877	22.32
SAMBHARAM (Litres/ Annum)	296939	298668	0.58

ERCMPU

Products	2016-17	2017-18	% Diff
GHEE (MT/Annum)	1271.53	1362.79	7.18
BUTTER (MT/Annum)	131.39	135.91	3.44
ICE-CREAM (Litres/Annum)	938362	783785	-16.47
CURD (Kgs/Annum)	5933242	6024252	1.53
SAMBHARAM (Packets/ Annum)	1166732	1012786	-13.19

MRCMPU

Products	2016-17	2017-18	% Diff
GHEE (MT/Annum)	2392	2493	4.22
BUTTER (MT/Annum)	302.230	85.155	-71.82
ICE-CREAM (Litres/Annum)	1292599	1126700	-12.83
CURD (Kgs/Annum)	21609767	22136344	2.44
SAMBHARAM (Packets/ Annum)	18138064	16448999	-9.31
MILMA PLUS (Bottles/ Annum)	658200	750315	13.99

CPD

Products	2016-17	2017-18	% Diff
GHEE (MT/Annum)	251	256	1.99
MILMA PLUS (Bottles/ Annum)	1151975	771564	-33.02





CENTRALLY SPONSORED SCHEMES

Government of India launched various Schemes such as Strengthening Infrastructure for Quality and Clean Milk Production Programme (SIQ-CMP) and Integrated Dairy Development Programme (IDDP) for the dairy development in the country. The Regional Milk Unions had implemented these schemes in their operational areas and the programmes came to an end by 2016. The National Dairy Plan was launched by GOI in the year 2012. Recently, all the centrally sponsored schemes are brought under an umbrella scheme launched by GOI named as National Programme for Bovine Breeding & Dairy Development (NPBBDD). The Regional Milk Unions of the Federation in their operational areas are implementing these schemes.

Under National Dairy Plan, National Dairy Development Board has started two new projects Village Based Milk Procurement System (VBMP) and the Ration Balancing Programme (RBP). The VBMP programme meant for the organization of new Dairy Co-operative in unexplored areas, reviving defunct societies to increase the milk production quantity. Under this scheme, Data Processor cum Milk Collection Units, Milk Collection accessories and milk cans are provided. Training Programme were conducted for farmers, staff and Managing Committee members at the Training Centres, Farmers Orientation Programme and Farmers Induction Programme at NDDDB, Anand, programme on Clean Milk Production, etc.

VARIOUS DEVELOPMENT ACTIVITIES BY REGIONAL MILK UNIONS

Using their own funds as well as the centrally/state sponsored programmes Regional Milk Unions are undertaking different projects for the enhancement of milk production and welfare of the farmers as listed below:

TRCMPU Ltd.

- Union provided Rs 171.61 lakhs to farmers as summer incentive.

- Union provided Rs. 28.96 Lakhs as Insurance premium subsidy.
- Provided cattle feed subsidy of Rs 10.72 crores in the reporting year.
- Under Mini Dairy scheme, free cattle feed was supplied worth Rs. 142.0 Lakhs.
- Under Heifer adoption programme cattle feed worth Rs. 633.0 Lakhs was provided.
- Union provided Rs.380.85 lakhs for purchase of milking cows.
- Provided Rs 100.0 Lakhs for cattle shed renovation.
- Union provided Rs. 4.43 Lakhs for purchase of semi-automatic watering system.
- An amount of Rs. 25.70 lakhs was provided for dairy farmer's death.
- An amount of Rs 0.23 lakhs given as transport subsidy for transporting cross bred animal across the border
- Provided Rs 1.25 lakhs as building maintenance grant to the societies.
- Scholarship of Rs 4.67 lakhs were provided to children of farmers.
- Under LIC Aam Aadmi Bima Yojana, Union provided Rs. 8.6 lakhs as premium.
- Under De-centralized cattle treatment policy Rs. 127.35 lakhs was provided by the Union.
- The Union gave Rs 3.28 lakhs as subsidy for purchase of hand operated milking machines.
- The scheme under the Central Govt's, National Programme for Dairy development was



implemented in all the four districts of the Union.

- Enhancement of the capacity of Kandala marketing hub under Thiruvananthapuram dairy to 25000 litres per day is in progress. One more unit at a cost of Rs. 20.60 lakhs was established.
- A new DG set worth Rs. 33.40 lakhs was established at Pathnamthitta Dairy.
- 3 HMST tanks were replaced at Kollam Dairy at a cost of Rs. 22.43 lakhs.
- A marketing hub of 20000 litre capacity was established at Nedumangad under Thiruvananthapuram Dairy at a cost of Rs.47 lakhs from the Union's own fund.
- Under Milma Bhavan scheme, Habitat Technology group was entrusted for constructing houses for 4 farmers in 4 districts at a cost of Rs. 7 lakhs per house.
- In order to increase the production capacity of Thiruvananthapuram Dairy, Rs. 103 lakhs has been envisaged for setting up new transformer, electrical system renovation etc.
- The process automation at Kollam Dairy is progressing at a cost of Rs. 312.0 lakhs.
- Installed a deep freezer at Pathnamthitta dairy for the effective storage of ice cream and other frozen products at a cost of Rs. 32.8 lakhs.
- New Marketing Hub at Mannar was made operational.

ERCMPU Ltd.

- Milk producers and DCS employees were covered under medi claim insurance with a premium subsidy of Rs 200 per family
- Implemented cattle insurance premium subsidy of Rs 300 per cow.
- Provided cattle loan interest subsidy @ Rs 2000 per cow up to 4 cows per farmers who has availed bank loan for purchasing cows. Under this scheme an amount of Rs 9.91 lakhs for 409 farmers were given this year
- Successfully implemented Vaniyampara Project in Thrissur District (Rs. 139.0 lakhs), Memary-Kannampady Project (Rs.116.49 lakhs) and Machiplavu project (Rs. 219.10 lakhs) in Idukki District, Kuttampuzha project in Ernakulam district (Rs.167.51 lakhs) for ST beneficiaries with financial assistance from ST department.
- Union arranged mass de-worming campaign covering all dairy animals of farmer members
- Union provided Building grant @ Rs.75000 per society.
- Union gave a farm incentive @ Rs.0.50/lit for farmer supplying more than 50 litres of milk/day to the society.
- Union carried out subsidized paddy straw distribution in this year also.
- Dairy farmer's incentive meet held in all 4 districts.
- Rubber mats, Milking machines, Generators, milk cans and Centrifuge issued at subsidized rate.

MRCMPU Ltd.

- The Farm Support Programme designed by the Union is for the dairy farmers rearing at least 2 cows with an average quantity of 10 litres of milk supply per day to the DCS with a view to encourage new dairy farms. A total subsidy of Rs 85.0 lakhs was extended to the farmers under this by the Union in the year 2017-18 for the purchase of rubber mats @ Rs.500_ for 2 mats, pressure washer, chaff



cutter, genset, slurry pump, biogas, and automatic drinkers.

- A total No of 3000 Heifers were adopted in the year 2017-18 under Heifer Development Programme by supplying Cattle Feed at 50 % cost and providing De-worming pellets, Mineral mixture, fish oil and Artificial Insemination /Insurance facilities as per fixed norms.
- During the year 2017-18 an amount of Rs 80.0 lakhs was released to the farmers towards subsidy for cattle sheds.
- To strengthen the organizational network with adequate financial support essential to bring new farmers to the cooperative ambit organization of 12 DCS are planned under the National Dairy Plan- VBMPs target
- Under Aam Admi Bima Yojana, a programme meant for low income group beneficiaries where milk producers and Milma dealers are covered Under this scheme a benefit of Rs 2,00,000 for accidental death and Rs 30,000 for natural death is given. In addition, the beneficiaries covered under the programme are enrolled in another group insurance policy, which facilitate an additional benefit of Rs.5, 000. The premium of Rs. 20 per head is fully met by the Union. Further the children of the farmers get scholarship under Siksha Sahayog Yojana of LIC and expected scholarship amount is @ Rs 1200 per annum.
- Under PMJJBY scheme Benefit of Rs.4, 00,000 for accidental death and Rs. 2, 00,000 for natural death is being paid to the farmers.
- From 01.12.2015 onwards cattle insurance scheme is being implemented through national Insurance company and the sum insured limit was increased from Rs 50,000/- to 1, 00,000. Subsidy was extended per animal insured to Rs 120 as Union share and Rs 50 as society share. Rs. 30 will be reimbursed by the Insurance company towards tagging fee.
- During the year 2017-18, an amount of Rs 16000 had been paid from the profit of the Union to 2 Milk producers towards charity fund for the financial assistance to the milk producers suffering from chronic diseases.

- Under Ksheera Karshaka Suraksha Padhathi, the milk producers, society staff, Union staff, Milma Dealers, VRPs, AI Workers and their dependants are covered. The maximum benefit under this accident insurance scheme is Rs.5.00 lakhs and renewed every year on 1st November. The present premium rate is Rs.70 and the entire premium except that of dependants is borne by Union.

• Under Medi Claim Insurance, the milk producers and their family members for treatment in hospitals are covered. The benefit includes up to Rs.50,000 per farmer per family per annum. An amount of Rs. 500 per family is contributed from the union to the premium amount. The programme was implemented through Oriental Insurance Company, Thrissur from 01.07.2017 to 29.06.2018 and will be renewed with effect from 30.06.2018 for 2018-19.

- FODDER: During this year MRCMPU programmed a massive fodder development initiative with an outlay of Rs. 80 lakhs. This will support reduction in cost of production of milk.

The programme contains following supports to farmers.

1. fodder subsidy to the farmers - @ Rs. 1 within the District
 - @ Rs. 1.50 outside district
2. 25 cents fodder plots
 - @ Rs. 2500/plot

Last year MRCMPU have achieved a record fodder production and



distribution. They have supported 612 numbers mini fodder farms at the rate of Rs.2500 and supplied 4389.52 MT commercial fodder to farmers through societies. Commercial fodder cultivation habit is spreading day by day in Malabar.

- During the year 2017-18, Building Grants under Lab / Quality Support were sanctioned to 20 Societies worth Rs. 19.87 Lakhs

UNITS OF KCMMF:

The overall turnover of Federation for the last five years shows an increase in trend. It can be noticed from the graph plotted below.



CENTRAL PRODUCTS DAIRY (CPD), ALAPPUZHA

Central Products Dairy is the lone dairy under the direct control of KCMMF Ltd. The installed capacity of this dairy has been enhanced to 1 lakh litres of milk per day. CPD produces a wide array of products such as Curd, Ag Mark Ghee, and Sterilized Flavoured Milk in bottles, pet jars, Dairy Whitener and Milma Mango RTS in pet bottles. Together with these products, CPD also markets outsourced products such as Milma Mango Refresh in tetra pack, Flavoured milk and milk shakes in tetra packs, Flavoured milk and fruit juices in cans and packaged drinking water. There is also a 10 MT capacity Milk Powder Plant attached to this Dairy to convert the excess milk from dairies of Milma during the flush season.

At present, CPD sells about 97000 Litres milk through TRCMPU Ltd, out of which 90% is homogenized toned milk and the balance in double toned milk. The unit was certified by Bureau of Indian Standards with ISO 9001: 2008 Quality Management System for all the products in the year 2010 and subsequently switched over to ISO 9001:2015 and was certified for ISO 22000 Food Safety Management System recently.

Year 2017-18 was one of the best performing year for Central Products Dairy. This year CPD have attained an annual sale turnover of Rs.153.39 crores. CPD have launched flavored milk and Milk Shake in Tetra Pack through custom packing arrangements with M/s Aavin Dairy, Salem. There is very good demand for the

— Cattle Feed Sale
— Milk and Products Sale



Visitors to Alappuzha Dairy plant during National Milk Day 2017





Quiz Competition conducted in connection with National Milk Day at CPD

product from the market. Milma Refresh 200ml Tetra Pack re-launching is in the final stage and will be introduced in the market by mid-August 2018. CPD had also carried out an array of expansion activities in this year.

Achievements in the year 2017-18

1. The total sales turnover during the financial year is Rs. 153.39 crores which is highest ever sale in a financial year. Last year, total sale of CPD, Alappuzha was Rs. 147.70 Crores achieving an increase of 4%.
2. The total revenue from the product sale was Rs 26.56 crores, which is 17.3 % of the total sale.
3. CPD have sold 89516 kgs of Samrudhi Ghee and 166593 kgs of Milma Ghee during this year. This was achieved despite severe

production constraints due to manpower shortage.

4. CPD outsource the Dairy Whitener from GCMMF (Amul) in bulk quantity and sell the product in retail packs of size 200 g & 500 g pouches and sells the product throughout Kerala with Supplyco being the major client. The sale of Dairy Whitener during the financial year was 62543 Kgs.
5. CPD manufactures Mango Ready-to-serve beverage in pet bottles (1 lit, 500 ml & 250 ml) and achieved a sale of 199132 litres.
6. CPD outsources Packaging Drinking water and the sale of packaged drinking water was 41190 cases.
7. CPD manufacture skim milk curd and sales is done through TRCMPU. There is 6% increase in the sale of Curd compared to previous year. The total curd sold in the financial year was 1398897 Kg which is highest ever sale in a year so far.
8. CPD sold 32816817.50 litres of Homogenized Toned milk and 2919971 liters of Double Toned milk during the year.
9. The sale of Milma Plus in glass bottles was 651815 bottles. Milma Plus (Flavoured Milk) in six variants is being produced i.e. chocolate, cardamom, pista, mango, strawberry and pineapple flavours. Recently CPD introduced



Milma Plus in pet bottles with Chocolate, Badam, and Pista flavours and it got a good response from the market and sales of product in pet bottles was 119749 bottles. Autoclave for the manufacture and the Auto filling line for the production of flavoured milk in pet bottles has already been installed at CPD and the commissioning process is completed.

10. Flavoured milk and mango juice in cans were introduced to the market this year. At present these products are being outsourced and the machinery for production of these products will be installed shortly. The total sale of Milma flavoured milk in 180 ml can during the financial year is 568669 cans and sale of Milma fruit juice in 240 ml cans is 186044 cans.
11. The sale of Milma Flavoured milk in 200 ml Tetra pack during the financial year is 4542 trays.
12. The sale of Milma milk shake in 200 ml Tetra pack during the financial year is 4566 trays.
13. The Milk Powder Factory which was operated for two months during flush season and converted 415285 kgs of milk in to SMP and produced 35320 Kg of SMP during this year.

Table 6:
Sales of Milk and Other Products from CPD

Product	Unit of Measurement	2016-17	2017-18
Milk (DTM, & HTM) TRCMPU	Litres/Day	96695	97909
Milma & Samrudhi Ghee	MT	251	256
Curd	Kg	1311462	1398897
Dairy Whitener	Kg	66767	62543
Mango Juice (Refresh)	Litres	20745	11929
Milma Plus	Bottles	1151975	771564
Packaged Drinking Water	Cartons	41548	41190
Mango juice in pet bottles	Kg	216549	199132
Flavoured milk in cans	Nos	241416	568669
Fruit Juice in cans	Nos	160389	186044
Flavoured milk in 200 ml (TP)	Trays (27 pkts)	0	4542
Milk shake in 200 ml (TP)	Trays (27 pkts)	0	4566

In 2017-18 CPD had under taken numerous activities for improving the quality of the products and its systems. Major achievements are highlighted below.

1. Upgraded the Quality Management Systems from ISO 9001:2008 to ISO 9001:2015. The audit and certification was carried out by IRQS, which is an NABCB approved certification body.
2. This year CPD received ISO: 22000:2005 certifications from IRQS (NABCB Approved certification body). This is an important milestone in implementing Food Safety Managements Systems in our Dairy at international standards.
3. The process of implementing Q-Mark certification by NDDB is under progress.
4. New microbiological and chemical tests have been started in the Q C Laboratory in accordance with the requirements of ISO: 22000:2005 systems.



5. CPD has introduced Flavoured Milk with Badam Flavor this year and introduction of Coffee milk is under final stage.



Engineering Store of CPD, Alappuzha

PROJECT AND EXPANSION ACTIVITIES:

The followings are the project & expansion activities executed in the year 2017-18.

1. Installed new tray washer of Swastik make of 1200 trays per hr capacity with provisions for hot water and detergent cleaning after replacing the existing old tray washer.
2. Installed GEA make juice homogenizer of 2000 lph capacity for mango juice filling section.
3. Installed Kirloskar make new Screw Air compressor of 90 cfm capacity.
4. Installed Swanpak make automatic filling and capping machine for flavoured milk.
5. A Bio Gas plant of 6 Cu. Mtr capacity was installed by IRTC Mundoor for the disposal of bio waste and to produce cooking gas for employee's canteen use.
6. Constructed a rest room complex for lady workers and officers after renovating the existing building of old administrative block.
7. Constructed a new scooter / car park for

employees.

8. Constructed new campus road in front of main

gate and security gate with concrete paving block.

9. Constructed a tanker unloading bay with provisions for easy access to take samples from tanker top man hole. - W.I.P

CATTLE FEED PLANTS:

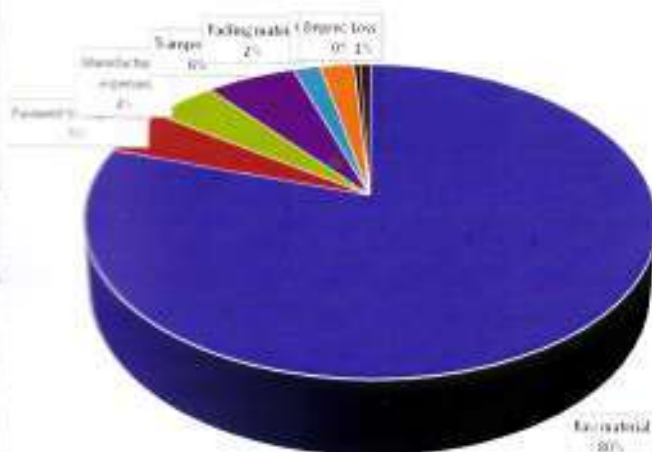
KCMMF is providing various inputs to the numerous farmers associated with milk in the State and among these, compounded cattle feed is the major input. KCMMF caters to the demand cattle feed of the farmers through its two cattle feed plants, at Pattanakkad and Malampuzha which together have a capacity to produce 600 MT pelletized cattle feed per day. From both these factories, Gomathi Rich pellet Feed is produced. In 2014, a new variant for the use of high yielding cows "Milma Gomathi Gold" cattle feed was introduced which has already made its mark in the market. For the supply under Govt Schemes Gomathi Pellet feed is also manufactured. Another new variant "Milma Bypro" feed which is also beneficial to high yielding cows was introduced this year. By adopting stringent quality control measures and through continuous monitoring cattle feed plants could maintain consistency in quality throughout the year. Milma distributes around 70% of feed manufactured through primary co-operative societies and the balance through dealer networks and Government Departments engaged in



Animal Husbandry activities. Milma is one among the market leaders in the compounded feed market of Kerala. Milma has initiated steps to introduce Quality Mark for cattle feed through NDDB and pre-assessment of process facilities for the same has been carried out by NDDB.

It was found difficult to meet the demand of cattle feed in time solely depending on the production of our units alone. To overcome this crisis, arrangement on lease rent production was started in April 2016 after entering into an agreement with SKM Feeds, Erode and is being continued. Under the lease rent operation, all raw materials are purchased by KCMMF and the feed is produced at the lease rented plant under the supervision of officers of KCMMF as per the formulation similar to that of own factories. In the financial year we have taken 50155 MT feed production at the lease rented plant.

COST STRUCTURE OF FEED_KCMMF_17-18



Cattle Feed Plant, Malampuzha

Highlights of the year 2017-18:

The Malampuzha Cattle Feed Plant was expanded to 100 MT in the year

1986 and subsequently to 200 MT in the year 1994. The Plant started the pelletization facility after expanding the plant capacity to 300 MT in the year 2006. Cattle Feed Plant, Malampuzha is catering to the needs of the farmers in seven districts from Trichur to Kasargode through more than 1200 APCOS. The modernization of plant incorporating new pellet mill and hammer mill is in progress with a project outlay of 12 Crores (approximately). Two new Grain storage silos of capacity 700 MT each are under construction



During the year 2017-18, the following activities were undertaken at Cattle Feed Plant Malampuzha:

- The inauguration of By-pass Protein Feed Plant and the launching of new variant of cattle feed called "Milma Bypro" Bypass Protein Feed was done on 25.08.2017 by Honorable Minister for Forest, Wildlife Protection Animal Husbandry, Dairy Development Milk Cooperatives and Zoo Adv. K. Raju.
- The existing quality of Area Specific Mineral





Milma By-pass Protein Plant

Mixture has been upgraded with the addition of Vitamins A, D and E for MRCMPU HDP special supply as per their requirement.

The quality control laboratory is upgraded with modern sophisticated equipments, so as to accommodate installation of recently advanced techniques in cattle feed analysis. Now the newly

upgraded laboratory has all the sophisticated imported analytical equipments with provisions for analysis of major vital quality parameters.

During the year CFP, Malampuzha paid Rs.2.97 Crore as Discount under feed supply to the dairy farmers.

Cattle Feed Plant, Pattanakad

Achievements of 2017-18



- The total feed production in the plant during the reporting year was 57882.85 MT.
- The replacement work of Hammer Mill and Batch Weigher, Batch mixer, Bins, Conveyers & Elevators is in progress and the work is expected to be over soon. With this renovation, the plant production capacity can be enhanced to 350 MT per day, from the existing 300 MT.
- The sale of High variant feed Gomathi Gold feed could be boosted up and farmers are showing more inclination to this variant.
- During the year provided an amount of Rs.3.91 crore as discount to the farmers of Regional Unions.

PRODUCTION AND SALES OF CATTLE FEED

Table 7:
PRODUCTION IN 2017-18

Unit	Qty (MT)	Capacity Utilization(%)
CFP Pattanakad	57882.85	68.00
CFP Malampuzha	54796.00	65.23
Total	112678.85	67.07

Similar to last year, the capacity utilization of our cattle feed plants decreased in the year 2017-18 also. The capacity utilization decreased by 2.62% in comparison with previous year. This was mainly because of major breakdown of the old

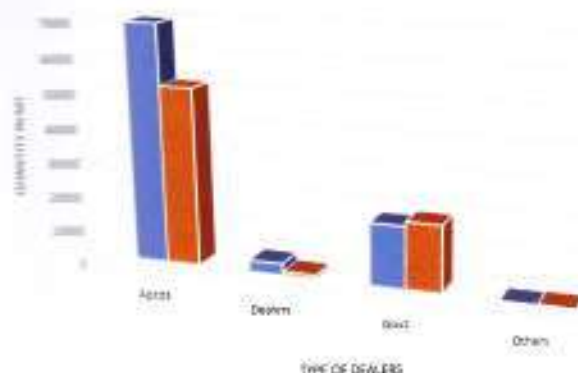


machineries and other factors. As in previous years, the major portion of feed sales was through the APCOS and the break up is as follows

Table 8:
SALES in 2017-18 in MT

Units	APCOS MT	Dealers MT	Govt. MT	Others MT	Total MT
Pottanakkad	69690.00	3353.00	18119.00	87.00	91249.00
Kallampuzha	51920.95	1030.85	19323.90	193.90	72469.60
Total	121610.95	4383.85	37442.90	280.90	163718.60

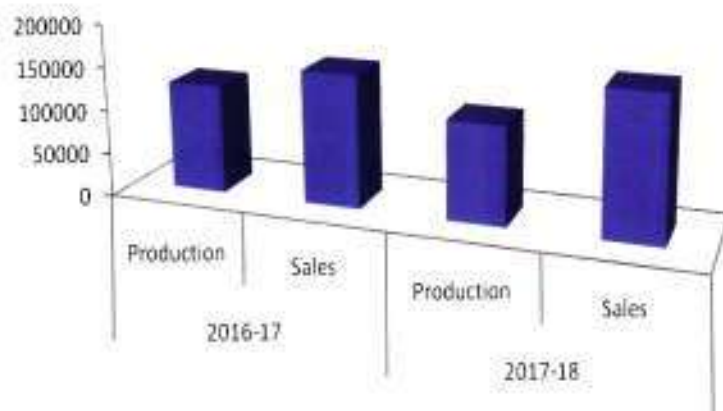
CATTLEFEED SALES BREAKUP



The cattle feed sales increased in the year 2017-18 in comparison with previous year. There was an increase of 7.04% in sales on compared to previous year. Special care has been taken to maintain consistency in quality of product supplied.

Table 9:
Comparison of Production & Sales of cattle feed in MT

2016-17		2017-18	
Production	Sales	Production	Sales
125443.70	152944.35	112678.85	163718.6



FEED SUPPLEMENTS

In addition to the different variants of cattle feed available in the market, Milma has introduced feed supplements also for the benefit of farmers.

BY PASS FAT KSHEERA SAMRUDHI

Most of the high yielding cows in India are under negative energy balance due to inadequate energy balance during calving and immediately following early lactation. Subsequently these animals will face the productivity problems such as short lactation length and long intercalving intervals. Feeding bypass fat supplement to high yielders during advance pregnancy and early lactation helps in minimizing the post-partum energy deficiency. This in turn would help in improving milk production and reproduction. Use of the bypass fat should be in the ration of dairy animals for 10 days before and 90 days after calving. It can be

supplemented in the ration of dairy animals @ 15-20 gm per Kg of milk production or 100 -150 gm per animal per day. Also it alleviates the chances of occurrence of metabolic disorders such as ketosis, acidosis and milkfever.

AREA SPECIFIC MINERAL MIXTURE

Eventhough India has the highest bovine



population the average milk yield is low when compared with other countries. The milch animals across the state do not produce milk according to their generic potential because of the deficiency of certain macro and micro minerals in their ration. To overcome this NDDB had conducted a mineral mapping research study throughout the state of Kerala. Based on this study and as per the guidance of NDDB, MILMA is producing Area Specific Mineral Mixture supplement for dairy cattle fortified with Chealted Chromium, sweetener and a flavour compound for better acceptability and bioavailability. Our ASMM is targeted for getting the maximum milk production by triggering the genetic potential of the cows. It helps in achieving peak milk production, high milk fat, better metabolic functions of animals and better reproductive performance.

The details of production of MILMAMIN in the reporting year is given below:

**Table 10:
MILMAMIN PRODUCTION**

UNIT	QUANTITY (MT)	QUANTITY (MT)
	2016-17	2017-18
Malampuzha	160.20	259.70

MILMA TRAINING CENTRE, TRISSUR

Milma Training Centre, located at Thrissur is



conducting different type of training programmes to different functionaries of Anand Pattern Co-operative Societies, Board members and Farmers. Milma Training Centre imparts various need based and result oriented training programmes in related areas. The objective of all training programmes conducted by the Milma Training Centre is to improve the quality of performance of human resource available in the society. The training programmes help a great extent in avoiding innocent errors on the part of the society staff. The knowledge gained through the training programmes helped to complete the audit for more societies within the period and to uplift the audit classification of societies. Besides the training programmes of the Unions, the Training Centre is conducting Entrepreneurship Training Programmes for the promotion of Dairy Farms, Goat Farms and Buffalo Farms to enhance the milk and meat production in the State. These training programmes are mainly to attract youngsters, retired employees and new entrepreneurs in this field.

During the year of report, Training Centre has trained 1203 trainees on both residential and field training programmes. The training income during the year was Rs.24, 92,000/-. The MRCMPU Ltd stands first in deputing trainees to the Training Centre followed by TRCMPU & ERCMPU Ltd. Now the training centre is equipped with modern instructional systems like Lap Top, LCD projector and Air conditioned class room.



The details of Training Programmes conducted during the reporting year are given below:

Table 11:
PHYSICAL AND FINANCIAL PERFORMANCE OF MILMA TRAINING CENTRE, THRISSUR FOR REGIONAL UNIONS

Sl. No.	Training Programme	TRC MPU		ERC MPU		HRC MPU	
		Physical	Financial	Physical	Financial	Physical	Financial
1	Secretary Basic (10 days)	0	0	4	48000	0	0
2	Field Secretary Refresher (act & rule Amendments) (1 day)	80	108250	0	0	185	231250
3	Field Management Committee Orientation (1 day)	118	147500	45	55500	0	0
4	Field Secretary Refresher (new accounts) (3 days)	0	0	963	338050	117	458750
5	Field Lab. Assistant Training (1 day)	111	138750	79	96250	0	0
6	Field Procurement Assistant Training (1 day)	90	112500	0	0	0	0
7	Field Dairy Animal Management (1 day)	60	75000	0	0	0	0
	TOTAL	464	380000	224	580400	302	670000

Table 12:
PHYSICAL & FINANCIAL PERFORMANCE OF ENTREPRENEURSHIP TRAINING PROGRAMMES (RESIDENTIAL)

Sl. No.	Training Programme	OTHERS	
		Physical	Financial
1	Dairy Farm Entrepreneurs Training (4 days)	94	300800
2	Goat Farm Entrepreneurs Training (4 days)	81	259200
3	Buffalo Farm Entrepreneurs Training (4 days)	34	108800
4	Veterinary First Aid Training (4 days)	4	12800
	TOTAL	213	681600

No. of training conducted : 1203
Total Revenue received:
Rs.24,92,000/-

KCMMF HEADQUARTERS

Various Departments at the headquarters provide support and regulate the activities of Regional Unions for continual improvement. Some of the activities of the Head Quarters during the year are listed below.

PROCUREMENT & INPUT

The Procurement & Input section of KCMMF deals with the activities related with Procurement & Input of milk in consultation with the Regional Unions. The main input to the societies is in the form of balanced cattle feed at a reasonable price which also include supply of feed supplements, alternate feeding materials and providing good quality AI facilities. Input also includes provision of various welfare schemes, insurance schemes and subsidies to the farmer. The entire quantity of milk brought from the societies are procured and progressive pricing is given to the farmers without interruptions. The section is coordinating the entire activities of the cattle feed operation both at own factories and at lease rented plant. In addition to this the yearly transportation contract for transportation of feed from our factories/lease rented plant to different societies are arranged by P&I section by inviting yearly tenders. P&I section also convenes the meeting to review the cattle feed operations once in a month. The correspondence with Agriculture (AH&DD) regarding the schemes such as NDP (VBMP& RBP), NPDD etc. are done by the P&I section. Correspondence with agencies like KLDB, NCUI, State Cooperative Union, NCDFI, KSDFWB, and Kerala State Planning Board (statistical reports) are also coordinated by Federation P&I section.

QUALITY CONTROL

The Federation has a Quality Control Division which renders technical and legal assistance to primary dairy co-operatives and Regional Milk Unions as and when required. It is taken care with due importance that the quality of milk and other products manufactured and marketed by Milma are in accordance with the statutory standards. All the



Regional Unions have their own schedules for quality monitoring activities and the Federation intervenes in the case of necessity. A core committee has been formed incorporating the quality control personnel of the Regional Unions and Federation to formulate any special strategies. The federation has recently started taking samples of milk from the market to study the microbial quality of milk supplied by dairies. Guidelines are issued to Regional Unions for continuous monitoring of the quality of milk and products supplied and all the statutory standards are maintained. The correspondence with NDDB and Central Govt regarding FSSAI new codex standards are coordinated by the Federation in consultation with Regional Unions. Apart from maintaining the required level of Fat & SNF as per statutory requirement, Milma maintains satisfactory level in microbiological quality also. All the units coming under the Regional Milk Unions and Federation are provided with well-equipped Quality Control Laboratories. Even though all the QC laboratories are equipped to conduct all the necessary tests, periodic testing of milk and milk products are arranged through Regional Analytical Labs and other NABL accredited Labs. Timely advice is given to the dairies to maintain proper quality of milk and milk products by performing tests at various levels.

During the current year, there were only very few consumer complaints about the quality of milk and milk products marketed by Milma. Implementation of effective Quality Management System and periodic medical checkups are carried to all the employees by the respective units who are coming in contact with food items and records are maintained. This year we are gearing up for the introduction of Quality mark in our milk packets through NDDB.

Cattle Feed Plants maintains uniform quality on the feed produced throughout the year by adopting strict quality control measures. The raw material quality used for production is closely monitored and the substandard materials are rejected. Modern equipments are installed at both Cattle Feed Plants for quick analysis of raw materials before unloading. The feed samples and the wagon material samples are

sent to other Cattle Feed Plants and also to external Labs like NDDB and State Lab for counter checking. The raw material and feed samples are also sent to the state Dairy Lab for counter checking. The results are compared with local results and changes are made in the formula accordingly.

The Quality Control Labs of Central Products Dairy and both the Cattle Feed Plants have been upgraded with new machines purchased under Centrally Sponsored Schemes which has helped to make the results more accurate. For finalizing the PP bags required for cattle feed packing the sample bags received during the tender are tested through CBPST, a unit of CIPET and only those samples satisfying the requirements are considered for finalization.

PURCHASE

KCMF has adopted e-tender system for effecting major purchases. The tendering system for awarding annual contract for dairy consumables and procurement of major raw materials for cattle feed and its packing material is made mostly through e-tender portal of Government of Kerala. The contracts for supply of dairy consumables are finalized, after inviting bids through e-tender annually. The Purchase Committee comprising the Managing Directors of Federation and three Regional Milk Unions, General Manager (Purchase), Senior Manager (P&I/QC) and Manager (Finance) of the Federation finalize the purchase of Dairy consumables. Procurement of raw materials for



Cattle Feed production is a regular activity. The price of major ingredients fluctuates based on its seasonal availability and hence maximum efforts are made to tap market advantage of such commodities through purchase intervention made in time. Adequate inventories of all major/critical ingredients are ensured at plants to avoid production interruptions for want of material and to sustain prescribed quality standards of feed produced. The purchase of major ingredient; DORB is arranged from North India through rake after floating tender in e-tender site. However, the benefit of procuring DORB in bulk from northern states like Uttar Pradesh, Madhya Pradesh, Chhattisgarh etc., could not be enjoyed fully during the year since comparably higher price prevailed in those states on various reasons. The season of this commodity during the year at south was satisfactory and material could be sourced at better rates during harvest season. The system of purchasing other major ingredients of protein sources through e-tender hosted monthly is followed and procurement based on bids so received is arranged after verifying its cost benefits compared to the prevailing market situations. Purchase of materials through E-tender/E-auction portal of Government of Kerala is also introduced to have better rates through reverse auction facility available.

In the case of purchase of another main ingredient of cattle feed; Maize, the system of procuring item through E-auction portal of

National Cooperative Dairy Federation of India Limited, an apex body of dairy cooperatives is started and this has helped to bring more vendors to supply this item at competitive rates.

The routine purchases are carried out by a Purchase Committee comprising General Manager (Purchase), Senior Manager (P&I & QC) and Manager (Finance) of the Federation. The committee takes the advice from the Unit Heads of both Cattle Feed Plants before finalizing the purchases of raw materials.

The vendor base has expanded over the years ensuring regular supply of raw materials and packing materials of good quality at competitive price. The procurement system takes advantages of fluctuations in price of the commodities and evens out the peak price by bulk purchase on decline of price. The adequate inventory of essential and critical ingredients at its optimum level at plants is ensured in order to maintain the assigned quality of our product.

Adequate stock of molasses at both feed plants is ensured by arranging purchase of molasses at reasonable rates, by participating in auctions and by arranging purchase through e-tenders.

In spite of all odds, all measures were taken to keep the price of all commodities under check and to sustain better quality of cattle feed produced and marketed to the dairy farmers of the State.

MARKETING

KCMMF is the brand owner of "Milma" which is licensed to the Regional Milk Unions for using to market their products. Federation coordinates the marketing activities undertaken by Milma and all major policy decisions are taken at State level. The Programming Committee meets regularly and reviews the milk procurement and sales position, take decisions on pricing, new product introduction and other aspects related to marketing of products by the milk Unions. The Marketing Section manages the lean-flush management which includes the movement of milk and milk products between the Unions and make arrangements to purchase milk/milk products from



other States and also conversion of surplus milk, if any. Monitoring of the Yearly Plan of Operations (YPO) of all three Unions is also carried out by the Marketing Section. Common sales promotion campaigns are planned and implemented by the Marketing Section.

A sale promotion campaign for milk was carried out from December 2017, by telecasting very attractive TVC and also through social media, exhibit boards etc. The ad and its visuals were well accepted by consumers. A similar sale promotion campaign for milk products and Cattle Feed is also being planned as continuation of the above sale promotion campaign made for milk.

HUMAN RESOURCE DEVELOPMENT

KCMMF and the Regional Milk Unions have a pool of qualified, skilled and efficient officers and staff to carry forward the business. The Federation takes the lead in formulation of the personnel policies, procedures and standards besides framing of common service rules, finalization of long-term settlement, bonus etc. Labour relationship remains good and there have been very few instances of strike. As the appointments of the Federation are to be carried out through KPSC, there is serious manpower shortage being experienced by the Federation due to delay in getting timely appointment of personnel through KPSC. The gap in manpower shortage is managed through contract appointments even to higher positions. The HRD Department gives timely advice on various personnel matters to the Regional Milk Unions and dairies. The pay revision of employees is carried out once in 5 years and the latest one is due from 01.07.16. After series of discussions with the Recognized Trade Unions, the wage settlement for the period up to 30.06.2021 was signed and implemented after getting sanction from the Government.

The long term settlement of pay revision of employees which was due from July 2016 was arrived in May 2017 in the final meeting held in the presence of Labour Commissioner, Government of Kerala.

COMPUTER CENTRE

KCMMF Ltd, has a full-fledged Information Technology Department functioning at the Head Office since 1986. Information Technology is the backbone that enables KCMMF to function effectively in teams across tasks, functions and offices of milma. Milma has been an early starter in the field of computing and had the earliest ERP in Kerala. We have been conservative but have developed the entire software for the efficient running of the Dairy and Cattle Feed plants. In line with the different dimensions of business growth, the IT group has also stepped up its efforts to ensure, the ERP system is completely up-to-date and work to implement any changes to ERP that are needed in consultation with various user department of milma and also provide adequate support to all of its twenty five units of KCMMF, TRCMPU, ERCMPU and MRCMPU.

However, we have been stuck on the on-premise servers using Local Area Network, because the systems have grown large and are touching most aspects of the business, it takes time and expense to move on to web based system.

Machine Learning, Artificial Intelligence, Blockchains are the technologies of the future which will be the key technologies to give Strategic Advantage to milma. These will not be possible through an on-premise Servers using internal LAN based computing system.

Together with moving into Cloud we are also moving into Free and Open



Source Systems. This will put us in a position to interact with the communities of the world and exchange information and derive benefits from the latest in technology. As a benefit, we also will reduce the cost of software. This will save a lot of foreign exchange for our Nation.

We have started a preliminary step for adopting these technologies in milma. During the financial year 2017-2018 we have newly introduced mobile application and web based information reports based on Cloud Computing in the open source platform. We have provided training for the IT professional in Regional Milk Unions for the smooth working of the server and using ERP software.

PROJECTS

The Project wing implements the Engineering Projects under Federation/Regional Milk Unions, which includes setting up of new Dairy Plants, Cattle feed plants, modernization & process upgradation of existing dairies and cattle feed plants, augmenting the capacities of the existing plants by modernizing with the state of the art technologies and modern facilities. The projects are executed on turnkey as well as consultancy basis. The detailed project reports with cost estimation, financial viability statements etc are prepared and submitted to the State/Central Govt/other funding agencies. After approval of the project proposals, detailed planning on implementation of projects is carried out prior to commencement of bidding process. The financial and

physical budgeting for implementation of the project, preparation of detailed Engineering drawings, technical specification, tender document etc is also done simultaneously. After finalization of the tenders, physical implementation of the project work commences which is monitored on a day to day basis. The progress are reviewed and evaluated based on the periodical site meetings and reviews. Submission of drawings/documents for getting approval from various statutory bodies, liaisoning etc are done by the Projects Section. The Projects Section also purchases the dairy equipment, other service machineries, electrical equipments, steel, cement etc required for the project. The tenders are finalized through the e-tendering process of the State Govt. by uploading in the e-portal of State Govt. www.etenders.kerala.gov.in. The bids submitted by various agencies are technically & financially evaluated after opening. The tenders are scrutinized and the proposals for awarding the works/purchases are placed before the Purchase committee constituted by State Govt. The purchase committee verifies the proposals and accord sanction for finalization of various works, purchase of equipment & machinery etc funded by Govt. of India/State Govt. under various schemes implemented by Federation & Regional Milk Unions.

The following infrastructural developmental activities were executed with the financial assistance under various schemes of Central Government, State Government and using internal resources for KCMMF, ERCMPU & MRCMPU during the reporting year.

KCMMF PROJECTS

1. Cattle Feed Plant, Pattanakkad

The modernization & process upgradation of the plant was continued in the reporting year with major infrastructure in place by setting up a new plant. This included new imported hammer mills and new facilities for intake, batching, grinding, mixing etc in the area adjacent to the existing plant. Civil works for the expansion of raw material godown, road work, DORB silo foundation etc were completed.



The above modernization & upgradation activities were taken up with the State Govt. Plan funds of Rs.350.00 lakhs & Rs.470.00 lakhs received and Rs.240.00 lakhs under NPDD scheme of GOI.

2. Cattle Feed Plant, Malampuzha.

Under RKVY-NMPS scheme, the Govt. of India sanctioned an amount of Rs.352.50 lakhs for setting up a plant with new imported pellet mills, hammer mills, grinding, mixing, storage section etc. Govt of Kerala also sanctioned an amount of Rs.163.00 lakhs for the above project. The project implementation was taken up and the civil works were completed. The mechanical equipment supply and erection works were also awarded. The orders for imported equipments were also placed. The total project cost is Rs.1200.00 lakhs. A new bypass protein plant was set up, commissioned and inaugurated in August 2017 with a total cost of Rs.284.00 lakhs received from the Plan Funds of the State Govt. The installation of grain storage silos was also taken up at a total cost of Rs.127.00 lakhs. The project activities are under different stages of execution.

3. Central Products Dairy, Alappuzha

Govt of Kerala sanctioned an amount of Rs.340.00 lakhs under Plan Fund for the modernization & augmentation of the plant. Various works included under the proposal was taken up in the reporting year. Various packaging and processing equipments, solid fuel fired boiler etc were purchased, installed and commissioned. The order for refrigeration and equipments were placed.

MRCMPU PROJECTS

1. Central Products Dairy, Naduvattom

The civil works for the expansion of the products block at Central Products Dairy, Naduvattom was completed. Various packaging & processing machinery, elevators etc required for the plant was installed and commissioned in the reporting year. Most of the electrical works were also completed.

The total project cost for this project is Rs.490.00 lakhs.

2. Wayanad Dairy.

The civil works for the expansion of Wayanad Dairy under RSVY for butter manufacturing, processing & packing was completed. The deep freeze room for butter storage, elevator, electrical erection works and the equipment installation were completed. The total cost of the project is Rs.450.00 lakhs. Expansion of the existing ETP was also completed in the reporting year with a cost of Rs.69.00 lakhs.

3. New dairy at Sreekandapuram, Kannur

The construction activities and installation of dairy machineries and electrical equipment, effluent treatment plant of the new dairy plant of 1 lakh litre capacity at Sreekandapuram in Kannur District was completed in the reporting year. The plant was successfully commissioned in November 2017 and the dairy started commercial operations. The total outlay for this dairy plant is Rs.40.00 crores with assistance of Rs.25.00 crores from Central/State Govt. An amount of Rs.7.50 crores received as grant from Central Govt. as one time Central Assistance. The State Govt. share of Rs.1.00 crores was also sanctioned.

4. New dairy plant at Moorkanad, Malappuram

The 1st phase civil works consisting of godown block, compound wall and land development of the dairy plant



was completed in the reporting year at a total cost of Rs.322.00 lakhs. The 2nd phase civil works consisting of the production block, workers amenities block, canteen, services block etc was awarded at a total cost of Rs.1420.00 lakhs and the works are in progress.

ERCMPU PROJECTS

1. Kottayam Dairy

The expansion activities of Kottayam Dairy with an outlay of Rs.1100.00 lakhs was completed and the plant was inaugurated in May 2017. The plant is now able to handle 1.0 lakh litres per day. A new administrative block was built and the dairy modernization and augmentation was completed. An amount of Rs.715.50 lakhs was received from Govt. under RKVY - NMPS scheme for this project.

2. Ernakulam Dairy Expansion

The expansion of the boiler house, administrative block 1st floor etc was completed in the reporting year with a total cost of Rs.118.00 lakhs.

3. Thrissur Dairy Expansion

An amount of Rs.403.00 lakhs under State Plan Fund and an amount of Rs.278.00 lakhs under RKVY scheme of GOI was sanctioned for the expansion of the dairy with a total outlay of Rs.681.00 lakhs. The civil works for expansion of the dairy was awarded and the works started. The order for refrigeration, boiler, electrical and equipments were placed.

AUDIT

A team of Auditors under the leadership of Deputy Director of Co-operative Societies carries out the concurrent audit of the Federation and the Regional Milk Unions. An Asst. Director is posted at the federation and at the Regional Union Head offices and there are sufficient Nos of Auditors to carry out the audit in time. The Registrar of Co-operative Societies has already approved the audit certificate of KCMMF for the year 2017-18. A concurrent auditor is posted in each unit and all aspects of our business are audited. In addition to this Internal auditors are posted at all the units of KCMMF to monitor and report the functions related. In light of the modification in the Kerala Cooperative Act & Rules 2013, suitable modification will be made in the auditing procedure.

FINANCE

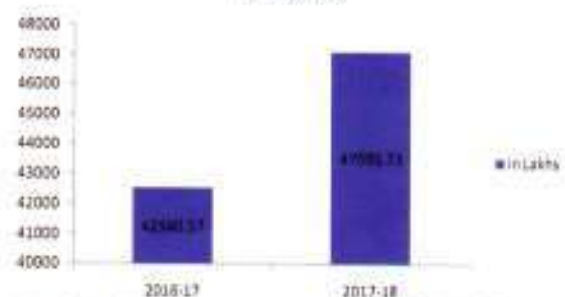
The major constraints faced by the Federation are low capital base, fluctuation of cattle feed raw material prices, manpower shortage etc. Amidst these constraints Federation was in profit for the 8th year in a row. During the year 2017-18, KCMMF achieved a turnover of Rs.470.96 crores (provisional) against the turnover of Rs.425.41 crores during the previous year. The provisional net profit of the reporting year is Rs.9.29 crores.

Table 13 :

Turnover of KCMMF Units (Amount in Lakhs)

Year	CFP (P)	CFP (M)	CPD	Total	% Increase over the previous year
2016-17	14631.24	13129.23	14781.10	42540.57	8.58
2017-18	17274.54	13514.75	16306.44	47095.73	10.71

In Lakhs



The provisional turnover and the profit/loss of the Federation and the Unions for the financial year 2017-18 in comparison with previous year are given under:

Table 14:
Turnover of KCMMF (Amount in Crores)

	TRCMPU	ERCMPU	MRCMPU	KCMMF	TOTAL
2016-17	815.96	547.79	922.59	425.41	2711.75
2017-18	903.11	597.94	1031.19	470.95	3003.19
% Diff	10.68	9.15	11.77	10.70	10.75

Table 15:
Profit/Loss of KCMMF (Amount in Crores)

	TRCMPU	ERCMPU	MRCMPU	KCMMF	TOTAL
2016-17	3.89	1.85	3.24	1.58	10.56
2017-18	2.38	0.87	5.20	9.29	17.74

We are sincerely attempting for the betterment of the living condition of our farmers by passing on remunerative price for their produce along with other welfare measures. We have to strengthen our farmers by enhancing their capability to produce more milk and thereby ensuring the prosperity of our state and nation and attain our dream of self-sufficiency.

CONCLUSION

The ability to guarantee quality and food safety requires immense hard work, expertise, and investments in infrastructure. Milma, with its over 30 years of history in Kerala is among the few companies that have been conscious of this and prides itself on the significant work that it has done to upgrade the quality of supplies and stringent quality standards that it enforces for all its products. We are now operating in a highly volatile, unpredictable and changing environment. Social transformation, emerging technology, new trends in communications and polarization require us to keep evolving in a manner that we do not lose sight of the objective. The role of a responsible organization like Milma is not just to its shareholders alone, but to society at large by providing tasty, nutritious products reflecting

changing contemporary lifestyle. Our core principles remain the same - Food & Beverage offerings that speak to the highest standards of Safety and Quality.

The demand for milk and milk products are always on the increase in Kerala and Milma plays an integral part in fulfilling this demand. Milma also plays a significant role in keeping the milk price steady in the market. Along with milk, Milma also produces a wide range of products to satisfy the requirement of the common man. The rise of urbanization and the increasing purchase power of middle class are leading to a change in the life style and consumption pattern of processed food including dairy products. By the implementation of centrally aided programmes, new areas are being identified to start new dairy cooperatives and thereby increasing the milk productivity. By adopting such methods, the achievement of self-sufficiency in milk production will not be a distant dream.

Both the cattle feed plants are on the path of modernization which will increase the capacity utilization. Earlier, breakdown of old machineries have been an area of concern. Utilizing Central and State funds, many of these outdated machineries could be replaced with imported machineries and the infra-structure facilities of the plants are being improved. Milma is the one of the major performers in the organized sector of cattle feed market. Maintenance of consistent quality throughout the year has made Milma feed more acceptable to farmers.



The Central Products Dairy is also on the path of expansion. New variants of fruit juices and flavoured milk in cans are already introduced to market and other products like flavoured milk and milk shake in tetra pack have been launched recently. Some other new products will also be introduced soon.

ACKNOWLEDGEMENTS:

The Board of Directors of KCMMF, wish to extend its sincere thanks to all those who have helped to make Federation's operation successful.

We express our gratefulness to the Government of India for the financial support received under various schemes. We are also thankful to the Government of Kerala for all the financial support and co-operation extended to our organization from time to time.

National Dairy Development Board has played a vital role in the growth and development of KCMMF. The National Co-operative Dairy Federation of India has also provided their colossal support for the co-ordination with other agencies and organizations. We bestow our gratitude to them also.

Dairy Development Department, Government of Kerala has also supported us consistently for helping in the growth of the farmers. While thanking them for the help provided by them, we are extending our sincere gratitude to the various other Government Departments and organizations like Planning Board, Animal Husbandry Department, Dairy Farmers Welfare Fund Board, Kerala

Livestock Development Board, Kerala Feeds Ltd., Food Safety Standards Authority of India, Labour Department, Legal Metrology Department, Electrical Inspectorate, Factories and Boilers Inspectorate, Kerala Water Authority, Health Department, Kerala State Electricity Board, Sales Tax Department, Central and State Excise, Pollution Control Board, Co-operative Department, Kerala I T Mission etc., for their continued and timely co-operation.

Whenever we faced shortage of milk to meet the market requirement our neighboring Federations helped us in time. We also express our sincere thanks to the Federations of Karnataka and Tamilnadu for the help in time of need.

We also extend our sincere thanks to our Member Unions; TRCMPU, MRCMPU and ERCMPU who form the backbone of the Federation for their support and co-operation.

The advertising agencies, press and media, bankers, insurers, management consultants, suppliers, transport contractors, Railway, architects, auditors, legal advisors, and construction contractors provided great support and have been our associates throughout our achievements. The Board of Directors admits their involvement and pledges to continue and toughen this honest relationship in future.

Milma's productivity depends on the distributors, agents, purchasing institutions and most important of all, the confidence of our consumers. Without their contribution, it would have been difficult for Milma brand to become synonymous with quality and value. Along with thanking them for their massive support, we assure them that we shall be striving boundlessly to delight them. The Board of Directors thanks them for their inexorable patronage and support.

The Board of Directors wishes to express gratitude to the officers and staff of the Federation, and that of the Regional Unions for their determination, loyalty and never-ending efforts given to the development of the organization. Last but not the least, the Board of Directors wishes to express gratitude to all milk



producers who are the mainstay of our organization for their continued confidence in us and thank the efforts of the staff and Board members of APCOS for their faith with us in the growth of the Organization.

On behalf of everyone at KCMMF, we wish to express our sincere gratitude for your support and commitment to Milma. Your trust and confidence in this organization has helped to make Milma the leading brand in Kerala. We look forward to your continued support and wish you the best in helping KCMMF's journey to the higher level on its growth.

On behalf of the Board of Directors

PT GOPALA KURUP
CHAIRMAN

Dr. P. PUGAZHENDI, IFS
MANAGING DIRECTOR



It's the goodness that millions
grew up with. And it's the goodness
that gives new hope to many.
For more than 35 years, Milma
has been nourishing Kerala with
the natural goodness of milk,
while providing a better life for
a large number of small and
marginal farmers in the State.

Today, steeped in tradition,
yet most advanced in technology
and facilities, Milma continues
to be a household name - waking
Kerala up to better days and better
tomorrows.

RAISING A GLASS TO GOODNESS.

SINCE 1980.



Thiruvananthapuram Regional
Co-operative Milk Producers' Union Ltd

Ernakulam Regional Co-operative
Milk Producers' Union Ltd

Malabar Regional Co-operative
Milk Producers' Union Ltd

Kerala Co-operative Milk Marketing Federation Ltd.,

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