

**2018-2019  
ANNUAL REPORT  
വാർഷിക റിപ്പോർട്ട്**



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

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<b>(as on 31.03.2019) with schedules</b>	

**BOARD OF DIRECTORS FOR THE YEAR OF REPORT**  
(As on 31.03.2019)

**Sri. P.A. Balan Master**  
Chairman, KCMMF

**Sri. Devendrakumar Singh, IAS**  
Principal Secretary & Agricultural  
Production Commissioner, Govt of Kerala

**Sri. Kallada Ramesh**  
Chairman, TRCMPU Ltd.

**Sri. John Theruvath**  
Chairman, ERCMPU 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. S. Rajeev**  
Regional Head, NDDB

**Sri. Abraham T Joseph**  
Director, Dairy Development Dept.

**Sri. O.B. Suresh Kumar**  
Deputy Secretary, Finance Dept. Govt of Kerala

**Dr.Patil Suyog Subhash Rao I FS**  
Managing Director

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

No. M: P&I: AGM/2018-19

14.08.2019

Sir,

Sub: 46<sup>th</sup> General Body meeting of the KCMMF on 31.08.2019- convening of - issue of notice.  
The 46<sup>th</sup> General Body meeting of the KCMMF will be held at Hotel Highway Castle, Nullipady, Kasaragod on 31.08.2019 at 11.00 AM to transact the following business: -

1. Approval of the Notice and Agenda for the 46<sup>th</sup> General Body meeting of the KCMMF Ltd
2. Confirmation of the Minutes of the 45<sup>th</sup> General Body meeting held on 17<sup>th</sup> September, 2018.
3. Action taken report on Minutes of the 45<sup>th</sup> General Body meeting of 17.09.2018.
4. Presidential Address.
5. Presentation of the Annual Report, Balance Sheet and Profit & Loss Account (provisional) for the year 2018-19 (period from 01.04.2018 to 31.03.2019).
6. Approval of Supplementary Budget for the year 2018-19
7. Approval of the Budget and Capital Budget for the year 2019-20 covering the period from 01.4.2019 to 31.03.2020 in respect of KCMMF Ltd.
8. Approval of the audit certificate 2018-19 & Audit defects rectification report for the year 2018-2019.(subject to the receipt of approved audit report and audit defects from the Co-operative Department.)
9. 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)
10. Bye law Amendment to revise the appropriation of the Reserve Fund from 25% to 15%
11. Questions and Answers from Members of the Annual General Body
12. Resolution/s if any
13. 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 23.08.2019. 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,

I invite you to the 46<sup>th</sup> General Body Meeting of KCMMF with a sense of both anxiety and pleasure. 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 2018-19.

Milma's health is linked to the health of the society we operate in. Milma aims to make a positive impact and create maximum value for the communities. At Milma, we believe in the power of long term relationships. In addition to our own employees, we work with suppliers, agents and lakhs of farmers in Kerala. Our collective aim is to help develop prosperous and lively communities as part of a secure, long-term supply chain. The state is evolving into new modes for consumption trying out new things, new experimentation, new lifestyles and new cuisines. We will accelerate innovation and renovation to participate in the consumer journey by focusing on our core values and purpose of 'enhancing the quality of life and contributing to a healthier future'. The future of our brand continues to be exciting and our collective energies are focused to harness the many opportunities to build a healthier future for our consumers and thus make our small contribution to the well-being of the nation.

Since Milma started its journey in the eighties, it has made giant leaps in the procurement and marketing of milk, milk products and cattle feed. It has already forayed into other food products and established a regular market. 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 operates various schemes for the welfare and financial security of the dairy farmers through Regional Milk Unions utilizing the funds from Central, State and their own funds. Necessary inputs like cattle feed; mineral supplements, medical aid and A I facilities are also provided to the farmers through the Regional Unions. Even though the feed plants were running in loss, Milma has maintained the feed price in the market at par with other players in the market if not below. Incentives and discounts were provided by the Federation and Regional Unions for cattle feed to the farmers, so that the farmers do not face distress due to rising procurement cost. The farmers were given remunerative price for the

milk poured by them to the society.

National Milk Day was celebrated on the birthday of Dr. Verghese Kurien on 26.11.2018. Honorable Minister for Forest, Wildlife, Animal Husbandry, Dairy Development and Zoo, Adv. K. Raju inaugurated the function held at Ernakulam. During the function, awards were given to the Best APCOS and best farmer for the year 2017-18 which carried an amount of Rs. 1 lakh each, memento and certificate of merit. Menonpara APCOS of Malabar Regional Union won the Best APCOS award and Sri. Selvaraj, Palakkad won the best farmer award.

During the year Milma has soared to new heights in terms of its image and profitability. The total revenue generated in the financial year was Rs. 420.98 crores which has shown a negative growth of 10.4 % on consolidated basis on comparison with previous year. During the year both our cattle feed plants suffered heavy loss especially due to the high increase in the price of raw materials. KCMMF's net loss(provisional) during the financial year 2018-19 was Rs. 3.48 crores.

Beginning on 15<sup>th</sup> August 2018 and lasting for about 10 days , severe flood affected Kerala state due to unusual and unprecedented intense rain fall. It was the worst flooding in Kerala in nearly in a century. Over 483 people died in the flood. At least a million people were evacuated from various districts of the State. The unprecedented rainfall and flooding in the State had caused the death of cattle, destruction of cattle shed, acute shortage of feed, transportation problems etc. The floods had also caused a dramatic reduction in milk production and also milk procurement through the dairy co-operatives.



The issue of compensation for the loss due to the flood was taken up with the Govt. of India and a team of GOI Officials visited the state to assess the situation. The team visited various districts of the state and had discussions with Hon'ble Minister of Animal Husbandry & Dairy Development, Secretary (AH & DD) and Department heads and senior officials of Milma, Animal Husbandry & Dairy Department. During the discussions, the GOI officials advised to submit proposals for consideration of the GOI for getting Central Assistance under the existing norms of various Central Sector Projects. Based on the discussions, project proposals were submitted for assistance from Central Sponsored Schemes like National Programme for Dairy Development and Rashtriya Krishi Vikas Yojana. The proposal was sanctioned by Govt of India and the details are as follows:

**Table 1**  
**Assistance for flood relief from GOI**  
**(Rs. in Lacks)**

Union	Projects Submitted	Projects sanctioned	GOI Grant	Milk Union Contribution
TRCMPU	1297.89	1107.69	843.44	264.25
ERCMPU	2240.81	1423.72	1045.22	378.50
MRCMPU	1942.91	1871.62	1414.14	457.48
<b>TOTAL</b>	<b>5481.41</b>	<b>4403.03</b>	<b>3302.80</b>	<b>1100.23</b>

The cattle feed sale has showed negative growth in the year 2018-19. During the year there were some complaints in the feed through use of spurious raw material supplied. This led to wide complaints and deaths of some cows. Action has already been taken against the concerned supplier. As a

result the sales of cattle feed showed a decline compared to previous year. TRCMPU provided subsidy for purchase of Milma cattle feed to the tune of Rs. 412.39 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 and subsequent flood, KCMMF provided discounts ranging from Rs. 25/- to Rs 100/- per bag of cattle feed from 1<sup>st</sup> April 2018 to 31<sup>st</sup> January 2019. An amount of Rs 7.61 crores was spent for implementation of 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 a decrease of 11.53% compared with previous year.

Like the previous year, milk procurement showed a growth in the year 2018-19. The three Regional Unions collected an average quantity of 12, 59,390 litres of milk per day, which was an increase by 2.71%, compared with the last year. The procurement growth showed the farmers confidence in their produce and in milma.

The average milk sales was 12,96,502 litres per day, which is higher by 0.44% 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 already taken steps to introduce value addition to milk with Vitamin Fortification by adding Vitamin A & D in milk, in association with NDDDB and action has already been initiated for starting milk fortification by the beginning of the new financial year. Milma has also initiated steps to launch a new artwork for all its milk packs which includes fortification details. The new artwork was launched by the Honourable Minister for Dairy during the National Milk day celebrations. As a part of quality improvement programme organized by NDDDB on processing facilities, Milma is planning to go for "Quality Mark" for its milk and milk products and some of the units in Malabar Region have already attained the quality parameters



required and soon the Quality mark will be introduced in stages in all plants of milma. 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 is 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.

Dr. Patil Suyog Subhash Rao IFS, took charge as Managing Director of Milma from 26.12.2018. He took charge from Dr. P. Pugazhendi IFS, who completed a fruitful year for Milma. His service in Milma will be fondly remembered by all. Sri P.T. Gopalakurup ended his long tenure of 19 years as Milma Chairman on 26.12.2018 when the Malabar Regional board was dissolved due to elections not being held on time. Sri. P.T. Gopalakurup led the organization through many difficulties and was an inspirational force and guided Milma to being one of the best organizations in the state. His service will be remembered for long. The tenure of Malabar Region came to an end on 26.12.2018 as elections could not be held on time. Govt. of Kerala has subsequently put the Malabar Region under Administrator rule and accordingly Dr. Patil Suyog Subhash Rao IFS, MD, KCMMF was given additional charge as Administrator of Malabar region. Sri. P.A. Balan Master, who was the Chairman of Ernakulam Region was unanimously elected Chairman of KCMMF on 22.01.2019 and he subsequently resigned as Chairman of ERCMPU. Sri. John Theruvath, took over as Chairman of ERCMPU and joined the KCMMF Board.

Table 2  
PAID UP SHARE CAPITAL OF KCMMF

	Rs.in Lakhs
TRCMPU	338.77
ERCMPU	290.75
MRCMPU	362.41
<b>TOTAL</b>	<b>991.93</b>

## NUMBER OF APCOS & FARMERS:

As on 31.03.19 the total numbers of registered APCOS are 3315 of which 2997 APCOS are functioning. The Union wise break up is given below.

Table: 3  
Number of Registered & Functional societies

Number of Registered & Functional societies		
Union	Registered	Functional
TRCMPU	1073	904
ERCMPU	1031	921
MRCMPU	1211	1172
<b>Total</b>	<b>3315</b>	<b>2997</b>

Number of Farmers, Pouring Farmers and Women Farmers			
Union	No. of Farmers	No. of Pouring Farmers	No. of Women Farmers
TRCMPU	320634	46177	87152
ERCMPU	298121	44247	46805
MRCMPU	360037	83350	109108
<b>Total</b>	<b>978792</b>	<b>173774</b>	<b>243065</b>

## PERFORMANCE DURING 2018-19.

### MILK PROCUREMENT

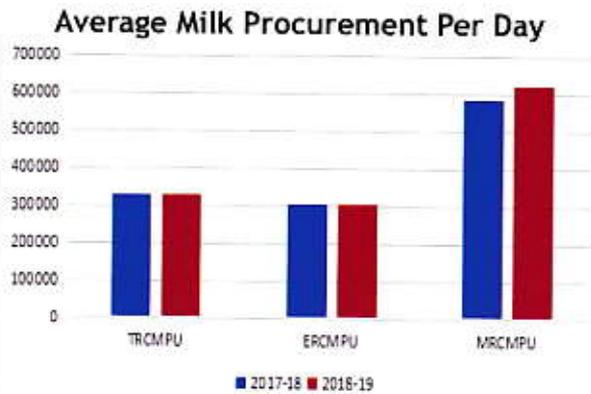
The average milk procurement in the year 2018-19 showed an increase. The average milk procurement per day was 12,59,390 litres per day which was an increase by 2.78% in comparison with the procurement of 12,25,323 litres per day in the previous year. The increase in milk procurement was mainly due to 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 4**  
Average milk procurement per day

Procurement lit/day			
	2017-18	2018-19	% Increase
TRCMPU	3,30,298	3,31,114	0.25
ERCMPU	3,08,295	3,04,780	-1.14
MRCMPU	5,86,730	6,23,496	6.27
<b>Total</b>	<b>12,25,323</b>	<b>12,59,390</b>	<b>2.78</b>

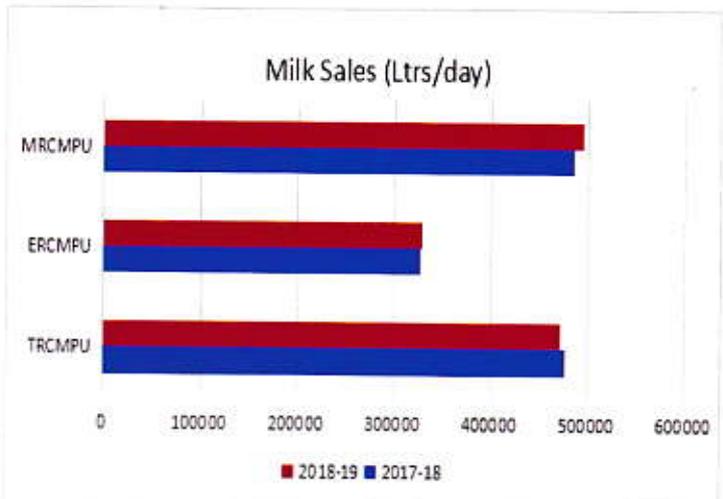


## MILK SALES

Unlike last year, the sale of milk among all the variants showed an increasing trend in the year 2018-19. The average sale per day during the year was 12,96,502 litres, which was higher by 5,681 litres than the last year's figure of 12,90,821 litres per day. i.e. an increase of 0.44%. 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 5**  
Milk sales per day in litres

Union	Milk Sales Ltrs. per day		
	2017-18	2018-19	% Diff
TRCMPU	4,76,966	4,72,162	-1.01
ERCMPU	3,27,148	3,28,743	0.49
MRCMPU	4,86,707	4,95,597	1.83
<b>Total</b>	<b>12,90,821</b>	<b>12,96,502</b>	<b>0.44</b>



## 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. New products were also introduced to the market during this period.

The Federation has performed well in the sales of most of the milk products. The details of sales of various products are tabled below:



**Table 6**  
**SALES OF MILK PRODUCTS**

**TRCMPU**

Products	2017-18	2018-19	% Diff
GHEE (MT/Annum)	1640.28	1423.57	-13.21
BUTTER (MT/Annum)	1330.55	126.91	-90.46
ICE- CREAM (Litres/Annum)	537353	618862	15.17
CURD (Kgs/Annum)	7452877	7508925	0.75
SAMBHARAM (Litres/ Annum)	298668	294637	-1.34

**ERCMPU**

Products	2017-18	2018-19	% Diff
GHEE (MT/Annum)	1362.79	1141.62	-16.22
BUTTER (MT/Annum)	135.91	110.11	-18.98
ICE-CREAM (Litres/Annum)	783785	831456	6.08
CURD (Kgs/Annum)	6024252	6220695	3.26
SAMBHARAM (Packets/ Annum)	1012786	1453065	43.47

**MRCMPU**

Products	2017-18	2018-19	% Diff
GHEE (MT/Annum)	2493	2558.62	2.63
BUTTER (MT/Annum)	85.155	73.339	-13.88
ICE- CREAM (Litres/Annum)	1126700	11,86,239	5.28
CURD (Kgs/Annum)	22136344	19801638	-10.55
SAMBHARAM (Packets/ Annum)	16448999	16938038	2.97
MILMA PLUS (Bottles/ Annum)	750315	840638	12.04

**CPD**

Products	2017-18	2018-19	% Diff
GHEE (MT/Annum)	256	245	-4.30
MILMA PLUS (Bottles/ Annum)	771564	1112093	44.13

**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. In 2014, all the centrally sponsored schemes were brought under an umbrella scheme launched by GOI named as National Programme for Bovine Breeding & Dairy Development (NPBBDD). The Federation/Regional Milk Unions are implementing these schemes.

Under National Dairy Plan, National Dairy Development Board has started two new projects Viz. Village Based Milk Procurement System (VBMP) and the Ration Balancing Programme (RBP). The VBMP programme is 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 NDDB, 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. 20.27 Lakhs as Insurance premium subsidy.
- Provided cattle feed subsidy of Rs. 412.39 lakhs in the reporting year.
- Under Heifer adoption programme cattle feed worth Rs. 391.27 Lakhs was provided.
- Union provided Rs.380.85 lakhs for purchase of milch cows.
- Provided Rs. 4.3 Lakhs for cattle shed renovation.
- Union provided Rs. 6.0 Lakhs as price incentive to member societies.
- An amount of Rs. 41.10 lakhs was provided for dairy farmer's death benefit Scheme.
- An amount of Rs. 0.20 lakhs given as transport subsidy for transporting cross bred animal across the border.
- Provided Rs. 2.0 lakhs as building maintenance grant to the societies.
- Scholarship of Rs.13.46 lakhs were provided to children of farmers.
- Under LIC Aam Aadmi Bhima Yojana, Union provided Rs. 16.06 lakhs as premium.
- Under De-centralized cattle treatment policy Rs.151.81 lakhs was provided by the Union.

- The Union gave Rs.0.49 lakhs as subsidy for purchase of hand operated milking machines.
- The society staff were given Rs.45.07 lakhs as staff incentive.
- An amount of Rs.12.89 lakhs were given under mediclaim policy to the society staff.
- 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.
- A deep freezer for Rs.37.81 was established at Marketing Cell, Alappuzha for increasing the sale of milk products.
- A new ghee filling machine is established at Kollam Dairy for Rs.50 lakhs which can fill 10 MT ghee per day.
- A new Regional Office of the Marketing Section was opened at Ayur Town, Kollam Dt. for increasing the sale of milk & milk products .
- An ultra filtration plant at a cost of Rs.38.05 was established at the E. T.P. of Kollam Dairy.
- A new marketing hub was established at Chakkuvely for Rs.45 lakhs under Kollam Dairy.
- Effluent treatment plants at a cost of Rs.16.64 were established at Amayida, Punnapra & Kalathiveedu BMC Units under Alappuzha Dt.

#### ERCMPU Ltd.

- 92% of the milk procured by the Union is through Bulk Milk Coolers installed at villages.
- 200 Smart AMCUs installed at village Dairy cooperatives with assistance under NPDD.
- Premium Subsidy @ Rs. 600/ person contributed to Samagra Insurance.
- Cattle loan interest subsidy @ Rs. 2000/ cow



- Building grant to 19 DCS @ Rs.75000/ DCS
- Can Conveyer Subsidy @ Rs. 20000/ BMC society.
- Farm incentive @ Rs. 0.40/ lit for farmers supplying more than 50 lits of milk/ day to the society.
- Subsidized Paddy straw distribution.
- Subsidy for Farm Mechanisation ( Milking Machines, Generators)
- Successful completion of Dairy Project for ST beneficiaries with financial assistance from ST department at Vaniyampara, Memary-Kannampady & Kuttampuzha.
- ERCMPU won the NDDB Innovation Award for Standardisation & Field trials on Mobile Milking Machines.
- GOI sanctioned Rs. 1424 lakhs to ERCMPU under NPDD- Flood, with a grant component of Rs.1045 lakhs .

#### GOVERNMENT OF KERALA

1. Chinnar Tribal Project - Lively hood support for Tribal people -Rs. 29 Lakhs
2. Annual Plan - TCR Dairy - Infrastructure development -Rs. 175 Lakhs

#### GOVERNMENT OF INDIA

1. NPDD II - BMC for 4 Districts - Rs. 220 Lakhs
2. NPDD - Flood Relief Project - Rs. 1423.7 Lakhs
3. RKVY - Support for refurbishment of Thrissur Dairy - Rs. 327.60 Lakhs
4. NPDD - Smart AMCU 200 nos -Rs. 200 Lakhs

#### MRCMPU Ltd.

- The Farm Support Programme designed by the Union is for the dairy farmers rearing at least 4 cows with

an average quantity of 20 litres of milk supply per day to the DCS with a view to encourage new dairy farms. The financial assistance under Farm Support includes subsidy for milking machines, pressure washer, chaff cutter, genset, slurry pump, biogas, and automatic drinkers. A total amount of Rs.65,17,500 has been spent towards Farm Support for the year 2018-19.

- A total No of 1700 Heifers were adopted in the year 2018-19 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 2018-19 an amount of Rs. 83.60 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 new DCS are planned under the National Dairy Plan- VBMP target

- 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 SikshaSahayog Yojana of LIC for an amount of 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 extended per animal insured was increased 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 2018-19, an amount of Rs. 16000/- had been paid from the Charity Fund of the Union to 2 Milk producers towards financial assistance who are 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 dependents 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(plan1),Rs.100000(plan2) per farmer per family per annum. An amount of Rs. 600 per family is contributed from the union to the premium amount. The programme was implemented through Oriental Insurance Company, Thrissur from 01.07.2018 to 29.06.2019 .

- 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.**

- fodder subsidy to the farmers
  - @ Rs. 1 within the District
  - @ Rs. 1.50 outside district

Last year they have achieved a record fodder production and distribution. we have supplied 3295.8 MT commercial fodder to farmers through societies. Commercial fodder cultivation habit is spreading day by day in Malabar.

- During the year 2018-19, Building Grants under Lab / Quality Support were sanctioned to 27 Societies worth Rs. 31,72,166.

- During the year 2018-19,ISO Society Support was sanctioned to 22 Societies with a total fund provision of Rs. 25 lakhs.

- During the year 2018-19, MBRT support was sanctioned to 22 Societies. 30 farmers each from these DCS were selected on the basis of MBRT rank list and paid an incentive of Rs.1000 per farmer during the month of March 2019 .

## UNITS OF KCMMF

### 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 range of products such as Curd, Ag Mark Ghee and Sterilized Flavoured Milk in bottles and 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.

At present, CPD sells about 1,02,000 litres milk per day through TRCMPU Ltd, out of which 95% is Homogenized Toned milk and the balance is Double Toned Milk. The Unit





### CENTRAL PRODUCTS DAIRY, ALAPPUZHA

is certified with ISO 9001:2015 and ISO 22000:2005 Management System by IRQS.

2018-19 was one of the best performing year for Central Products Dairy, even-though the district was badly affected by the floods during the Onam week. This year CPD have attained an annual sale turnover of Rs.157.30 crore. They have relaunched Milma Refresh 200 ml Tetra Pack in the market by August 2018 by custom packing arrangements with Richya Dairy, Namakkal. CPD had also carried out an numerous expansion activities in this year.

#### Achievements in the year 2018-19

1. The total sales turnover during the financial year is Rs.157.30 crore which is highest ever sale in a financial year. Last year the total sale was Rs. 153.39 crore.
2. The total revenue from products sale was Rs. 26.21 crore.
3. CPD have sold 74,360 kgs of Samrudhi Ghee and 30,230 kgs of Milma Ghee in this year. This was achieved despite severe production constraints due to manpower shortage and disturbed ghee market

due to Sabarimala Agitation and floods.

4. CPD sells the Dairy Whitener in retail packs of size 200 gm & 500 gm pouches and sells the product throughout Kerala with Supplyco being the major client. The sale of Dairy Whitener during the financial year was 68,776 Kgs.
5. CPD manufactures Mango ready - to- serve beverage in pet bottles (1ltr,500 ml & 250 ml) and achieved a sale of 1,87,518 litres during the financial year.
6. CPD outsources Packaged Drinking Water and the sale of Packaged Drinking Water was 30,621 cases.
7. CPD manufactures Skim Milk Curd and sales is done through TRCMPU. The total curd sold in the financial year was 13,94,965 Kgs.





**VISITORS TO ALAPPUZHA DAIRY PLANT DURING NATIONAL MILK DAY 2018**

8. CPD sold 3,19,01,842.50 litres of Homogenized Toned Milk and 18,53,071.50 litre of Double Toned milk during the year.
9. The sale of Milma Plus in glass bottles was 11,12,093 bottles. Seven flavours of Milma Plus (Flavoured Milk) is being produced i.e Chocolate Cardamom, Pista, Mango, Strawberry, Coffee, Pineapple and Badam flavours.
10. The total sale of Milma Flavoured Milk in 180 ml cans during the financial year is 5,23,428 Cans and sale of Milma Fruit Juice in 240 ml Cans is 88,840.
11. The sale of Milma Flavoured Milk in 200 ml Tetra pack during the Financial Year is 2,532 trays.
12. The sale of Milma Milk Shake in 200 ml Tetra Pack during the

financial year is 2,973 trays.

13. The Milk Powder Factory is closed down due to ageing & irreparable condition

**Table No.7  
SALE OF MILK AND OTHER PRODUCTS FROM CPD**

Product	Unit of Measurement	2017-18	2018-19
Milk(DTM&HTM)TRCMPU	Litres/Day	97,909	92,479
Milma&Samrudhi Ghee	MT	256	245
Curd	Kg	13,98,897	13,94,965
Dairy Whitener	Kg	62,543	68,776
Mango Juice (Refresh)	Trays	11,929	14,375
Milma Plus	Bottles	7,71,564	11,12,093
Packaged Drinking Water	Cartons	41,190	30,621
Mango Juice in Pet Bottles	Litres	1,99,132	1,87,518
Flavoured Milk (Badam&Chocolate) in cans	Nos	5,68,669	5,23,428
Fruit Juice(Orange and Mango) in cans	Nos	1,86,044	88,840
Flavoured milk in 200 ml (TP)	Trays (27 Packets)	4,542	2,532
Milk shake in 200 ml (TP)	Trays (27 Packets)	4,567	2,973



## PROJECT AND EXPANSION ACTIVITIES

The followings are the project & expansion activities executed in the year 2018-2019.

1. As part of the process up- gradation following machineries were procured and its installation work are in progress.
  - ZEUZER make 10 KLP Milk pasteurizer.
  - ZEUZER make 5 KLP Curd pasteurizer.
  - REDA make 10 KLP Self cleaning cream separator.
  - Tetrapak make 2 KL Ghee Clarifier.
  - Ghee storage tank of 5 KL.
  - 2 Nos milk pouch filling machine of RMC Packaging Systems.
  - 2 Nos New refrigeration system with FRICK VILTER high speed compressor of 45.9 TR each with accessories including new set of IBT tubes, 150 TR PHE Condenser, Cooling Tower, etc.
2. Constructed a new cold store with one number 6.6 TR Air cooling units of Frick make for additional storage space in cold store.
3. Constructed a Curd incubation room with electric heaters to maintain room temperature at 42 deg centigrade.
4. Installed a new 6.6 TR Air cooling unit in anteroom to maintain proper temperature.
5. Modification of old cold store with PUF panels of SS finish and installation of 2 nos 6.6 TR each capacity Air cooling unit to improve the cooling efficiency of old cold store is in progress.
6. Construction work is in progress for the new campus road with concrete paving block
7. Construction work is in progress for the rain water gutter along the sides of road to drain out the flooded water.
8. Construction work is in progress for the metal sheeted roofing over concrete roof to prevent water leakage and dampness of building.
9. For easy access to take samples from tanker top man hole, construction work is in progress for a tanker unloading bay with unloading pump, CIP facilities, etc
10. Administrative block ground floor has modified as a meeting hall with new floor tiles, gypsum board ceiling, window curtains, etc.
11. Constructed a roofing with poly carbonate sheet for ETP Sludge drying bed for the drying of sludge and its removal as per the direction of Pollution control board.
12. Construction of a treated water polishing unit with 2 nos 30 Cu. Mtr each capacity concrete tanks, filter plant with pressure sand filter, activated carbon filter, pumps, etc is in progress as per the direction of Pollution control board.
13. Constructed a room for lab autoclave and to keep samples with storage cupboards adjacent to QC Lab.
14. Replacement of damaged flooring with acid alkali proof floor tiles at sachet filling section is in progress

## QUALITY ASSURANCE ACTIVITIES

In 2018-19 CPD had carried out various activities for enhancing the quality of the products and systems and introduction of new products. Major achievements are highlighted below.



1. CPD received ISO 22000 : 2005 certification from IRQS (NABCB Approved certification body). This is an important milestone in implementing Food Safety Managements Systems in our Dairy at international standards.
2. The first surveillance audit of ISO: 9001:2015 & ISO: 22000:2005 was successfully carried out. The audit and certification was carried out by IRQS, which is an NABCB approved certification body.
3. CPD is expanding the laboratory by constructing a new wing which is in the finishing stage. This includes a room for storing and testing products for keeping quality and shelf life analysis and a sampling room for sampling of products.
4. The process of implementing Q-Mark certification by NDDB is under progress and the necessary infrastructure modification is under progress.
5. New microbiological and chemical tests have been started in our Q C Laboratory in accordance with the requirements of ISO: 22000:2005 systems.
6. CPD has introduced Flavoured Milk with Coffee Flavour this year and introduction of Rose milk is under final stage.
7. The Vitamin A & D fortified milk will be launched in May 2019.
8. New online system is introduced for monitoring and recording of cold store and pasteurizer temperature.

9. Future expansion activities of laboratory includes purchase of Milk scanner FT1 with adulteration testing facilities for more vigilant and online screening of milk for adulteration and related parameters.
10. CPD is also planning for purchase of Gas Chromatography/ HPLC machines for testing of Heavy metals and pesticide residue more frequently.

#### 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 of cattle feed of the farmers through its two cattle feed plants, at Pattanakkad and Malampuzha which together have a capacity to produce 650 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 is also being sold. 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 for the same.

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 64567.50MT feed production at the lease rented plant.

### CATTLE FEED PLANT, MALAMPUZHA



**CATTLE FEED PLANT, MALAMPUZHA**

#### Highlights of the year 2018-19:

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.

#### BYPASS PROTEIN FEED PLANT

The inauguration of the Bypass Protein Feed Plant at Malampuzha was done on 25.08.2017 and the product is getting marketed under the trade name of "MILMA BYPRO".

### CATTLE FEED PLANT, PATTANAKKAD

#### Achievements of 2018-19

The total feed production in the plant during the reporting year was 26624.50 MT. CFP, Pattanakkad achieved a sale of 69123.65 MT in the reporting year. They had taken production of 38060.05 MT feed on custom packing arrangement at Erode station during the reporting year. They had also taken 4554.35MT of feed from CFP, Malampuzha on stock transfer arrangement, to cater the need of the APCOS. CFP, Pattanakkad has incurred a net loss of Rs.10.43 Crores in the reporting year. This was solely because of the exorbitant increase in raw material prices. Even at this level of loss, they did not make any compromise in the quality of pellet feed. This has really generated a very good impression about Milma Feed among our member farmers. In connection with the renovation works, the plant was shut down for a period of 6 months from June to November.

The renovation work of the plant by replacing the Hammer Mills, Batch Weigher, Batch Mixer, Bins, Conveyers &



**CATTLE FEED PLANT, PATTANAKKAD**



Elevators was completed in the reporting year. The Modernization and Process Upgraded Plant was inaugurated by Hon.Minister for Forest,Dairy Development and Animal Husbandry, Zoos Sri.Adv.K.Raju. in the presence of Sri.P.T.Gopalakurup(Chairman,KCMMF Ltd), Sri.Kallada Ramesh (Chairman, TRCMPU Ltd), Sri.P.A.Balan Master, (Chairman, ERCMPU Ltd), Sri.K.N.Surendran Nair (Chairman, MRCMPU Ltd) and Dr.P. Pugazhendi IFS. (Managing Director,KCMMF Ltd) on November 12<sup>th</sup> 2018. The function was presided over by Sri.A.M.Arif, MLA, Aroor. The production in the new plant was started from December 2018. With this renovation, the plant production capacity could be enhanced to 350 MT per day, from the existing 300MT. During the year, the Plant provided an amount of Rs.3.73 crore as discount to the farmers of Regional Unions.

**PRODUCTION AND SALES OF CATTLE FEED**

**Table 8  
PRODUCTION IN 2018-19**

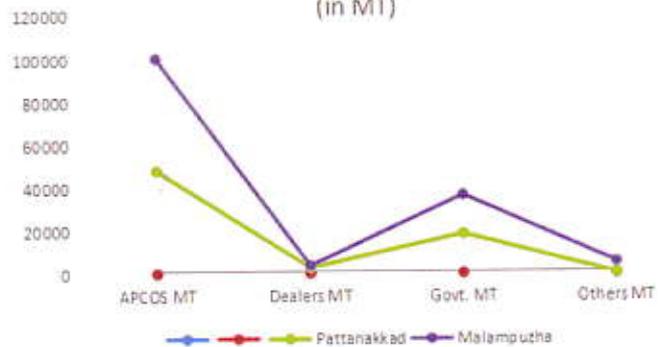
Unit	Qty (MT)	Capacity Utilization(%)
CFP Pattanakkad	26624.50	59.00
CFP Malampuzha	50649.85	70.58
Total	77274.35	64.80

Similar to last year, the capacity utilization of our cattle feed plants decreased in the year 2018-19 also. The capacity utilization decreased by 2.27% in comparison with previous year. This was mainly because of shut down of the plant for renovation. As in previous years, the major portion of feed sales was through the APCOS and the break up is as follows.

**Table 9  
SALES of Cattle feed in 2018-19(in MT)**

Units	APCOS MT	Dealers MT	Govt. MT	Others MT	Total MT
Pattanakkad	47843.20	2796.70	18407.00	76.70	69123.60
Malampuzha	52446.25	845.00	17910.45	5061.35	76263.05
Total	100289.45	3641.70	36317.45	5138.05	145386.65

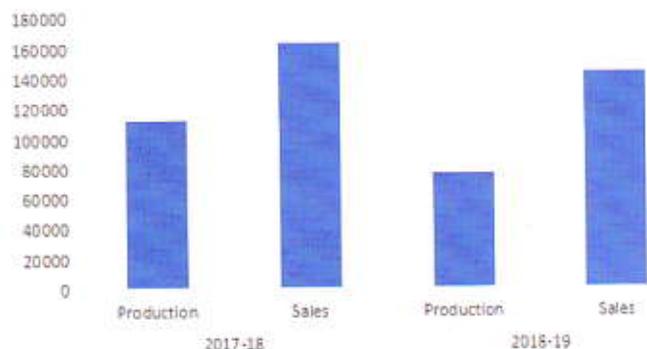
**Sales Distribution of Cattle Feed in 2018-19 (in MT)**



The cattle feed sales decreased in the year 2018-19 in comparison with previous year. There was a decrease of 11.53 % in sales on compared to previous year. Special care has been taken to maintain consistency in quality of product supplied.

**Table 10  
Comparison of Production & Sales of cattle feed in MT**

2017-18		2018-19	
Production	Sales	Production	Sales
112678.85	163718.60	77274.35	145386.65



## 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.

## AREA SPECIFIC MINERAL MIXTURE

Even though 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 Chellated Chromium, sweetener and a flavour compound for better acceptability and availability. 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 are given below:

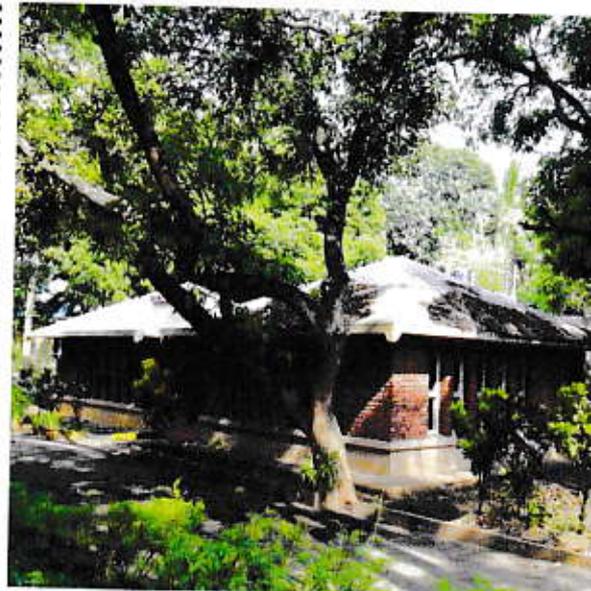
Table 11  
MILMAMIN PRODUCTION

UNIT	QUANTITY (MT) 2017-18	QUANTITY (MT) 2018-19
Malampuzha	259.70	236.39

## MILMA TRAINING CENTRE, THRISSUR

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 helped to 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.



## MILMA TRAINING CENTRE, THRISSUR

During the year of report, Training Centre has trained 419 trainees on both residential and field training programmes. The training income during the year was Rs.14,14,200/-. 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 12  
PHYSICAL AND FINANCIAL  
PERFORMANCE OF MILMA TRAINING  
CENTRE, THRISSUR FOR THE YEAR  
2018-2019**

Month	No. of Training programmes conducted	No. of Trainees attended the programme	Training income received
April-18	4	45	137400
May-18	3	34	313400
June-18	6	61	123400
July-18	5	83	230300
Aug-18	4	55	130300
Sept-18	4	16	54400
Oct-18	2	31	105400
Nov-18	2	24	81600
Dec-18	2	17	57800
Jan-19	2	18	61200
Feb-19	2	35	119000
<b>Total</b>	<b>36</b>	<b>419</b>	<b>14,14,200</b>

Due to shortage of training activities, the Board of KCMMF has decided to wind up operations of Training Centre, Thrissur from 1<sup>st</sup> April 2019.

### 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 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.

KCMMF had formed a multi functional core group consisting of five to six officers from each Milk Union from various departments for improving professionalism in our system. During the year, a two days work shop was conducted at Kerala Forest Research Institute, Peechi for the Multi Functional Core Group during November 2018 in order to improve professionalism in the selected Officers of KCMMF and all the three Regional Unions.

### QUALITY CONTROL & PRODUCTION

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 NDDDB 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. 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 QC/Production section by inviting yearly tenders. QC/Production section also convenes the meeting to review the cattle feed operations once in a month.

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 NDDDB.

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 NDDDB and State 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

KCMMF 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, Asst. Manager (Purchase), Senior Manager (Prodn/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. KCMMF is following e-tender process through e-tender-auction portal of Govt. of Kerala, NCDFI purchase and E-mail offer purchases from the existing vendors list.

Unlike previous year the purchase of other raw materials like Tech grade Urea, Soyabean DOC, Ground nut DOC etc have also been done through NCDFI. The response of suppliers to e-tender process is limited.

After the flood season in Kerala in August 2018, the material prices of almost all the raw materials have increased considerably which has affected the viability of our cattle feed plants.

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 Asst. Manager (Purchase), Senior Manager (Prodn/ 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 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 Ice Cream is also being planned as continuation of the above sale promotion campaign made for milk and is to be launched from beginning of coming year.



## 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 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 was 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 conducted 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 is moving to the Cloud and Open Source Systems.

### Early Starters

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 systems for the efficient running of the Dairy and Cattle Feed plants. 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 incorporating our Partners and Stakeholders

Milma's computerisation have been restricted to within the organisation so far. The benefits of including our partners and stakeholders will give our business a great boost. Our partners & stakeholders including the Societies, Sales Agents, Suppliers and others have not been able to access our computer based systems to improve their business performance.

Moving the computing to the clouds and interconnecting all our stakeholders will improve the business and we will be able to bring in digital economy and payment systems into the organisation. This will in effect integrate the systems into a holistic information delivery system.

### Competition

Competition is fast emerging from all sides and newer ways of reaching out to the customer have to be thought off. Milma has led the State in digital transformation and information systems. We believe this has been one of the success factors that has kept our costs lower than others. Moving to the next generation is essential for further growth and keeping competitors at bay.

### Customers

A web / cloud based system will make it easy for us to reach out to the customers and increase their loyalty to milma. This is essential in the times of increasing competition. An integrated cloud based system will reach the nook and corner of the state and deliver personalised service to their mobiles and computers. It will be easy to think of many more applications and make them a reality with cloud based systems.



### Societies and Farmers

A very important achievement will be the ability to get in-touch with the far flung societies all over the state and truly involve them in the development process. The milk-billing / society to dairy to cattle-feed plant accounting and movement of information will be quicker. Managing inputs to the dairy farmer will become personalised. All services, Feed and Fodder, Veterinary Doctors and other services can be coordinated digitally, making the lives of farmers much happier.

### Email culture

The culture of quick information exchange between the Societies - Chilling Centres/BMCU's - Dairies - Unions - Milk-Booths - Customer - Suppliers - Cattle-Feed Plants - HQ and others through an e-mail network will make decisions instantaneous. This will speed up execution and deliver many gains to milma.

### Instant Integrated Management Information Systems

Another important decision making tool of the MIS will be made available on the Mobile Phone making it easy for anyone to make instantaneous decisions thus improving the efficiency and effectiveness of the organisation.

### The Future

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.

### Open Source Systems

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.

During the financial year 2018-2019 we have started developing our new ERP System using Cloud based Free and Open Source Systems. For the development of In-house talent for programming, employees from Regional Unions have been deputed for the smooth and fast development of the cloud based ERP system. Training is also being given to them to get the best outcome in a short period.

We have developed our own website using latest tools and technologies and hosted in AWS. It helps us to give mass advertisement of our products. It also provides the details of our Units to the public in a user friendly manner. We have configured our own email server for our email system which helps world wide advertisement as our brand name 'milma' spans the whole world.

### PROJECTS

The Engineering Projects under Federation/ Regional Milk Unions is implemented by the Project wing of KCMMF. This 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 done 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 are also prepared simultaneously. After



finalization of the tenders, physical implementation of the project work commences which is monitored closely on a day-to-day basis. The progress is 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](http://www.etenders.kerala.gov.in). The bids submitted by various bidders 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 taken decision on the proposals and accord sanction for finalization of various works, purchase of equipment 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, TRCMPU, ERCMPU & MRCMPU during the reporting year.

### KCMMF PROJECTS

#### 1. Cattle Feed Plant, Pattanakkad

The modernization & process upgradation of the plant was completed in the reporting year with major infrastructure in place by setting up a new plant, which included new imported hammer mills and facilities for intake, batching, grinding, mixing etc. Civil works for the expansion of raw material godown, roadwork, DORB silo foundation etc were also completed. Two numbers 600MT each imported grain storage silos was installed and commissioned and the installation of 1 No. 500MT DORB silo is in progress. The modernized plant was inaugurated on 12th November 2018 by the Hon'ble Minister for AH & Dairy Development.

The modernization & process upgradation of the plant was completed with an expenditure of Rs.1200.00 lakhs, which includes support from State Plan funds, & NPDD scheme of GOI.

#### 2. Cattle Feed Plant, Malampuzha.

The modernization & process upgradation of the plant which includes supply & erection of imported machinery such as hammer mill, pellet mill, cooler and allied equipments were taken up and is progressing. The total outlay for the project is Rs.1200.00 lakhs. An amount of Rs.559.50 lakhs was received under RKVY & State Plan Schemes. For installing the new imported pellet mill, hammer mills, grinding, mixing and allied equipments, a new plant bay was set up by taking certain area in the raw material godown adjacent to the existing plant. The electrical installation work, which includes transformer, DG set, downstream electricians was awarded in the reporting year. The project activities are under different stages of execution. The installation of grain storage silos was also completed at a total cost of Rs.127.00 lakhs.

#### 3. Central Products Dairy, Alappuzha

The modernization & expansion of the plant with supply & installation of equipments such as milk pasteurizer, curd pasteurizer, cream separator, ammonia compressors in the refrigeration plant, cold store expansion, related electrical and mechanical works were taken up in the reporting year and are in different stages of execution. Various works related to process upgradation for implementing quality mark are also in progress. The total outlay for the project is Rs.420.00 lakhs.

### MRCMPU PROJECTS

#### 1. Central Products Dairy, Naduvattom

The expansion works of Central Products Dairy, Naduvattom was completed during the reporting year. Civil works related to the expansion of



products block, electrical works, installation of packaging & processing machinery, elevators etc was completed and commissioned and put into operation in the reporting year. The total project cost is Rs.470.00 lakhs.

## 2. Wayanad Dairy.

Under RKVY, an amount of Rs.310.00 lakhs and under NPDD, an amount of Rs.741.27 lakhs was sanctioned for the milk condensing plant and expansion of Wayanad Dairy. The civil works for the milk condensing plant commenced in the reporting year.

## 3. New dairy plant at Moorkanad, Malappuram

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

## 4. Palakkad Dairy

The expansion activities of the Effluent Treatment Plant was taken up in the reporting year at a total outlay of Rs.75.00 lakhs.

## ERCMPU PROJECTS

### 1. Ernakulam Dairy Expansion

Planning activities for taking up various works related to process upgradation for implementing quality mark was taken up in the reporting year. The outlay for this upgradation & renovation is Rs.92.00 lakhs.

### 2. Products Dairy, Edappally

Planning activities for taking up the construction of marketing block, vehicle parking shed, security cabin, entrance gate etc was taken up in the

reporting year. The outlay for this upgradation & renovation is Rs.75.50 lakhs.

## 3. Thrissur Dairy Expansion

The modernization & expansion of the plant with supply & installation of equipments such as CIP system, curd pasteurizer, ammonia compressor, boiler, incubation room, related electrical and mechanical works were taken up in the reporting year and are either completed or in different stages of execution. An amount of Rs.681.00 lakhs under State Plan Fund and RKVY scheme of GOI was sanctioned for the expansion of the dairy. The civil works for expansion of the dairy for installing milk tanks, milk silos, CIP system was completed. A new boiler house and workers change room as part of the HACCP activities was also constructed.

## TRCMPU PROJECTS

### 1. Pathanamthitta Dairy Expansion

The planning activities for the expansion of the dairy plant with an outlay of Rs.300.00 lakhs was initiated in the reporting year. The tender for civil & structural works at an estimate of Rs.255.00 lakhs was floated and is in the process of finalization.

## 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. 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 KCMF 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

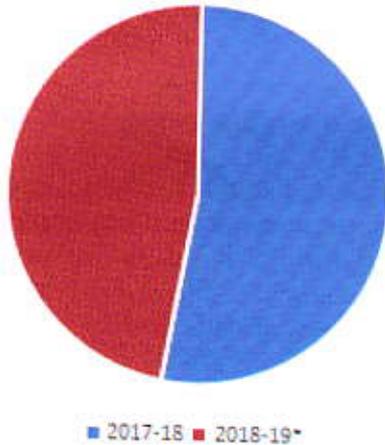
The major constraints faced by the Federation are low capital base; fluctuation of cattle feed raw material prices, manpower shortage etc. During the year 2018-19, KCMF achieved a turnover of Rs.420.98 Crores



(provisional) against the turnover of Rs.470.00 Crores during the previous year. The provisional net loss for the reporting year is Rs. 3.48 Crores.

**Table 13**  
Turnover of KCMMF Units (Amount in Lakhs)

Year	CFP (P)	CFP (M)	CPD	Total	%Increase/ Decrease over the previous year
2017-18	17274.54	13514.75	16306.44	47095.73	10.71
2018-19*	13125.94	13445.87	15526.69	42098.50	(10.61)



The provisional turnover and the profit/loss of the Federation and the Unions for the financial year 2018-19 in comparison with previous year are given under:

**Table 14**  
Turnover of KCMMF (Amount in Crores)

	TRCMPU	ERCMPU	MRCMPU	KCMMF	TOTAL
2017-18	903.11	597.94	1031.19	470.95	3003.19
2018-19	892.30	597.19	1069.56	420.98	2980.03
% Diff	-1.20	-0.13	3.67	-10.61	-0.79

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

	TRCMPU	ERCMPU	MRCMPU	KCMMF	TOTAL
2017-18	2.38	0.87	5.20	9.29	17.74
2018-19	2.70	5.89	2.94	-3.48	8.05

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 infrastructure 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 KCMF,

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 KCMF. 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, Climate Change and Development 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

P. A. BALAN MASTER  
CHAIRMAN

DR. PATIL SUYOG SUBHASH RAO, IFS  
MANAGING DIRECTOR

