

## CHAIRMAN SPEAKS

Dear Fellow Shareholders,

It is my privilege to present to you the overall performance and audited accounts of Baani Milk Producer Company Limited for sixth financial year of operations, 2019-20.

The year gone by was a year of remarkable achievements as Baani continued to make steady efforts of growth, thereby achieving a turnover of Rs. 448.89 Crores and a net profit of Rs. 3.44 Crores after tax.

Directors of Baani are delighted to recommend the dividend of Rs 7/- per share to the producer members whose names appear in the Register of members of the Company as on March 31, 2020.

Milk procurement operations of Baani continued to be strengthened in nine districts of Punjab viz. Barnala, Bhatinda, Faridkot, Ferozepur, Mansa, Moga, Muktsar, Patiala and Sangrur under 13 Milk Chilling Centres (MCCs) as on 31st March 2020. During the year, Baani procured 1014.53 lakh kg of raw milk with an average collection of 2.77 lakh kg per day.

Baani continued to drive efficiencies across the dairy value chain and implement cost reduction measures such as automation of tracking systems, robust supervision, stringent quality checks and logistics controls.

Baani provided technical support and trainings to all the concerned stakeholders with an emphasis on Hygiene, Good Manufacturing Practices (GMP) and Standard Operating Procedures (SOPs) etc. 264 Gallbaat village training programs were conducted for more than 7500 members. The emphasis continued for inclusion of women members and opening of Bank Account by all members. Baani ensures that competitive milk price is paid to the members in every 10-day cycle. The efforts led to 100% milk payment through bank accounts.

Baani continued to provide superior quality of cattle nutrition solutions to farmers, Baani Feed and Baani Min has shown substantial improvement in its sales volume to the tune of 4673.83 Metric ton and 95.42 Metric ton respectively during the year.

Baani recorded a sale of 109.30 lakh litres of Poly Pouch Milk, 6.40 lakh Kgs of Curd, 3.85 lakh litres of Lassi and 2.06 lakh Kgs of Ghee to consumers. About 894.53 lakh kgs of milk was sold to institutions. Baani foresees a big potential in marketing of Milk and Milk products and plans to expand sales operations in new areas of Punjab as well as adjoining states of Haryana and Himachal Pradesh.

Your suggestions are always solicited.

Yours Sincerely,  
Sd/-  
Gagandeep Singh  
DIN: 06868680



Shri Gagandeep Singh

# BOARD OF DIRECTORS



Shri Gagandeep Singh	Chairman & Director
Shri Surinder Singh Sandhu	Director
Smt. Manjeet Kaur	Director
Shri Surinder Pal	Director
Shri Jaspal Singh	Director
Shri Gagandeep Singh	Director
Shri Balraj Singh	Director
Shri Bhupinder Singh	Director
Smt. Kanwaljit Kaur	Director
Smt. Beant Kaur	Director

Shri Sriram Singh	Expert Director
Shri Yuginder Kumar Arora	Expert Director
Dr. Raghu Hassan Mallegowda	Expert Director

Shri Narinder Singh Bahga	Chief Executive & Director
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# CORPORATE INFORMATION

## SENIOR MANAGER FINANCE

Mr. Punit Sharma

## COMPANY SECRETARY

Mr. Rajesh Saini

## STATUTORY AUDITORS

M/s S.B Billimoria & Co., Chartered Accountants

## INTERNAL AUDITORS

Ernst & Young LLP Chartered Accountants

## BANKERS



## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd

## BAANI MILK PRODUCER COMPANY LIMITED

CIN: U01403PB2014PTC038826

Registered Office: SCO No. 37-38, Urban Estate, Phase-II,  
Rajpura Road, Patiala-147002 (Punjab)

Email: info@baanimilk.com | Phone No. +91-175-5000735

## VALUES, VISION AND MISSION

## WE ARE COMMITTED TO

## VALUES

- Honesty and Transparency
- Quality and Excellence
- Team spirit
- Timeliness
- Innovation
- Passion



## MISSION

Baani Milk Producer Company is committed to increase income of its members by increasing milk production, reducing milk production cost and by offering competitive price and necessary services.

## VISION 2030

Baani Milk Producer Company will be among top five dairy companies in India and be the first choice of milk producers, customers and its employees.



## CHAPTER- II

# YEAR GONE BY

Baani Milk Producer Company is committed to bring a meaningful and socially beneficial change for the dairy producers of Punjab. Baani ensured an assured and remunerative market for the producer members of Punjab, procuring milk from nine districts of Punjab namely Barnala, Bhatinda, Faridkot, Ferozepur, Mansa, Moga, Muktsar, Sangrur and Patiala.

Baani enrolled around 54712 milk producers, of whom about 26.8% are women, 43% being small holder milk producers. The members of Baani raised around 12.09 Cr towards the share capital. Baani procured 2.77 lakh kgs of milk per day during 2019-20 and achieved a turnover of 448.89 crores during the year. Procurement operations of Baani were extended to cover 1258 villages with 1352 Milk Pooling Points (MPPs) under 13 Milk Chilling Centres (MCCs).

The guiding principles of Baani based on transparency, commitment and timeliness enabled Baani in achieving about 54712 members. Payments to the tune of about Rs 375.34 Cr were made directly into the bank accounts of the producer members and a yearly average of Rs 10.43 Cr every tenth day of the payment cycle.

Baani endeavours to keep the operations as transparent, details of milk pouring are shared with members through an SMS via GPRS enabled Data Processor Milk Collection Unit (DPMCU) installed at each village MPP .

Baani, as an End Implementing Agency (EIA), was sanctioned two Sub-Project Plans (SPPs) by the NDDB (PMU- NDP-1) under the National Dairy Plan-I (NDP-1) to be implemented from 2014- 2015 to 2016-2017. The same was extended for two more years up to 2017-18 & 2018-19.

- a. Ration Balancing Programme (RBP)
- b. Village Based Milk Procurement System (VBMP)

Albeit for both the SPP Projects (VBMP & RBP) extension has been over and funding from World Bank is discontinued, yet Baani has continued both the projects with its own resources and yielding benefits for all stakeholders.

## CHAPTER- III STRENGTHENING THE OPERATIONS

In order to strengthen the operations, a number of initiatives were taken by Baani in the areas of skill enhancement of Stakeholders, Producer Institution Building, Women Empowerment, Village Based Milk Procurement System, Quality Assurance, Marketing, Human Resources, Information Technology and Productivity Enhancement Services.

### Skill Enhancement Through Trainings

Training of all stakeholders of Baani continued to be a focus area during the year as existing members, potential members, Women, MRGs and VCGs were trained on various themes. Board of Directors were imparted trainings to enhance their business management skills. Major training programmes conducted during the year are:

S. No.	Training Programmes	No. of Trainings Conducted	No. of Participants Trained
1	Leadership Development Programme for MRG	2	35
2	MRG orientation Programme	58	587
3	VCG Orientation Programme	312	2520
4	GallBaat (Village level trainings)	264	7572
5	BoDs Training (Finance & Policy Governance)	5	29





## TRAINING PROGRAMMES FOR PROFESSIONALS

S. No.	Training Programmes	No. of Trainings Conducted	No. of Participants Trained
1	Governance strategy workshop	1	9
2	IB - Trainers' Training programme	1	7
3	Refresher training to MCC staffs on MPC Concept by PIB team	6	85
4	Training on procurement, producer relation & QA for area officers/area incharge	2	12
5	Sahayak refresher programme	15	309
6	Training on procurement, producer relation & QA for Facilitator	6	36
7	Training programme for QA assistants	2	15
8	Technical training for Field RBP team	1	12
9	5 S (Work Place Management) for Field team	6	70
10	TQM (Total Quality Management) Training	10	129
11	Mock Drill cum Firefighting Training	1	28
12	Workshop on Emotional Intelligence	1	25
13	HR -ONE (HRMS) Software Training	1	25

## Producer Institution Building

PIB aims to build an institution of its producer members through better governance and member centric approach. The efforts are directed to increase active membership leading to proliferation in business aspects.

The PIB activities differentiate the Producer Company from the other players in the dairy sector mainly through its open and transparent governance system and member equity equivalent to their patronage. The ownership lies with the members, who are ultimately the policy-makers. The company strengthens women empowerment through their inclusion in the system. Further, to ensure transparency within the system, Baani has made continuous efforts to accomplish 100% milk payment through bank accounts of the members.



### MPCS Core Design Principles:

The Core Design Principles are strictly observed and followed by us. Business dealings are restricted only with members. Active user membership and their participation in business and governance are encouraged. All members are having equity in proportion to patronage based on the member classes. Board of the company is constituted based on the provisions of the Articles of the Company, which also ensures inclusiveness in governance.

Members' Grievances are addressed in time and are being monitored from the head office level. With the support of strong field staff and VCG-MRG, the company ensures to resolve all the queries received from members.





### Member Enrolment and Information Sharing With Members:

The automated member enrolment process helped to give better service to members. The company endeavours to expand its member base in existing areas. The company is committed to share all types of member related information and such information are displayed at MPP premises. Additionally, company send shift wise milk pouring message to its active members as well as payment related message in each cycle. This has immensely benefited members as they get timely information about milk poured, share capital contribution, if any and net payment which helps in enhancing the transparency in Baani's operations.

### Strengthening Member Relations:

The Village Contact Groups (VCG) and Member Relations Groups (MRG) are formed, from among the members of the company who are consistent in pouring milk to the MPC and have given consent to be part of these groups voluntarily. These groups facilitate effective two-way communication between MPC and Producer Members. VCG and MRG members meet at regular intervals to discuss and review the progress of the Milk Pooling Point (MPP).



## Women Empowerment

Bani MPC continues its emphasis on enhancing the participation of women members. The following interventions have been initiated to achieve the larger objective of women empowerment: -



- The company communicates about the role of women in every meeting and forum to emphasize the importance of women in dairy sector.
- Women get equal opportunities to become a part of Village Contact Group (VCG) and Member Relation Group (MRG) at the MPP (Milk Pooling Point) level.
- Women members who consistently pour quality milk in required quantity
- to the MPP of the company, while fulfilling other criteria of continuing membership, have better chance to be a member on the Board of the company. Board meetings give them excellent opportunity to learn management and governance. Currently three directors of the board of MPC are women.
- These activities has resulted in two percentage increase in women members over last year.

## Village Based Milk Procurement System:

The aim of VBMPS was fully achieved in expanding the infrastructure for collection of milk at village level and to reach more and more milk producers and also, to ensure transparent weighing, testing quality of milk received and sending data information through GPRS. Calibration of milk measuring equipment are done periodically and the company ensures fully transparent & automated system of milk collection at MPP level. Further, SMS with pouring details of each shift is sent to each member and payment SMS is also sent on 10-day cycle.

In coming years, it is planned to further strengthen and consolidate the existing MPP and increase member base in existing Milk Pooling Points.





## Quality Assurance

Baani continued to put in place practices to meet the standards laid down by the Food Safety and Standards Authority of India (FSSAI). Initiatives were taken for improvement of raw milk quality and milk products as described below:



### Infrastructure Improvement:

MCC Mansa, Bhadaur, Lehragaga, Phaguwala and Sadiq upgraded basic infrastructure to comply food safety management system.

### Upgraded Testing Facility:

- MCC Jaito, Sadiq, Sodium Analyzer purchased to analyze sodium content in incoming and outgoing raw milk.
- Micro heater and Incubator provided to all MCCs to test Melamine, Antibiotics and Aflatoxin.
- New test, Boric acid and QAC (Quaternary Ammonium Compound) started to comply FSSAI requirement.

### Residue Monitoring Plan:

In-house testing of Antibiotics, Melamine and Aflatoxin started for monitoring residual contaminants in incoming and outgoing raw milk.

### Subclinical Mastitis Screening:

- Screening of cattle for Subclinical Mastitis with CMT (California Mastitis Test) was done for the 61,878 animals during 2019-20. This is highly effective initiative at the field level to improve raw milk quality (MBRT and Heat stability).
- Analytical testing, GMP (Good manufacturing Practice), GLP (Good Laboratory Practice) and FSMS (Food safety Management System) training provided to MCC Staff and MCC In-charge. Numbers of training conducted 10 and 99 participants (MCC In-charges and Chemists, Field staff) trained.
- Updated SOPs of analytical testing of raw milk, testing of incoming material, quality plan of raw milk and incoming



material etc. have been provided.

- 309 Sahayaks were given refresher training for hygiene and safe milk handling through “Sahayak Refresher Trainings”.

## Marketing

Total sales during the year was 109.30 lakh litres of PPM, 6.40 lakh kgs Curd, 3.85 lakh litres Lassi and 2.06 lakh kgs of Ghee. The Company foresees a big potential in marketing of Milk and Milk products and plan to expand its sales operation in new areas of Punjab and adjoining states of Haryana & Himachal Pradesh. Emphasis was to enhance the product sales, for which concerted efforts were put in for branding, establishing Baani preferred outlets, advertisements, hiring qualified and suitable sales team.

During the year under review, the Company has also sold 894.53 lakh kgs milk to institutional buyers.





## Human Resource

Human Resource is an asset and has been instrumental in driving the Company's performance. Aptly supported by Automation, Policies, SOPs, Training & Development of employees assumes importance in increasing efficiency and productivity to achieve the organizational goals and employees' personal progression. All the Statutory Compliances have always been at the forefront to ensure satisfaction of statutory bodies and auditors. Company provides healthy, safe and friendly work environment to all employees.



### Employee Communication:

Employee communication is always precedence in Baani especially between the Management and HO & field employees. HR is regularly connected through the telephonic discussions in a very informal way, but all issues openly discussed and shared by employees to arrive at suitable outcome. It was important to keep reminding employees of the support that is available to them in this crisis.

### Team Building:

Employee engagement and importance of team building are core focus for which various events/ celebrations were organized, Diwali function in October 2019 and a cricket tournament on 28th February, 2020 at DMW Cricket ground were the highlights of such events and attended enthusiastically by all the employees of the Company. Also, conducted medical check- up for employees with the association of Fortis Hospital.

### Cost Saving Efforts:

HR has contributed towards the cost saving efforts of the company in the following way:-

- Minimizing the Staff Recruitment Expenses.
- Training and conferences on social media platform.
- Reduction in Travel expenses for attending external events.

## GLIMPSES OF EMPLOYEES' ENGAGEMENT / TEAM BUILDING ACTIVITIES, 2020



HEALTH CHECKUP



CRICKET TOURNAMENT







## Information Technology

In the financial year 2019-20, Baani Milk Producer Company Limited has completed the implementation of fixed Assets Management software covering for more than 21000 Fixed Assets of various types at more than 1100+ locations.

Each and every asset has been given a unique identity number. All the assets have been barcoded for identification and traceability. The Fixed Assets Management Solution enabled Baani Milk to track a vast number of Assets at different locations through a Mobile application. Each asset can be audited through Mobile Application with Asset Picture & Geolocation.

In continuation to strengthen our Information Systems, Baani Milk producer co. completed the integration of SAP servers

with HDFC Bank's servers which enabled all the payments from SAP servers to be sent to HDFC Bank servers in an encrypted state and without any manual intervention. This process has not just brought transparency in the system but also increased security due to encryption.

Baani Milk also continued its focus on the efficiency by upgrading the DPUs to a newer version which supports better data sync capabilities between Milknet server and DPUs which increased the speed and efficiency of the overall sync process.

As a capacity-building measure, the IT department trained the staff at all the MCCs to troubleshoot and resolve minor problems themselves to reduce any IT Infrastructure downtime due to minor technical issues.

## Productivity Enhancement Services (PES)

Baani Feed and Baani Mineral Mixture offer a complete nutrition and a balanced diet to the cattle filled with natural ingredients and area specific essential nutrients are required in order to improve their health, reproduction, milk yield and quality. On the demand of members, Baani Milk has launched third variant of Cattle feed for very high yielding cattle. Baani feed and Baani Min sales volume for the year 2019-20 was in tune of 4896.19 MT and 106.15 MT respectively which is higher than the previous years.





### Subclinical Mastitis Screening:

Mastitis and Subclinical Mastitis are the major issues with dairy farming. As Company is committed to reduce the cost of milk production and deliver high quality of milk to its customers, screening of cattle for Subclinical Mastitis with CMT (California Mastitis Test) was taken at another level by screening 61,878 animals during 2019-20

### MCPP (Mastitis Control Popularization Project):

During the year under review, Mastitis Control Popularization Project (MCPP) was initiated and completed successfully by the Company under guidance of NDDDB (National Dairy Development Board).

### FDP (Farm Development Project):

The subscription based Farm Development Project (FDP) covered 96 members to provide advisory services on efficient dairy farming was undertaken during the year.

### RBP (Ration Balancing Programme):

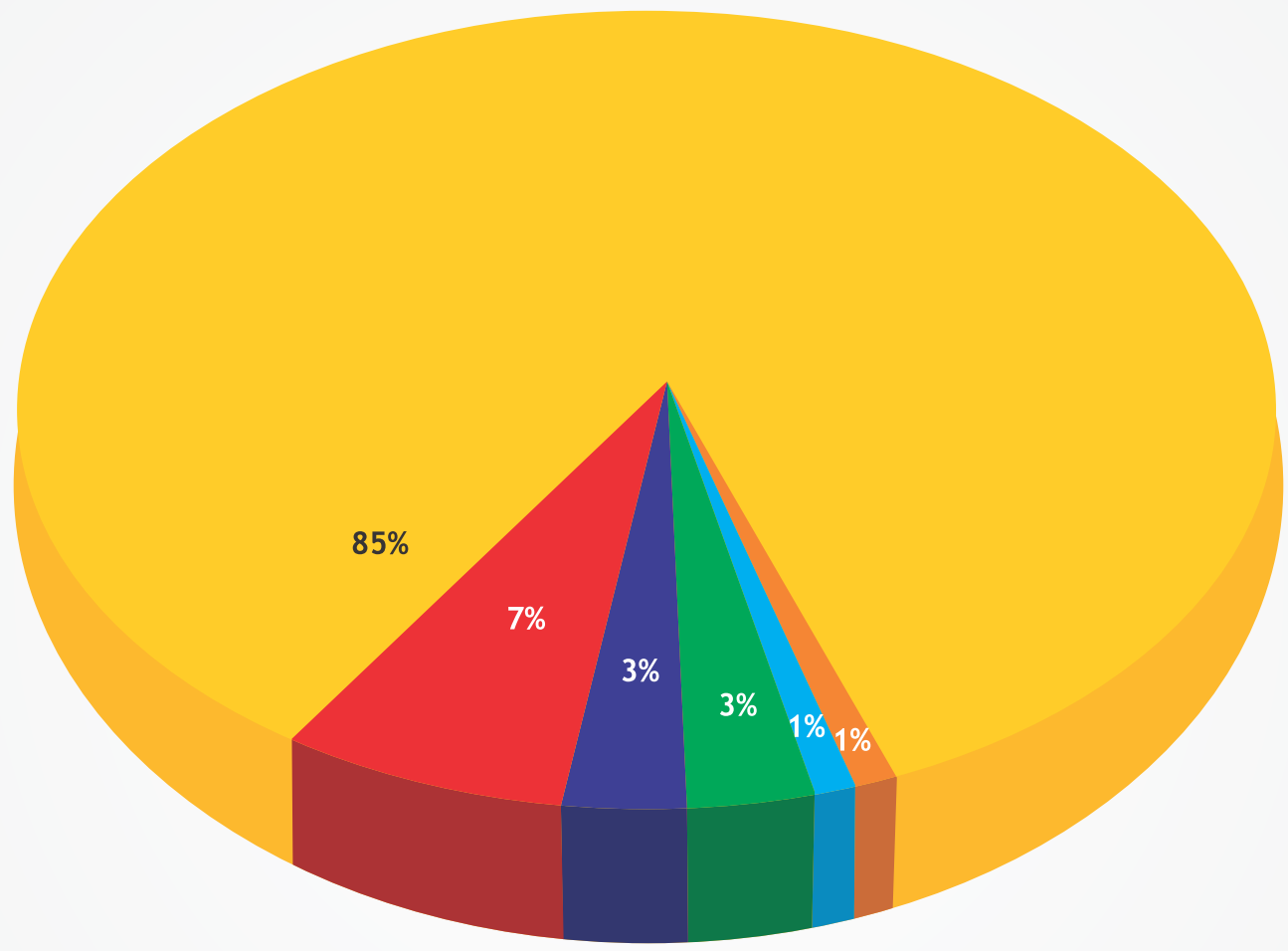
The Ration Balancing Programme (RBP) was continued during the year under review and RBP is successful in providing animal nutrition advisory service to the milk producers at their doorstep with the help of Local Resource Persons (LRPs) to facilitate increase in milk yield, reducing production cost and also contribute to reduce methane emission.



# CHAPTER- IV

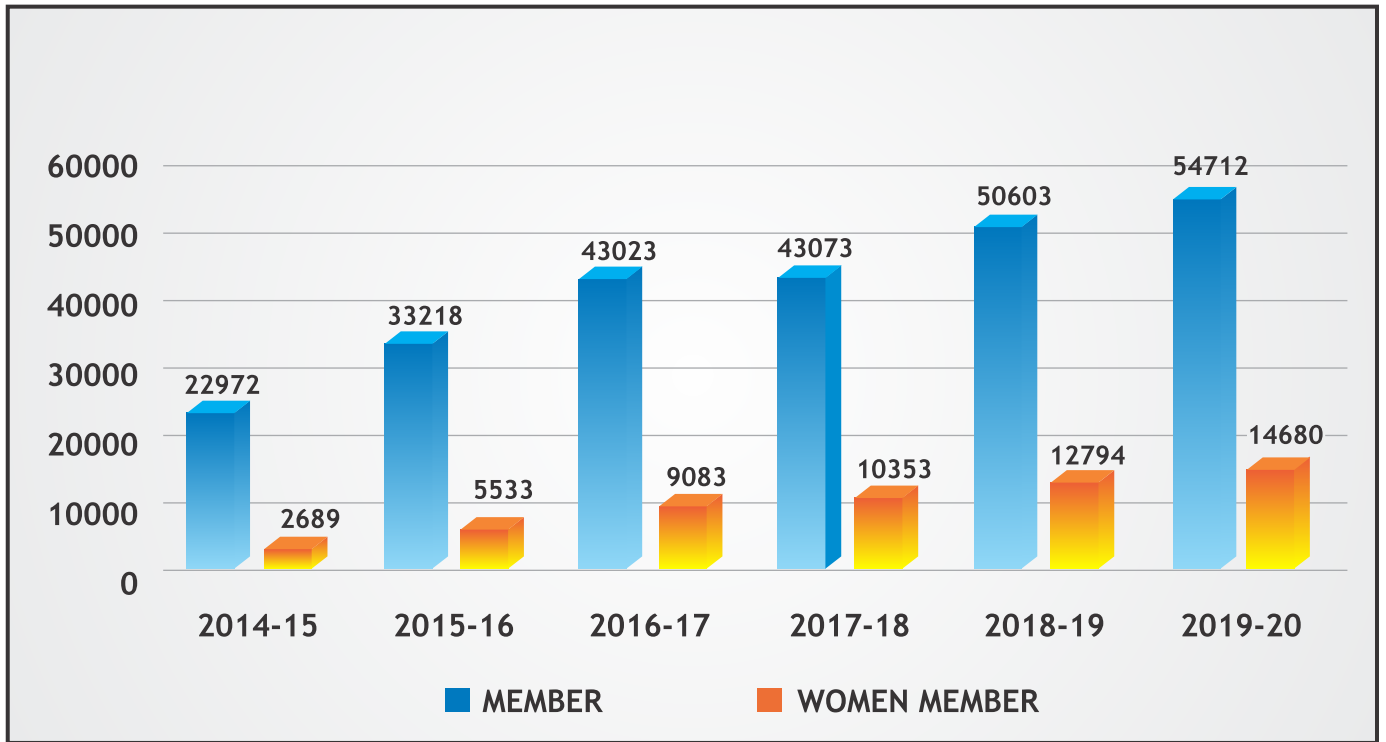
## PERFORMANCE OVERVIEW

### CONSUMER RUPEE DISTRIBUTION

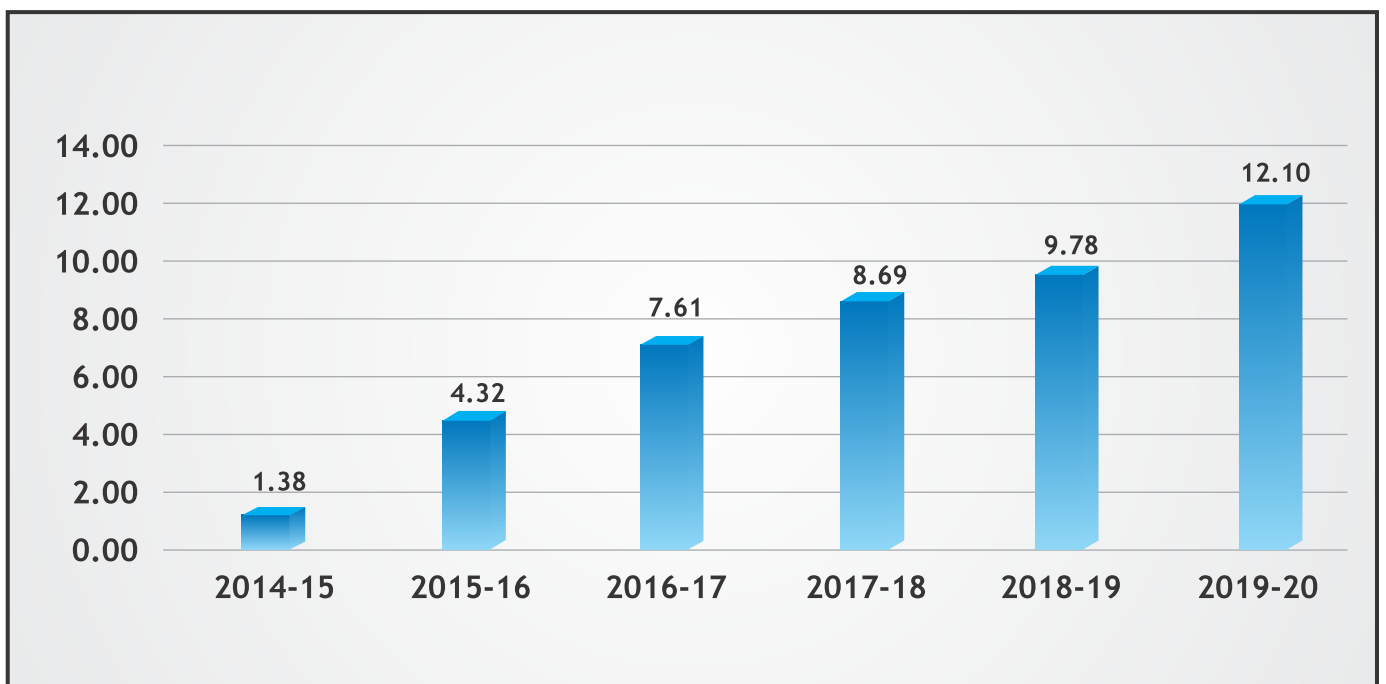


- PRODUCER PRICE
- VARIABLE COST
- ADMINISTRATION COST
- SELLING AND DISTRIBUTION COST
- INTEREST & DEPRECIATION
- PBT

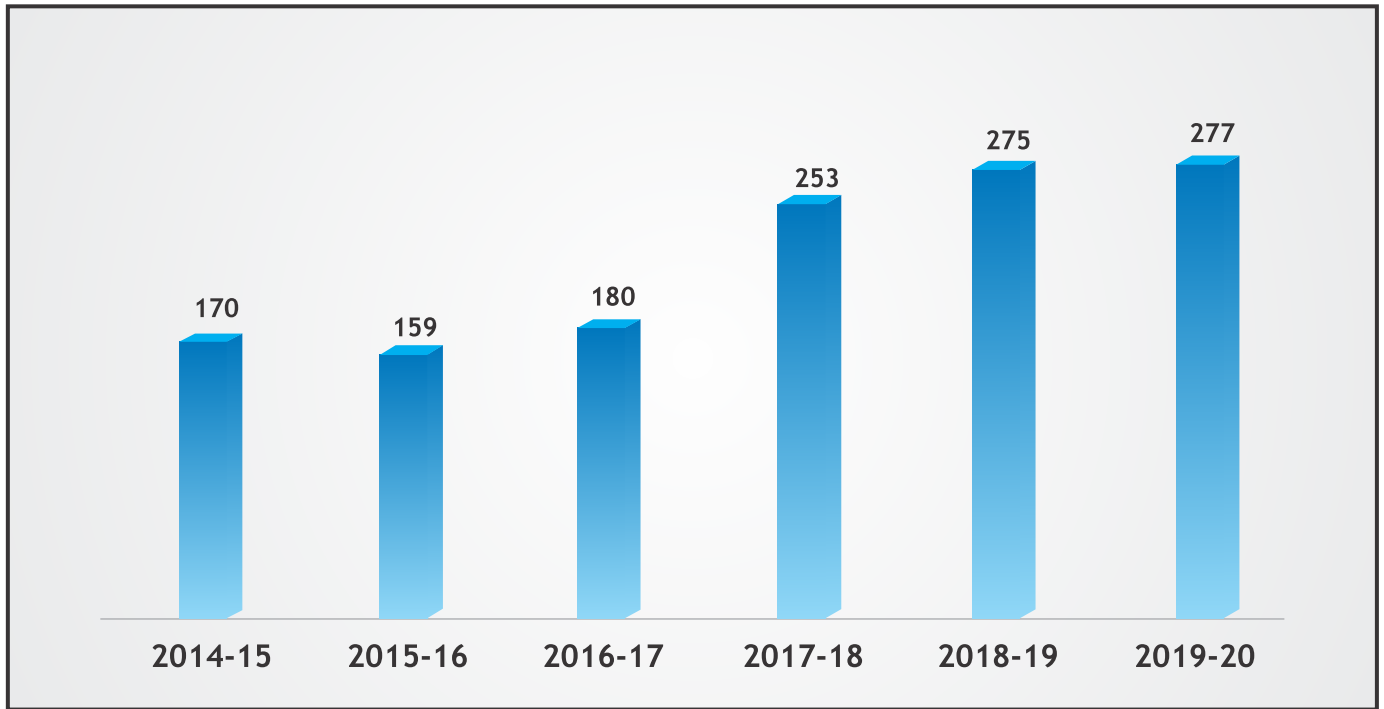
### MEMBERSHIP (NUMBERS)



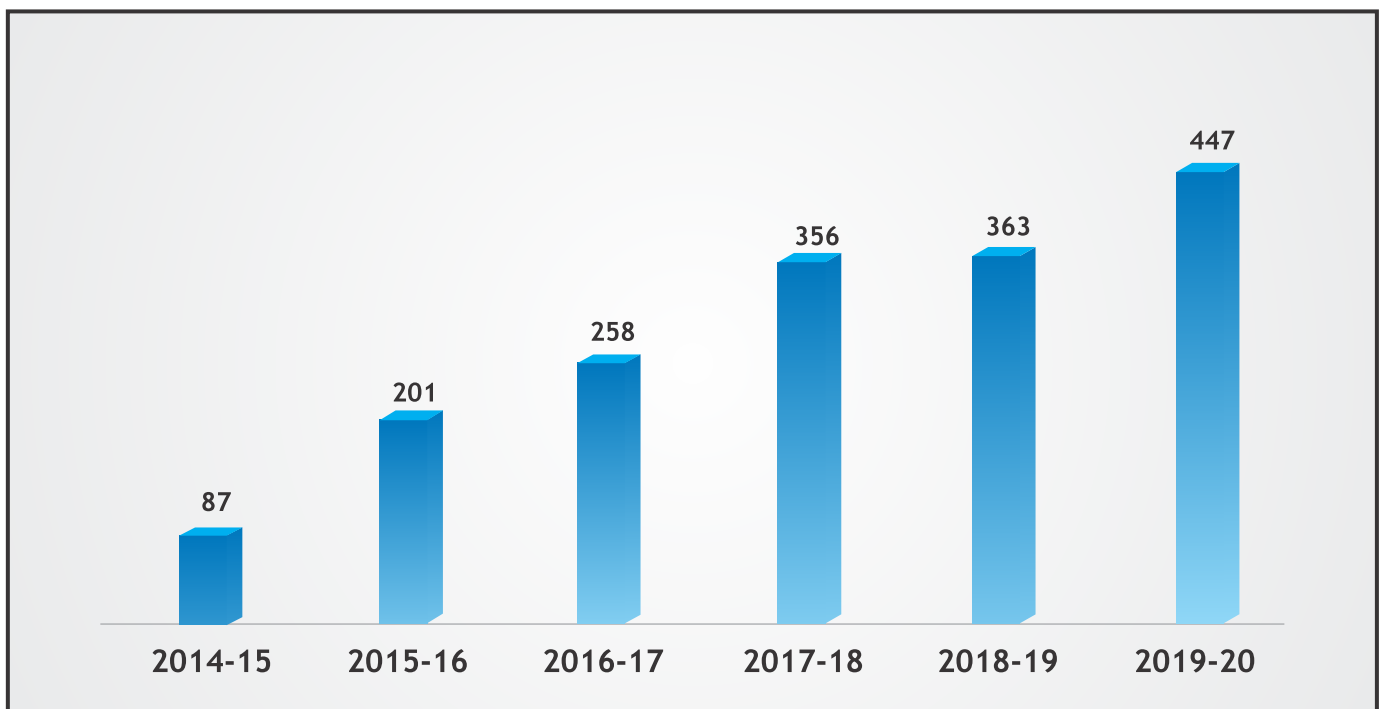
### SHARE CAPITAL CONTRIBUTION BY MEMBERS (Rs. in Cr)



### AVERAGE MILK PROCUREMENT PER DAY (IN 000KG/DAY)



### REVENUE FROM OPERATIONS (Rs. in Cr.)



## ACCOMPLISHMENTS

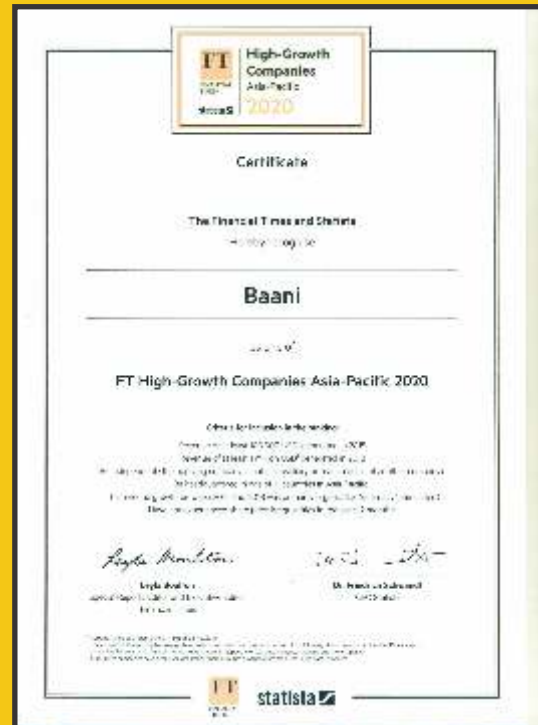
### Quality Leadership Awards 2019:

Baani Milk Producer Company was awarded with “The Amritsar Quality Leadership Awards 2019”. It was concluded through intense research undertaken by the research cell which consists of Post Graduates in History & Management with over 5 years research experience post their studies. Then the shortlisted was reviewed by a Jury comprising of senior professionals from across the globe.



The criteria adopted in this case are:-

• Strategic Perspective
• Integrity and Ethics
• Process Management
• Track Record
• Ability for Sustainable
• Future Orientation
• Time and cost of implementation



### FT High-Growth Companies Asia-Pacific 2020:

Baani Milk Producer Company has been recognized as one of the “FT HIGH-Growth Companies Asia-Pacific 2020 “by The Financial Times and Statista. A joint project between the Financial Times and Statista, the ranking is a result of research, public calls, intensive database research and directly contacting tens of thousands of companies and then they have identified Baani milk Producer Company’s outstanding performance among the millions of existing Asian enterprises.

The ranking has been published in the 2nd edition of the FT High-Growth Companies 2020. It was published both online and in print and publicly identified Asia-Pacific’s growth champions with “Baani” amongst others.

## THE WORLD BANK VISIT



On 19th December, 2019, Ms. Siddika Mishu (World Bank Consultant) visited Baani Milk Producer Company Limited for assessment of the projects VBMP (Village Based Milk Procurement Systems) and RBP (Ration Balancing Program) under NDP (National Dairy Plan)-1.

She visited the cluster office, Milk Chilling Centre and MPP Gharachon under MCC Phaguwala district Sangrur. Also, she was accompanied by Mr. Sriram Singh (Executive Director, NDS), Mr. Narinder Bahga (Chief Executive) and Dr. Navdeep Dham (DGM-Procurement) of Baani Milk Producer Company Limited.

She had a detailed discussion on training and development of field staff along with day to day monitoring of business operations at grass root level. She appreciated the mini business unit concept adopted by Baani. Also, she appreciated the role of Baani in empowering rural dairy women by increasing women membership from 11% to 25% in span of less than 5 years. She was briefed about the automation in milk operations as well as quality control measures adopted by Baani.



She had all the praise for Bani for adopting many IT enabled initiatives like CCTV monitoring of all MCC through mobile, GPS enables inward & outward transport monitored through mobile by field staff. During her visit to village Gharachon, she had an interaction with women members and impressed with the role of Bani in their financial independence. Also, she observed the transparent milk procurement system and its impact on the trust level of the members associated with Bani. She encouraged members to make Bani stronger by helping in increasing MAH coverage.

She also visited one of the commercial dairy farmers and got impressed with the kind of technology interventions adopted by the farmer. On 20th December 2019 she had an interaction with all the department heads and the Chief Executive Officer presented the financial and physical progress of Bani. She was impressed by the progress achieved by Bani in last 5 years.





## GLIMPSE OF 6TH ANNUAL GENERAL MEETING





## (DIRECTORS' REPORT)

TO THE MEMBERS OF

**BAANI MILK PRODUCER COMPANY LIMITED**

The Directors are pleased to present the sixth Annual Report along with the audited Statement of Accounts of Baani Milk Producer Company Limited ('Company') for the period from April 01st 2019 to March 31st 2020

**FINANCIAL RESULTS: -**

The Company's financial performance, for the year ended March 31, 2020 is summarised below:

Particulars	April 01, 2019 to Mar 31, 2020 (₹ in Crores)	April 01, 2018 to Mar 31, 2019 (₹ in Crores)
<b>Total Revenue</b>	<b>448.89</b>	<b>365.15</b>
<b>Total Expenses</b>	<b>444.20</b>	<b>357.08</b>
<b>Profit Before Tax</b>	<b>4.69</b>	<b>8.07</b>
<b>Tax Expense</b>	<b>1.26</b>	<b>2.72</b>
<b>Net Profit After Tax</b>	<b>3.43</b>	<b>5.35</b>
<b>Limited Return (Dividend)</b>	<b>0.84</b>	<b>0.94</b>
<b>Transfer to General Reserve</b>	<b>2.59</b>	<b>4.41</b>

**STATEMENT OF THE COMPANY'S AFFAIRS: -**

The Company during the year has achieved total revenue of ₹ 448.89 Crores. The operational revenues generated was ₹ 446.82 Crores, whereas other incomes earned during the period amounted to ₹ 2.07 Crores. The total expenses incurred during the year amounted to ₹ 444.20 Crores including depreciation and amortisation expense of ₹ 1.20 Crore. This has resulted into an earning of profit before interest, depreciation and tax (PBIDT) of ₹ 8.89 Crores; and net profit after tax (PAT) of ₹ 3.43 Crores.

As against the budgeted total income of ₹ 459.09 Crores and budgeted profit before tax (PBT) of ₹ 7.27 Crores for the period, the Company has actually achieved total income of ₹ 448.89 Crores and profit before tax (PBT) of ₹ 4.69 Crores for the said period.

## **REVIEW OF OPERATIONS: -**

### ***Milk Procurement:***

During year 2019-20, Company has procured average of 2.77 Lakh Kgs of Milk per day.

This year Company has consolidated its milk procurement network by increasing number of active members at MPP level. Company is operating in nine districts of Punjab to cover 1258 villages with 1352 MPPs (Milk Pooling Points) under 13 MCCs (Milk Chilling Centres).

At the end of the financial year 2019-20, total of 48,969 were approved members which indicates the high degree of loyalty and patronage towards the functioning and principles of Baani as a Milk Producer Company. The ethos of Transparency, Honesty, Passion and Timeliness of Company's Value, Mission and Vision has built confidence and trust of the members in functioning of the Baani MPC. The company has ensured that competitive milk price is paid in a transparent manner to the members in every 10 day cycle.

During the year 2019-20, company has also worked extensively to improve efficiency of the field staff by day to day monitoring and planning at MCC level. Designated meeting rooms marked with updated visual displays, boards, literature and posters. Teams are conducting daily meetings at these designated meeting rooms.

This activity has also helped in the better coordination between different departments like Procurement, PIB, PES, Logistics and Quality at MCC level.

### ***Way Forward:***

Our Company is planning to consolidate the milk procurement operations further by increasing active membership at the existing MPPs. Along with this, company is also planning to further enhance its use of technology in milk procurement operations by sharing App based data access to its members.

### ***PES (Productivity Enhancement Services):***

Baani Feed and Baani Min offer a complete nutrition and a balanced diet to the cattle, filled with natural ingredients and area specific essential nutrients required to improve their health, reproduction, milk yield and quality. On the demand of members, company has launched third variant of cattle feed for very high yielding cattle. Baani feed and Baani Min sales volume for the year 2019-20 was in tune of 4673.83 MT and 95.42 MT respectively which is higher than the previous years.

### ***Subclinical Mastitis Screening:***

Mastitis and Subclinical Mastitis are the major issues in dairy farming. As Company is committed

to reduce the cost of milk production and deliver high quality of milk to its customers, screening of cattle for Subclinical Mastitis with CMT (California Mastitis Test) was taken at another level by screening 61,878 animals during 2019-20.

**MCPP (Mastitis Control Popularization Project):**

During the year under review, Mastitis Control Popularization Project (MCPP) was initiated and completed successfully by the Company under guidance of NDDB (National Dairy Development Board).

**FDP (Farm Development Project):**

Subscription based Farm Development Project (FDP) covered 96 members to provide advisory services on efficient dairy farming was undertaken during the year.

**RBP (Ration Balancing Programme):**

The Ration Balancing Programme (RBP) was continued during the year under review and RBP is successful in providing animal nutrition advisory service to the milk producers at their doorstep with the help of Local Resource Persons (LRPs) to facilitate increase in milk yield, reducing production cost and also contribute to reduce methane emission.

**QUALITY INITIATIVE:-**

*Following initiatives have been taken for the improvement of raw milk quality and milk products:*

**Infrastructure Improvement:**

- MCC Mansa, Bhadaur, Lehragaga, Phaguwala and Sadiq upgraded basic infrastructure to comply food safety management system.

**Upgraded Testing Facility:**

- MCC Jaito, Sadiq, Sodium Analyser purchased to analyse sodium content in incoming and outgoing raw milk.
- Micro heater and Incubator provided to all MCCs to test Melamine, Antibiotics and Aflatoxin.
- New test, Boric acid and QAC (Quaternary Ammonium Compound) started to comply FSSAI requirement.

**Residue Monitoring Plan:**

- In-house testing of Antibiotics, Melamine and Aflatoxin started for monitoring residual

contaminates in incoming and outgoing raw milk.

***Other Activities:***

- Screening of cattle for Subclinical Mastitis with CMT (California Mastitis Test) was done for the 61,878 animals during 2019-20. This is a highly effective initiative at the field level to improve raw milk quality (MBRT and Heat stability).
- Analytical testing, GMP (Good manufacturing Practise), GLP (Good Laboratory Practise) and FSMS (Food safety Management System) training provided to MCC Staff and MCC In-charge. Numbers of training conducted 10 and 99 participants (MCC In-charges and Chemists, Field staff) were trained.
- Updated SOPs of analytical testing of raw milk, testing of incoming material, quality plan of raw milk and incoming material etc. have been provided.
- 309 nos. sahayaks were given refresher training for hygiene and safe milk handling through “Sahayak Refresher Trainings”.

***Milk And Milk Products:***

Total sales during the year was 109.30 lakh litres of PPM, 6.40 lakh kgs Curd, 3.85 lakh litres Lassi and 2.06 lakh kgs of Ghee. The Company foresees a big potential in marketing of Milk and Milk products and plan to expand its sales operation in new areas of Punjab and adjoining states of Haryana & Himachal Pradesh. Emphasis was to enhance the product sales, for which concerted efforts were put in for branding, establishing Baani preferred outlets, advertisements, hiring qualified and suitable sales team.

During the year under review, the Company has also sold 894.53 lakh kgs raw milk to institutional buyers.

**PRODUCER INSTITUTION BUILDING (PIB):-**

PIB aims to build an institution of its producer member through better governance and member centric approach. The efforts are directed to increase active membership leading to proliferation in business aspects.

***MPCs Core Design Principles:***

The Core Design Principles are strictly observed and followed. Business dealings are restricted only with members. Active user membership and their participation in business and governance are encouraged. All members are having equity in proportion to patronage based on the member classes. Board of the company is constituted based on the provisions of the Articles of the Company, which also ensures inclusiveness in governance.

Members' Grievances are addressed in time and are being monitored from the head office level. With the support of strong field staff and VCG-MRG, the company ensures to resolve all the queries received from members.

***Member Enrolment And Information Sharing With Members:***

The automated member enrolment process helped to give better service to members. The company is committed to share all types of member related information and such information are displayed at MPP premises. Additionally, company send shift wise milk pouring message to its active members as well as payment related message in each cycle.

***Strengthening Member Relations:***

The Village Contact Groups (VCG) and Member Relations Groups (MRG) facilitate effective two-way communication between MPC and Producer Members. VCG and MRG members meet at regular intervals to discuss and review the progress of the Milk Pooling Point (MPP).

***Women Empowerment:***

Baani MPC continues its emphasis on enhancing the participation of women members. The following interventions have been initiated to achieve the larger objective of women empowerment: -

- The company communicates about the role of women in every meeting and forum to emphasize the importance of women in dairy sector.
- Women get equal opportunities to become a part of Village Contact Group (VCG) and Member Relation Group (MRG) at the MPP (Milk Pooling Point) level.
- Women members who consistently pour quality milk in required quantity to the MPP of the company, while fulfilling other criteria of continuing membership, have better chance to be a member on the Board of the company. Board meetings give them excellent opportunity to learn management and governance. Currently three directors of the board of MPC are women.

***Village Based Milk Procurement System:***

The aim of VBMPs was fully achieved in expanding the infrastructure for collection of milk at village level and to reach more and more milk producers and also, to ensure transparent weighing, testing quality of milk received and sending data information through GPRS. Calibration of milk measuring equipment are done periodically and the company ensures fully transparent & automated system of milk collection at MPP level. Further, SMS with pouring details of each shift is sent to each member and payment SMS is also sent on 10-day cycle.

In coming years, it is planned to further strengthen and consolidate the existing MPP and increase member base in existing Milk Pooling Points.

### ***Training & Capacity Building Programme***

Training of all stakeholders of Baani has remained the main focus area during the current year also. The training programmes were organized for the existing members, potential members, women, school children, rural youths, MRGs and VCGs. Board of Directors were also imparted trainings in various areas to enhance their business skills. Major training programmes conducted during the year 2019-20 are: -

S. No.	Training Programmes	No. of Trainings Conducted	No. of Participants Trained
1	Leadership Development Programme for MRG	2	35
2	MRG orientation Programme	58	587
3	VCG Orientation Programme	312	2520
4	GallBaat (Village level trainings)	264	7572
5	BoDs Training (Finance & Policy Governance)	5	29

### **MATERIAL CHANGES AFTER CLOSURE OF FINANCIAL YEAR: -**

There is no material/substantial change after the closure of financial year ended 31.03.2020.

### **CHANGE IN NATURE OF BUSINESS: -**

Further there is no change in the nature of business of company during the year under review.

### **LIMITED RETURN (DIVIDEND): -**

The Board is pleased to recommend a Limited Return (Dividend) of ₹ 7/- per equity share of the face value of ₹100/- each for the period ended March 31, 2020. This dividend is subject to approval of Members at the ensuing 7th Annual General Meeting and will be paid to those Members whose names appear in the Register of Members on 31.03.2020. The dividend for the financial year @ ₹ 7/- per equity share will absorb ₹ 0.84 crores.

### **TRANSFER TO RESERVE: -**

The Board proposes to transfer an amount of ₹ 2.59 Crores to the credit of General Reserve in



terms of relevant provisions of the Articles of Association of the Company read with Section 581 ZI of the Companies Act 1956.

**FINANCE: -**

Cash and cash equivalents as on March 31, 2020 was ₹ 2334.51 lakhs. The company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

**DEPOSITS: -**

Your Company has not accepted any deposits during the year under review.

**SHARE CAPITAL AND MEMBERSHIP: -**

As on March 31, 2020, the paid up share capital was ₹ 12.09 crores, subscribed by 48969 members.

**VOTING RIGHTS AND ATTENDANCE AT AGM: -**

As on March 31, 2020, the paid up share capital was ₹ 12.09 Crore, comprising of 48,969 members on the register of members of the Company.

After 31 March 2020, Company has enrolled 9951 new members and the membership of 3511 members have been cancelled/ surrendered. Therefore, the total number of members as on the date of this report stands at 55409 members who are entitled for attending the 7th Annual General Meeting.

Out of total 55409 members as on date,

- 12009 members have the rights to exercise vote on all resolutions to be moved at the 7th AGM (including voting on election of their respective class of Director) since they fulfil all the conditions set for their respective class.
- 4350 members have the rights to exercise vote on all resolutions (except voting in the election of their respective class of Director) to be moved at the 7th AGM as they failed to fulfil all conditions of their respective class though they completed minimum 200 days and 500 litres of milk supply to company during the FY 2019-20.
- 39050 members are entitled to attend 7th AGM but did not have the rights to exercise vote on any resolutions to be moved at the 7th AGM as they have not fulfilled the

conditions of minimum 200 days and 500 litres supply of milk to company.

New members, who were admitted as members of the Company post March 31, 2020, will not be entitled to dividend for FY 2019-20 as well as voting right at 7th AGM.

#### **BOARD OF DIRECTORS: -**

Article 9.5 of the Articles of Association of the Company provides that the number of positions on the Board representing each class of members, to the extent possible, shall be based on patronage of the respective class. The criteria for categorizing members into three different classes viz., Class-A, Class-B and Class-C is based on patronage was approved by the members at the first Annual General Meeting of the Company held on 31.10.2014.

Based on the analysis of the data w.r.t., fulfilment and non-fulfilment of patronage criteria by the members during FY 2019-20, it has been found that, out of 48,969 total members as on March 31, 2020, 23,589 members have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly, out of these 23,589 members, 775 comprised of Class-A, 2,478 comprised of Class-B and 20,336 members comprised of Class-C. Whereas the proportionate percentages (%) of quantity of milk (patronage) supplied by the said Class-A, Class-B and Class-C of members amongst themselves were respectively 24%, 28% and 48% during FY 2019-20. Accordingly, the composition of the Board providing for representation of each class of members on the Board based on patronage of each class of members comes to 3 Directors for Class-A, 3 Directors for Class-B and 5 Directors for Class C respectively. The Company shall meet the requirement of Article 9.5 as under: -

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

At present the Board has only one Director representing Class-A, who not being longest in his office and hence shall not retire at the ensuing AGM.

As per the class representation based on the patronage criteria, the Board has declared one vacancy in Class -A.

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

At present the Board has three (3) Directors representing Class-B.

Smt. Manjeet Kaur (DIN: 07455694), a class B Director is liable to retire by rotation in the forthcoming Annual General Meeting.

As per class representation based on the patronage criteria, the Board has declared one (1) vacancy in Class -B.

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

At present the Board has four (4) Director representing Class-C.

Sh. Gagandeep Singh (DIN: 06868680) and Sh. Jaspal Singh (DIN: 07916490), Directors who did not fulfil the eligibility conditions set for their respective class, shall be liable to retire by rotation in the forthcoming Annual General Meeting of the Company.

As per the class representation based on the patronage criteria, Board has declared one vacancy in Class -C.

Based on recommendation of Nominating Committee, the Board recommends the appointment of Sh. Kulpreet Rishi (DIN: 08860867), Smt. Manjeet Kaur (DIN:07455694) and Sh. Jaspal Singh (DIN: 07916490) representing “Class A”, B and “Class C” respectively to fill up the 1 vacancy of Class-A, 1 vacancy in Class B and 1 vacancy of Class C respectively. The statement containing name and qualifications of the Director seeking appointment is annexed to the Notice convening 7th AGM of the Company.

This will make the total strength of Directors in Class-A to 2 Directors, in class B to 3 Directors and in Class C to 3 Directors as permissible under Article 9.5 and 9.6 of the Articles of Association of the Company.

During the year under review, Sh. Yuginder Kumar Arora (DIN: 07253343) has been re-appointed as an Expert Director of the Company with the effect from 25.08.2019 for a period of two years. Further Dr. Omveer Singh (DIN: 02702981), Managing Director of NDDB Dairy Services, has been appointed as an Expert Director of the Company with the effect from 30.05.2019 for a period of two years. Further Dr. Omveer Singh (DIN:02702981) has resigned from the Company w.e.f. 28.09.2020 and in his place Dr. Raghu Hassan Mallegowda has been appointed as an Expert Director for a period of 2 years w.e.f. 23.10.2020.

#### **TRAINING OF BOARD MEMBERS: -**

During the report period, the directors have been imparted training in the finance module and policy governance model of the Company and training in leadership making them aware of the responsibilities, duties and importance of their capacity building.

#### **DIRECTORS' RESPONSIBILITY STATEMENT: -**

As required under Section 217 of the Companies Act, 1956 ('Act'), Directors confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed by the Company;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and

fair view of the state of affairs of the Company as on 31st March, 2020 and of the profit of the Company for the period ended on that date.

- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the directors have prepared the annual accounts on a going concern basis.

**AUDITORS: -**

The Auditors of the Company, M/s. S.B. Billimoria & Co., Chartered Accountants, retire at the ensuing AGM, and have confirmed their eligibility and willingness to accept office, if re-appointed.

The Board of Directors recommends the re-appointment of M/s. S. B. Billimoria & Co., as the Auditors of the Company at the ensuing AGM.

**AUDITOR'S REPORT: -**

The observation made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence, do not call for any further comments.

**INTERNAL CONTROL SYSTEM AND AUDIT: -**

The Company has in place the proper and adequate internal control system which ensures that all the assets are safeguarded and protected and the transactions are authorized, recorded and reported correctly. The internal audit of accounts is conducted regularly by the external firm of Chartered Accountants viz., M/s. Ernst & Young LLP, Chartered Accountants. The Internal Auditors independently evaluate the adequacy of internal controls and carryout the audit.

**HUMAN RESOURCE: -**

***HR- An Asset:***

Human Resource is an asset and has been instrumental in driving the Company's performance. Aptly supported by Automation, Policies, SOPs, Training & Development of employees assumes importance in increasing efficiency and productivity to achieve the organisational goals and employees' personal progression. All the Statutory Compliances have always been at the forefront to ensure satisfaction of statutory bodies and auditors. Company provides healthy, safe and friendly work environment to all employees.

***COVID 19 Crisis: Focus - Need of the Hour:***

COVID 19 enforced us to work from home or work on reduced hours in dispersed and isolated small teams and may affect morale and lead to anxiety. It was important to take action and regain control of the narrative within our business. Leadership, Stress Management, Creativity in Motivation and Understanding of Employees are more important now than ever before.

Bani has also, instituted all preventive measures as enunciated by the Central and Punjab state government authorities from time to time to ensure safe working environment and good health of employees. As an initiative, online Knowledge sharing sessions on social platform Zoom/ Webinar were organized. COVID 19 SOPs have been formulated and promulgated to work effectively in this crisis time.

#### ***Team Building:***

Employee engagement and importance of team building are core focus for which various events/ celebrations were organized, a cricket tournament on 28th February, 2020 at DMW Cricket ground was the highlight of such events and attended enthusiastically by all the employees of the Company.

#### ***Cost Saving Efforts:***

HR has contributed towards the cost saving efforts of the company in the following way:-

- Minimizing the Staff Recruitment Expenses.
- Training and conferences on social media platform.
- Reduction in Travel expenses for attending external events.

#### **INFORMATION TECHNOLOGY: -**

In the financial year 2019-20, Bani Milk completed the implementation of Fixed Assets Management software covering more than 21000 Fixed Assets of various types at more than 1100+ locations.

Each asset has been assigned a unique identification number. All the assets have been barcoded for identification and traceability. The Fixed Assets Management Solution enabled Bani Milk to track a vast count of diverse types of Assets installed at different locations through a Mobile application. Each asset can be audited through Mobile Application with Asset Picture & Geolocation enabling reduction in the Audit time and increased transparency.

#### **PARTICULARS OF EMPLOYEES: -**

The particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are set out

as Annexure-A to this report.

#### **SAFETY AND HEALTH: -**

Company provides a safe and healthy workplace for its employees. There is always focus on the health and safety of employees, especially those physically handling the milk. Regular medical check-ups and necessary training is provided to employees. The Company has adopted eco-friendly practices, and continuously strive to protect the environment.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR):-**

Refer to section 465 of the Companies Act 2013, Provisions of Part IX A of the Companies Act, 1956 shall be applicable mutatis mutandis to a Producer Company in a manner as if the Companies Act, 1956 has not been repealed until a special Act is enacted for Producer Companies. Keeping in view of aforesaid provisions, the company has filed its representations before Ministry of Corporate Affairs (MCA), New Delhi, to seek clarification regarding the applicability of Companies Act, 2013 including CSR provisions on 22.01.2019. The clarification from MCA is yet to be received. The Compliance of CSR provisions will be initiated on the receipt of clarification from MCA.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO: -**

The Company is in the business of trading in milk and milk products. However, the Company has taken all the necessary steps for conservation of energy and has been sensitive in making progress towards this initiative. Administrative and office operations are conducted in the manner whereby optimum utilization and maximum possible saving of energy is achieved. Further no specific technology is involved in the business activities of Company. Further foreign exchange earnings and outgo are nil during the year under review.

#### **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:-**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and rules made there under, your Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment.

#### **RELATED PARTY TRANSACTIONS/ RISK MANAGEMENT POLICY:-**

All related party transactions that were entered into during the period ended on 31st March 2020 were on arm's length basis and were in the ordinary course of the business. The company

framework encompasses practices relating to the identification, assessment, monitoring and mitigation of strategic, operational and external environment risk to achieving the Company’s business objectives. A Whistle Blow Policy has also been adopted by Company.

**DETAIL OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNAL:-**

During the year under review, no such order has been passed that impact the going concern status and company’s operation in future.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:-**

According to relevant provision of Companies Act, the company has not given any loans or guarantees, make investment during the year under review.

**MEETINGS: -**

During the financial year 2019-20, four (4) meetings of Board of Directors of the Company were duly convened as per detail mentioned hereunder:

Board Meeting no.	Date of Board Meeting	Board Strength	No. of Directors Present
25th BM	30.05.2019	14	12
26th BM	29.07.2019	14	12
27th BM	04.10.2019	14	14
28th BM	24.01.2020	14	13

Further during the period under review, the Nomination Committee has met on 04.07.2019.

Further during the year under review, five (5) meetings of the Membership Related Committee were held on 03.05.2019, 06.07.2019, 30.08.2019, 11.01.2020 and 03.03.2020.

**AWARDS:-**

**Quality Leadership Awards 2019:**

Baani Milk Producer Company was awarded with “The Amritsar Quality Leadership Awards 2019”.

**FT HIGH-Growth Companies Asia-Pacific 2020:**

Baani Milk Producer Company has been recognized as one of the “FT HIGH-Growth Companies Asia-Pacific 2020 “by The Financial Times and Statista. The ranking has been published in the 2nd edition of the FT High-Growth Companies 2020.

**ACKNOWLEDGEMENT: -**

The Board of Directors would like to express its sincere thanks and appreciation for the contributions and support extended by the members of the Company, Government of Punjab, Business Associates and Bankers for their continued support during the year.

Your Directors also take this opportunity to place on record their sincere thanks to National Dairy Development Board, NDDDB Dairy Services and Mother Dairy Fruit & Vegetable Private Limited for providing encouragement and continuous support.

The Board also extends its gratitude towards the enthusiastic co-operation, hard work and dedication of all the employees of the company and all concerned without which it would not have been possible to achieve all round progress and growth of the Company.

For and on behalf of the Board of Directors

Date:

(Gagandeep Singh)

Chairman & Director

Place: Patiala

**ANNEXURE ‘A’**

Narinder Singh Bahga, Chief Executive & Director, M.Sc qualified with an experience of 30 years, DOJ- 14.10.2014, Nature of Employment Regular, Gross Remuneration (Rs.) 59,43,931\*, Age- 55, Previous Employment- General Manager, Procurement in Mother Dairy Fruits and Vegetables (P) Ltd.

\*Include Performance Linked Incentive pertaining to FY 2018-19 as approved by the Board in their meeting held on 04.10.2019



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF BAANI MILK PRODUCER COMPANY LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the accompanying financial statements of **BAANI MILK PRODUCER COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with the audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of the audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance of Section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order/CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. As required by Section 581ZG of the Part IXA of the Companies Act, 1956 (in terms of section 465 of the Companies Act, 2013, provisions of part IXA of the Companies Act are applicable to a producer company in a manner as if the Companies Act, 1956 has not been repealed), we give in the "Annexure C" a statement on the matters specified in that Section.

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

Place: New Delhi  
Date : 18 August, 2020

Sd/-  
**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN:20087104AAAAEC7958)

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Baani Milk Producer Company Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: New Delhi  
Date : 18 August, 2020

Sd/-  
**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN:20087104AAAAEC7958)

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

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

- (i) In respect of its plant, property and equipment:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the plant, property and equipment.
  - b. The plant, property and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the plant, property and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 3(v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. The operations of the Company during the year did not give rise to any liability for Customs Duty and Excise Duty.
  - b. There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.
  - c. There are no dues of Income Tax, Custom Duty and Goods and Services Tax as on 31 March 2020 on account of disputes. The operations of the Company during the year did not give rise to any liability for Customs Duty and Excise Duty.

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

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

Place: New Delhi  
Date : 18 August, 2020

Sd/-  
**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN:20087104AAAAEC7958)



**ANNEXURE C TO THE INDEPENDENT AUDITORS' REPORT**

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

- i. The amount of debts due from sale of goods and services are as disclosed in note 17 to the financial statements. According to the information and explanations given to us, no debts other than those disclosed in note 17 to the financial statements are considered as doubtful of recovery.
- ii. According to the information and explanations given to us, cash on hand as at year-end has been physically verified by the management and no discrepancies were noticed on such verification. According to the information and explanations given to us, the Company does not hold any investment securities.
- iii. The details of assets and liabilities as at 31 March, 2020 are as per the financial statements of the Company as at and for the year ended 31 March, 2020.
- iv. In our opinion and according to the information and explanations given to us, the Company has not done any transaction which appears to be contrary to the provisions of part IXA of the Companies Act, 1956.
- v. According to the information and explanations given to us, the Company has not granted any loan to its directors.
- vi. According to the information and explanations given to us, the Company has not given any donations or subscriptions during the year.

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

Place: New Delhi  
Date : 18 August, 2020

Sd/-  
**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN:20087104AAAAEC7958)

**BAANI MILK PRODUCER COMPANY LIMITED**  
**BALANCE SHEET AS AT 31 MARCH, 2020**

	Note No.	As at 31 March, 2020 Rupees	As at 31 March, 2019 Rupees
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	12,09,94,400	9,78,41,700
(b) Reserves and surplus	4	<u>15,61,35,159</u>	<u>13,11,76,988</u>
		<u>27,71,29,559</u>	<u>22,90,18,688</u>
<b>2. Share application money pending allotment</b>	29	1,76,92,000	1,06,83,200
<b>3. Deferred grant</b>	5	3,94,75,179	4,73,02,208
<b>4. Non - current liabilities</b>			
(a) Other long-term liabilities	6	3,16,05,621	2,97,29,071
(b) Long term provisions	7	<u>18,22,963</u>	<u>21,05,283</u>
		<u>3,34,28,584</u>	<u>3,18,34,354</u>
<b>5. Current liabilities</b>			
(a) Short term borrowings	8	74,97,41,897	43,66,09,913
(b) Trade payables	9		
(i) Total outstanding dues of micro and small enterprises		82,401	4,94,360
(ii) Total outstanding dues of creditors other than micro and small enterprises		17,64,33,686	19,33,82,244
(c) Other current liabilities	10	2,59,87,684	1,50,16,406
(d) Short - term provisions	11	-	<u>18,79,528</u>
		<u>95,22,45,668</u>	<u>64,73,82,451</u>
<b>Total</b>		<u><b>1,31,99,70,989</b></u>	<u><b>96,62,20,901</b></u>
<b>B. ASSETS</b>			
<b>1. Non - current assets</b>			
(a) Property, Plant & Equipment			
(i) Tangible assets	12	11,16,55,027	12,47,80,736
(ii) Intangible assets	12	31,36,078	52,83,988
(iii) Capital work in progress		-	<u>1,44,689</u>
		<u>11,47,91,105</u>	<u>13,02,09,413</u>
(b) Deferred tax assets	13	12,30,844	24,14,882
(c) Long term loans and advances	14	46,79,219	31,53,407
(d) Other non-current assets	15	<u>1,25,614</u>	<u>1,25,614</u>
		<u>12,08,26,782</u>	<u>13,59,03,316</u>
<b>2. Current assets</b>			
(a) Inventories	16	2,93,55,015	2,23,10,147
(b) Trade receivables	17	92,51,06,204	54,53,33,260
(c) Cash and cash equivalents	18	23,34,51,383	25,04,50,992
(d) Short - term loans and advances	19	85,28,953	74,85,902
(e) Other current assets	20	<u>27,02,652</u>	<u>47,37,284</u>
		<u>1,19,91,44,207</u>	<u>83,03,17,585</u>
<b>Total</b>		<u><b>1,31,99,70,989</b></u>	<u><b>96,62,20,901</b></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

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

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

Chartered Accountants

Sd/-  
**Gagandeep Singh**  
Chairman

Sd/-  
**Surinder Singh Sandhu**  
Director

Sd/-  
**Narinder Bahga**  
Chief Executive &  
Director

Sd/-  
**JITENDRA AGARWAL**  
Partner

Sd/-  
**Rajesh Saini**  
Senior Manager- Legal & CS

Sd/-  
**Punit Sharma**  
Senior Manager - Finance & Accounts

Place: New Delhi  
Date: 18 August, 2020

Place: Patiala  
Date: 18 August, 2020

**BAANI MILK PRODUCER COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020**

	Note No.	Year ended 31	Year ended 31
		March, 2020	March, 2019
		Rupees	Rupees
1. Revenue from operations	21	4,46,82,25,397	3,63,31,91,846
2. Other income	22	2,07,23,558	1,83,68,142
<b>3. Total revenue (1+2)</b>		<b>4,48,89,48,955</b>	<b>3,65,15,59,988</b>
<b>4. EXPENSES</b>			
(a) Purchases of stock in trade	23	4,13,49,65,025	3,27,58,16,605
(b) Changes in inventories of stock-in-trade	24	(79,11,722)	(44,51,833)
(c) Employee benefits expense	25	6,04,93,789	5,03,41,381
(d) Finance costs	26	2,99,12,494	4,31,94,634
(e) Depreciation and amortisation expense	12	1,20,47,839	1,79,99,806
(f) Other expenses	27	21,24,88,004	18,79,39,672
<b>Total expenses</b>		<b>4,44,19,95,429</b>	<b>3,57,08,40,265</b>
<b>5. Profit before tax (3-4)</b>		4,69,53,526	8,07,19,723
<b>6. Tax expense:</b>			
(a) Current tax		1,18,00,000	2,88,00,000
(b) Deferred tax charge / (credit)		11,84,038	(12,30,194)
(c) Short / (Excess) Income tax pertaining to earlier years		(4,24,951)	(3,59,682)
Net tax expense		1,25,59,087	2,72,10,124
<b>7. Profit for the year (5-6)</b>		<b>3,43,94,439</b>	<b>5,35,09,599</b>
<b>8. Earnings per equity share:</b>	33		
(Nominal value Rs. 100 per share)			
(a) Basic		31.57	57.20
(b) Diluted		31.11	57.03

See accompanying notes forming part of the financial statements

In terms of our report attached

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

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

Sd/-  
**Gagandeep Singh**  
Chairman

Sd/-  
**Surinder Singh Sandhu**  
Director

Sd/-  
**Narinder Bahga**  
Chief Executive &  
Director

Sd/-  
**JITENDRA AGARWAL**  
Partner

Sd/-  
**Rajesh Saini**  
Senior Manager-  
Legal & CS

Sd/-  
**Punit Sharma**  
Senior Manager -  
Finance & Accounts

Place: New Delhi  
Date: 18 August, 2020

Place: Patiala  
Date: 18 August, 2020

**BAANI MILK PRODUCER COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020**

	Year ended 31 March, 2020 Rupees	Year ended 31 March, 2019 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	4,69,53,526	8,07,19,723
<b>Adjustments For :</b>		
Finance costs	2,98,64,596	4,31,20,388
Interest income	(1,75,53,438)	(1,49,04,239)
Profit on sale of property, plant and equipment	(5,57,832)	(5,61,479)
Provision for employee benefits	(19,40,630)	10,27,752
Depreciation and amortisation expense	1,20,47,839	1,79,99,806
<b>Operating Profit before working capital changes</b>	<b>6,88,14,061</b>	<b>12,74,01,951</b>
<b>Adjustments for movement in working capital:</b>		
(Increase)/decrease in inventories	(70,44,868)	(32,88,996)
(Increase)/decrease in trade receivables	(37,97,72,945)	29,27,08,448
(Increase)/decrease in long term loans and advances	(2,89,798)	(4,94,749)
(Increase)/decrease in short term loans and advances	6,15,260	(30,26,693)
(Increase)/decrease in other non-current assets	-	(1,25,614)
(Increase)/decrease in other current assets	(28,892)	53,495
Increase/(decrease) in trade payables	(1,73,60,517)	2,93,54,299
Increase/(decrease) in other current liabilities	73,50,967	(34,91,193)
<b>Cash generated from operations</b>	<b>(32,77,16,734)</b>	<b>43,90,90,948</b>
Net income tax (paid)	(1,44,90,689)	(2,37,84,448)
<b>Net cash flow from/ (used in) operating activities - (A)</b>	<b>(34,22,07,423)</b>	<b>41,53,06,500</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Bank balances not considered as Cash and cash equivalents	1,25,28,104	(3,95,56,789)
Capital expenditure on property, plant and equipment (net of capital grant received)	(52,45,642)	(2,32,06,141)
Proceeds from sale of property, plant and equipment	13,47,012	5,82,924
Interest received	1,96,16,962	1,65,21,782
<b>Net cash flow from / (used in) investing activities - (B)</b>	<b>2,82,46,436</b>	<b>(4,56,58,223)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of equity share capital	1,24,69,500	22,18,500
Share application money received	1,76,92,000	1,06,83,200
Net increase/(decrease) in working capital borrowings	31,31,31,984	(33,01,97,284)
Dividend Paid including dividend tax	(93,79,372)	(93,03,060)
Finance costs paid	(2,44,24,631)	(4,64,26,626)
<b>Net cash flow from / (used in) financing activities - (C)</b>	<b>30,94,89,481</b>	<b>(37,30,25,270)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>(44,71,505)</b>	<b>(33,76,994)</b>
Cash and cash equivalents at beginning of the year	1,46,43,559	1,80,20,553
<b>Cash and Cash equivalents at the end of the year</b>	<b>1,01,72,054</b>	<b>1,46,43,559</b>
<b>Cash and cash equivalents comprises:</b>		
Cash in hand	34,351	3,19,356
Balances with banks:		
- in current accounts	1,01,37,703	1,43,24,203
Cash and cash equivalents as per Cash Flow Statement	1,01,72,054	1,46,43,559
Add: Bank balances not considered as Cash and cash equivalent	22,32,79,329	23,58,07,433
Cash and bank balances as per Balance Sheet (Note 19)	<b>23,34,51,383</b>	<b>25,04,50,992</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

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

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

Sd/-  
**Gagandeep Singh**  
Chairman

Sd/-  
**Surinder Singh Sandhu**  
Director

Sd/-  
**Narinder Bahga**  
Chief Executive & Director

Sd/-  
**Jitendra Agarwal**  
Partner

Sd/-  
**Rajesh Saini**  
Senior Manager-  
Legal & CS

Sd/-  
**Punit Sharma**  
Senior Manager -  
Finance & Accounts

Place: New Delhi  
Date: 18 August, 2020

Place: Patiala  
Date: 18 August, 2020

## BAANI MILK PRODUCER COMPANY LIMITED

### Notes forming part of the financial statements

#### 1. Corporate information

Baani Milk Producer Company Limited ("the Company") was incorporated on 11 August, 2014 under Part IXA of the Companies Act, 1956.

The Company has started the procurement operations in the state of Punjab from 6th November, 2014. The Company procures milk directly from milk producers through 'Milk Pooling Points' (MPP) in villages of Punjab and sells to Mother Dairy Fruit and Vegetable Private Limited. The Company also trades in 'Polypack milk' (PPM), Ghee, other milk products and cattle feed.

#### 2. Significant accounting policies

The significant accounting policies are as follows:

##### a. Basis of accounting

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

##### b. Use of estimates

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

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

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

##### d. Cash flow statement

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

## BAANI MILK PRODUCER COMPANY LIMITED

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**e. Revenue recognition**

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

**f. Other income**

Interest income on deposits is recognized on a time proportion basis.

**g. Property, Plant and Equipment and Intangible Assets**

**Property, Plant and Equipment**

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

**Intangible assets**

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

The company capitalizes software costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over the management's estimate of its useful life of three years.

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

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

**i. Depreciation and amortisation**

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

**BAANI MILK PRODUCER COMPANY LIMITED**

The useful life considered for charging depreciation is as follows:

<b>Description</b>	<b>Useful life (in years)</b>
Plant and equipment	10
Furniture and fixtures	10
Computers and software	3
Office equipment	10
Milk Cans	3

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

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

**j. Inventories**

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

**k. Grants**

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

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

**l. Employee benefits**

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

**a. Defined contribution plans**

The Company's contributions to Provident Fund and Employees State Insurance scheme is considered as defined contribution plan and are charged to the Statement of Profit and Loss based on the amount of contributions required to be made as and when services are rendered by the employees.

## BAANI MILK PRODUCER COMPANY LIMITED

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

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

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

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

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

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

### **m. Earnings per share**

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

### **n. Taxes on income**

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

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



## BAANI MILK PRODUCER COMPANY LIMITED

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**o. Borrowing cost**

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

**p. Impairment of assets**

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

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

**q. Provisions and contingencies**

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

**r. Leases**

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

**s. Material events**

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

**t. Operating Cycle**

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

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

**Note 3: Share Capital**

	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
<b>(a) Authorised share capital</b>				
Equity Shares of Rs. 100 each	<u>20,00,000</u>	<u>20,00,00,000</u>	<u>20,00,000</u>	<u>20,00,00,000</u>
<b>(b) Issued, subscribed and fully paid up share capital</b>				
Equity Shares of Rs. 100 each	<u>12,09,944</u>	<u>12,09,94,400</u>	<u>9,78,417</u>	<u>9,78,41,700</u>

See notes (i) to (iii) below

**Notes:**

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

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

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

	As at and for the year ended March 31, 2020		As at and for the year ended March 31, 2019	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
Shares outstanding at the beginning of the year	9,78,417	9,78,41,700	8,69,265	8,69,26,500
Shares issued during the year	3,31,331	3,31,33,100	4,05,679	4,05,67,900
Shares cancelled / surrendered during the year	(99,804)	(99,80,400)	(2,96,527)	(2,96,52,700)
Shares outstanding at the end of the year	<u>12,09,944</u>	<u>12,09,94,400</u>	<u>9,78,417</u>	<u>9,78,41,700</u>

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

**(iv)** No share has been issued for a consideration other than cash during the year or 5 years immediately preceding the financial year.

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

	<b>As at 31 March, 2020</b>	<b>As at 31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Note 4: Reserves and surplus</b>		
<b>(a) General reserve</b>		
Opening balance	12,17,40,720	7,76,67,389
Add: Transferred from surplus in statement of Profit and Loss	<u>2,59,24,831</u>	<u>4,40,73,331</u>
<b>Closing balance</b>	<b><u>14,76,65,551</u></b>	<b><u>12,17,40,720</u></b>
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening balance	94,36,268	83,83,560
Profit for the year	3,43,94,439	5,35,09,599
Less:		
(i) Final limited return (dividend) to members for the year ended 31 March, 2019 (Rs. 8 per share)	78,27,336	69,54,120
(ii) Tax on above limited return (dividend)	16,08,932	14,29,440
(iii) Transferred to General reserve	<u>2,59,24,831</u>	<u>4,40,73,331</u>
Closing balance	<u>84,69,608</u>	<u>94,36,268</u>
	<b><u>15,61,35,159</u></b>	<b><u>13,11,76,988</u></b>
<b>Note 5: Deferred grant</b>		
(a) Opening balance	4,73,02,208	5,33,40,909
(b) Add: Capital grant utilised during the year (see note 35)	80,358	1,24,43,750
(c) Less: Assets disposed during the year (see note 12)	14,39,735	1,71,576
(d) Less: Depreciation pertaining to assets acquired from grant (see note 12)	78,35,400	1,84,62,054
(e) Add: Depreciation on disposal of assets (see note 12)	<u>13,67,748</u>	<u>1,51,179</u>
(f) Closing balance	<b><u>3,94,75,179</u></b>	<b><u>4,73,02,208</u></b>
<b>Note 6: Other long-term liabilities</b>		
(a) Trade/security deposits received	<u>3,16,05,621</u>	<u>2,97,29,071</u>
	<b><u>3,16,05,621</u></b>	<b><u>2,97,29,071</u></b>
<b>Note 7: Long term provisions</b>		
(a) Provision for employee benefits:		
(i) For compensated absences (net of Leave encashment fund Rs.40,13,709; previous year Rs.23,42,992)	15,86,130	15,56,329
(ii) For gratuity (net of Gratuity fund Rs.56,70,850; previous year Rs.36,34,133)	2,36,833	5,48,954
	<u>18,22,963</u>	<u>21,05,283</u>
	<b><u>18,22,963</u></b>	<b><u>21,05,283</u></b>

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

	<b>As at 31 March, 2020</b>	<b>As at 31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Note 8: Short term borrowings</b>		
(a) <b>Secured</b>		
Overdraft from bank (secured against fixed deposit with bank)	3,518	6,48,27,588
(b) <b>Unsecured</b>		
Bills discounting from bank	74,97,38,379	37,17,82,325
	<b><u>74,97,41,897</u></b>	<b><u>43,66,09,913</u></b>
<b>Note 9: Trade payables</b> (Other than acceptances)		
(a) Total outstanding dues of micro enterprises and small enterprises (See note 36)	82,401	4,94,360
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	17,64,33,686	19,33,82,244
	<b><u>17,65,16,087</u></b>	<b><u>19,38,76,604</u></b>
<b>Note 10: Other current liabilities</b>		
(a) Interest accrued but not due on borrowings	78,31,193	23,91,228
(b) Unclaimed/unpaid dividends	22,64,328	22,07,432
(c) Advances from customers	47,57,396	1,12,402
(d) Membership cancellation payable	47,79,839	47,33,673
(e) Grant received (net of utilization) (see note 35)	-	27,040
(f) Trade/security deposits received	35,78,476	26,15,646
(g) Statutory dues	27,76,452	29,28,985
	<b><u>2,59,87,684</u></b>	<b><u>1,50,16,406</u></b>
<b>Note 11: Short term provisions</b>		
(a) Provision for Income tax (net of advance tax of Rs. Nil; Rs.2,69,90,775)	-	18,79,528
	<b><u>-</u></b>	<b><u>18,79,528</u></b>

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

**Note 12: Property, Plant & Equipment**

Particulars	Gross block			Accumulated depreciation			Amount in Rupees	
	As at April 1, 2019	Additions during the year	Deletions during the year	As at 31 March, 2020	As at April 1, 2019	On disposal	As at 31 March, 2020	As at 31 March, 2019
<b>(a) Tangible assets (owned)</b>								
Plant and equipment	19,29,36,310 (16,24,28,372)	42,99,032 (3,09,81,263)	32,69,268 (4,73,325)	19,39,66,074 (19,29,36,310)	7,89,99,046 (6,01,98,986)	24,41,943 (4,49,651)	10,22,53,877 (11,39,37,167)	11,39,37,167 (10,22,29,370)
Furniture and fixtures	1,20,16,882 (1,17,13,498)	2,70,161 (3,03,384)	1,63,793 (-)	1,21,23,250 (1,20,16,882)	73,03,009 (66,00,471)	1,55,603 (-)	41,53,036 (47,13,873)	47,13,873 (51,13,026)
Office equipment	37,26,606 (33,52,032)	3,73,006 (3,93,474)	- (18,900)	40,99,612 (37,26,606)	11,05,019 (7,95,022)	- (6,208)	26,23,714 (26,21,587)	26,21,587 (25,57,008)
Computers	2,87,83,272 (2,84,50,307)	2,69,340 (3,75,623)	5,12,959 (42,660)	2,85,39,654 (2,87,83,272)	2,52,75,163 (2,10,88,936)	4,87,307 (37,122)	26,24,399 (35,08,109)	35,08,109 (73,61,329)
<b>Total</b>	<b>23,74,63,070</b>	<b>52,11,540</b>	<b>39,46,020</b>	<b>23,87,28,589</b>	<b>11,26,82,237</b>	<b>30,84,854</b>	<b>11,16,55,027</b>	<b>12,47,80,736</b>
Previous year	(20,59,44,209)	(3,20,53,745)	(5,34,885)	(23,74,63,070)	(8,86,83,416)	(4,92,981)	(11,26,62,335)	(11,72,60,733)
<b>(b) Intangible assets (other than self generated)</b>								
Computer software	4,21,20,588 (4,15,32,136)	2,59,149 (5,88,452)	- (-)	4,23,79,736 (4,21,20,588)	3,68,36,600 (2,48,66,640)	- (-)	31,36,078 (52,83,968)	52,83,988 (1,66,65,496)
<b>Total (B)</b>	<b>4,21,20,588</b>	<b>2,59,149</b>	<b>-</b>	<b>4,23,79,736</b>	<b>3,68,36,600</b>	<b>-</b>	<b>31,36,078</b>	<b>52,83,988</b>
Previous year	(4,15,32,136)	(5,88,452)	(-)	(4,21,20,588)	(2,48,66,640)	(-)	(52,83,968)	(1,66,65,496)
<b>Total (A + B)</b>	<b>27,95,83,658</b>	<b>54,70,688</b>	<b>39,46,020</b>	<b>28,11,08,326</b>	<b>14,95,18,837</b>	<b>30,84,854</b>	<b>14,47,91,105</b>	<b>13,00,64,724</b>
Previous year	(24,74,76,345)	(3,26,42,193)	(5,34,885)	(27,95,83,658)	(11,35,50,956)	(3,64,61,860)	(14,95,18,935)	(13,39,26,229)

**Notes:**

(i) Depreciation and amortisation expense

Tangible assets

Intangible assets

Less: Depreciation pertaining to assets acquired on grant

	Year ended 31-Mar-19	Year ended 31-Mar-18
Tangible assets	1,74,76,180	2,44,91,901
Intangible assets	24,07,059	1,19,69,959
Less: Depreciation pertaining to assets acquired on grant	(78,33,400)	(68,62,034)
	<b>1,20,47,839</b>	<b>1,79,99,826</b>

(ii) Figures in brackets represent previous year figures

(iii) The details of assets purchased out of capital grant and included in the above schedule are given below (see note 35):

Particulars	Gross block			Accumulated depreciation			Amount in Rupees	
	As at April 1, 2019	Additions during the year	Deletions during the year	As at 31 March, 2020	As at April 1, 2019	On disposal	As at 31 March, 2020	As at 31 March, 2019
<b>(a) Tangible assets (owned)</b>								
Plant and equipment	5,96,90,192 (4,73,70,128)	80,358 (1,24,43,750)	9,41,536 (1,33,686)	5,88,19,014 (5,96,80,192)	2,08,41,468 (1,70,30,495)	8,94,459 (1,27,002)	2,46,89,449 (2,08,41,468)	3,88,38,724 (3,03,39,632)
Furniture and fixtures	49,95,455 (49,95,455)	- (-)	1,63,793 (-)	48,31,661 (49,95,455)	46,41,268 (46,25,460)	15,807 (15,807)	45,01,472 (46,41,268)	3,54,187 (3,69,994)
Office equipment	14,01,367 (14,20,267)	- (-)	(18,900)	14,01,367 (14,01,367)	3,30,441 (3,30,441)	- (-)	5,91,912 (4,58,784)	9,42,584 (10,89,826)
Computers	2,37,23,088 (2,37,42,078)	- (-)	3,34,406 (18,990)	2,33,88,682 (2,37,23,088)	2,08,54,672 (1,71,899,327)	9,35,223 (36,83,311)	2,14,72,210 (2,08,54,672)	28,68,416 (65,52,751)
<b>Total (A)</b>	<b>8,98,00,101</b>	<b>80,358</b>	<b>14,39,735</b>	<b>8,84,40,724</b>	<b>4,67,96,192</b>	<b>13,67,748</b>	<b>5,12,55,042</b>	<b>4,30,03,910</b>
Previous year	(7,75,27,928)	(1,24,43,750)	(1,71,576)	(8,98,00,101)	(3,91,75,724)	(1,51,179)	(4,67,96,191)	(3,83,52,202)
<b>(b) Intangible assets (other than self generated)</b>								
Computer software	3,71,88,926 (3,71,88,926)	- (-)	- (-)	3,71,88,926 (3,71,88,926)	3,28,90,629 (2,22,00,221)	20,08,802 (1,06,90,408)	3,48,99,430 (3,28,90,629)	42,98,298 (1,49,88,706)
<b>Total (B)</b>	<b>3,71,88,926</b>	<b>-</b>	<b>-</b>	<b>3,71,88,926</b>	<b>3,28,90,629</b>	<b>20,08,802</b>	<b>3,48,99,430</b>	<b>42,98,298</b>
Previous year	(3,71,88,926)	(-)	(-)	(3,71,88,926)	(2,22,00,221)	(1,06,90,408)	(3,28,90,629)	(1,49,88,706)
<b>Total (A + B)</b>	<b>12,69,89,028</b>	<b>80,358</b>	<b>14,39,735</b>	<b>12,56,29,651</b>	<b>7,96,86,821</b>	<b>13,67,748</b>	<b>8,61,54,473</b>	<b>4,73,02,208</b>
Previous year	(11,47,16,854)	(1,24,43,750)	(1,71,576)	(12,69,89,028)	(6,13,75,945)	(1,84,62,054)	(7,96,86,820)	(5,33,40,908)

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

	<b>As at 31 March, 2020</b>	<b>As at 31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Note 13: Deferred tax assets</b>		
Tax effect of items constituting deferred tax assets:		
a. On difference between book balance and tax balance of property, plant and equipment	5,49,278	14,77,338
b. Provision for compensated absences and gratuity	4,58,803	7,02,828
c. Provision for doubtful debts	52,191	-
d. Others	1,70,572	2,34,716
	<b>12,30,844</b>	<b>24,14,882</b>
<b>Note 14: Long term loans and advances</b> (Unsecured, considered good)		
(a) Security deposits	7,12,565	13,51,729
(b) Advance income tax (Net of provision for tax Rs.9,29,00,530; previous year Rs.5,26,55,174)	29,28,916	16,92,804
(c) Prepaid expense	10,37,738	1,08,874
	<b>46,79,219</b>	<b>31,53,407</b>
<b>Note 15: Other non-current assets</b>		
(a) Fixed deposits with banks*	1,25,614	1,25,614
	<b>1,25,614</b>	<b>1,25,614</b>
*These comprises fixed deposits under lien against sale tax liability and having a maturity of more than 12 months from the Balance sheet date.		
<b>Note 16: Inventories</b> (At lower of cost and net realisable value)		
(a) Stock-in-trade Raw Milk (including in Transit- Rs.2,40,79,616, Previous Year Rs.1,78,92,891)	2,54,90,909	1,85,42,662
(b) Stock -in-trade - others	24,56,041	14,92,566
(c) Stores and spares	14,08,065	22,74,919
	<b>2,93,55,015</b>	<b>2,23,10,147</b>
<b>Note 17: Trade receivables</b>		
(a) Outstanding for a period exceeding six months from the date they were due for payment		
(i) - Unsecured, considered good	5,07,928	2,07,370
(ii) - Unsecured, considered doubtful	2,07,370	-
	7,15,298	2,07,370
Less: Provision for doubtful debts	2,07,370	-
	5,07,928	2,07,370
(b) Others		
(i) - Secured, considered good	13,87,079	9,64,256
- Unsecured, considered good	92,32,11,198	54,41,61,633
	<b>92,51,06,204</b>	<b>54,53,33,260</b>

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

	<u>As at 31 March, 2020</u> Rupees	<u>As at 31 March, 2019</u> Rupees
<b>Note 18: Cash and cash equivalents</b>		
<b>(a) Cash and cash equivalents</b>		
(i) Cash in hand	34,351	3,19,356
(ii) Balance with banks:		
a) In current accounts	<u>1,01,37,703</u>	<u>1,43,24,203</u>
	1,01,72,054	1,46,43,559
Cash and cash equivalents (as per AS 3 - Cash flow statement)		
<b>(b) Other bank balances</b>		
(i) In deposit accounts		
- original maturity more than 3 months	10,90,15,001	3,60,00,001
(ii) Balances held as security against bank borrowings	11,20,00,000	19,76,00,000
(iii) In earmarked accounts		
- Unpaid dividend accounts	<u>22,64,328</u>	<u>22,07,432</u>
	<u><b>23,34,51,383</b></u>	<u><b>25,04,50,992</b></u>
<b>Note:</b>		
(i) Fixed deposit amounting to Rs. 11,20,00,000 (previous year Rs. 19,76,00,000) have been pledged against bank overdraft facility (see note 8).		
<b>Note 19: Short - term loans and advances</b> (Unsecured, considered good)		
(a) Advances to vendors	18,45,896	36,30,217
(b) Prepaid expenses	46,39,811	38,55,685
(c) Security deposits	16,58,310	-
(d) Grant receivable (see note 35)	<u>3,84,936</u>	<u>-</u>
	<u><b>85,28,953</b></u>	<u><b>74,85,902</b></u>
<b>Note 20: Other current assets</b> (Unsecured, considered good)		
(a) Interest accrued but not due on bank deposits	26,71,789	47,35,313
(b) Others	<u>30,863</u>	<u>1,971</u>
	<u><b>27,02,652</b></u>	<u><b>47,37,284</b></u>

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

	<b>Year ended 31 March, 2020</b>	<b>Year ended 31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Note 21: Revenue from operations</b>		
(a) Sale of products (refer note (i) below)	4,46,82,25,397	3,63,31,91,846
	<b><u>4,46,82,25,397</u></b>	<b><u>3,63,31,91,846</u></b>
<b>Note:</b>		
<b>Sale of products comprises:</b>		
<b>(i) Traded goods</b>		
a. Raw milk	3,79,35,23,586	3,29,58,56,108
b. Processed milk and milk products	55,87,13,598	24,92,28,558
c. Cattle feed & others	11,59,88,213	8,81,07,180
<b>Total</b>	<b><u>4,46,82,25,397</u></b>	<b><u>3,63,31,91,846</u></b>
<b>Note 22: Other income</b>		
(a) Interest income		
(i) On deposits with banks	1,75,53,438	1,49,04,239
(ii) On Income tax refund	-	2,37,510
(iii) On others	5,35,472	3,38,843
(b) Other non-operating income		
(i) Membership fee	11,11,907	14,28,602
(ii) Profit on sale of property, plant and equipment	5,57,832	5,61,479
(iii) Liability no longer required written back	7,61,980	3,01,392
(iv) Miscellaneous income	2,02,929	5,96,077
	<b><u>2,07,23,558</u></b>	<b><u>1,83,68,142</u></b>



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

	<b>Year ended 31 March, 2020</b>	<b>Year ended 31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Note 23: Purchases of stock-in-trade</b>		
(a) Raw milk	3,51,06,92,069	2,97,92,60,828
(b) Purchase of processed milk and milk products	51,67,35,974	21,60,82,122
(c) Cattle feed and others	10,75,36,982	8,04,73,655
	<b><u>4,13,49,65,025</u></b>	<b><u>3,27,58,16,605</u></b>
<b>Note 24: Changes in inventories of stock-in-trade</b>		
<b>Decrease/(increase) in inventories of stock-in-trade</b>		
(a) Inventories at the beginning of the year	2,00,35,228	1,55,83,395
(b) Inventories at the end of the year	<u>2,79,46,950</u>	<u>2,00,35,228</u>
(c) Net (increase)/decrease in inventory	<b><u>(79,11,722)</u></b>	<b><u>(44,51,833)</u></b>
<b>Note 25: Employee benefits expense</b>		
(a) Salaries and wages	5,43,60,356	4,45,30,988
(b) Contribution to provident and other funds	54,54,562	52,18,612
(c) Staff welfare expenses	6,78,871	5,91,781
	<b><u>6,04,93,789</u></b>	<b><u>5,03,41,381</u></b>

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

	<b>Year ended 31 March, 2020</b>	<b>Year ended 31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Note 26: Finance costs</b>		
(a) Interest expense on borrowings	2,98,64,596	4,31,20,388
(b) Interest on delayed payment of income tax, GST etc	47,898	74,246
	<b><u>2,99,12,494</u></b>	<b><u>4,31,94,634</u></b>
<b>Note 27: Other expenses</b>		
(a) Consumption of stores and spares	57,10,776	39,41,367
(b) Power and fuel	8,51,238	7,66,163
(c) Rent including lease rent	36,21,410	34,79,355
(d) Rates and taxes	12,03,396	10,63,919
(e) Contractual and retainership expenses	3,39,69,460	3,15,30,852
(f) Repair and maintenance - machinery	1,32,95,987	1,27,71,917
(g) Repair and maintenance - others	79,72,641	67,41,471
(h) Freight, forwarding and distribution expenses	11,73,10,526	10,06,19,412
(i) Insurance charges	17,14,532	16,66,825
(j) Legal and professional fees	88,27,575	95,20,090
(k) Printing and stationery	17,98,778	13,43,132
(l) Auditor's remuneration (refer note (i) below)	13,61,012	12,97,503
(m) Travelling and conveyance	63,58,560	44,81,568
(n) Communication expenses	28,11,747	19,93,358
(o) Advertisement and publicity	15,55,673	34,66,940
(p) Provision for doubtful debts	2,07,370	-
(q) Miscellaneous expenses	39,17,323	32,55,800
	<b><u>21,24,88,004</u></b>	<b><u>18,79,39,672</u></b>
<b>Note:</b>		
<b>(i) Auditors' remuneration comprises:</b>		
a. Statutory audit fee	9,97,500	9,50,000
b. Tax audit fee	1,31,250	1,25,000
c. Out of pocket expenses	24,650	24,579
d. GST on above	2,07,612	1,97,924
	<b><u>13,61,012</u></b>	<b><u>12,97,503</u></b>

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

**Note 28: Contingent liabilities and commitments (to the extent not provided for)**

Particulars	As at 31 March, 2020 Rupees	As at 31 March, 2019 Rupees
<b>A. Contingent liabilities</b>		
(a) Claims against the Company not acknowledged as debt	Nil	Nil
(b) Bank guarantees issued on behalf of the Company - Guarantee given to Sale Tax department	1,00,000	1,00,000

**Note 29**

The Company had received share application money of Rs.1,76,92,000 against which allotment has been made at the Board Meeting held on 11 June, 2020

**Note 30**

In respect of the year ended 31 March, 2020, the directors in their meeting dated 18th August, 2020 have proposed a final dividend of Rs.84,69,608/- (Re.7 per share) to be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares.

**Note 31: Employee benefit plans**

**Defined-contribution plans**

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

The Company has recognised Rs. 36,49,281 (previous year Rs.30,58,200) for Provident Fund and Pension Fund contribution in the statement of profit and loss.

**Defined-benefits plans**

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are based on years of service and the employee's compensation (immediately before retirement). Commitments are actuarially determined at year-end. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the statement of Profit and Loss.

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

**i. Change in defined benefit obligation**

	31 March, 2020	31 March, 2019
	Rupees	Rupees
Present value of obligations at the beginning of the year	41,83,086	23,62,531
Interest cost	3,19,588	1,81,915
Current service cost	12,97,932	10,92,076
Benefits paid	-	-
Actuarial (gain)/loss on obligation	1,07,077	5,46,564
Present value of obligations at the end of the year	<u>59,07,683</u>	<u>41,83,086</u>

**ii. Fair value of plan assets**

	31 March, 2020	31 March, 2019
	Rupees	Rupees
Fair value of plan assets at the beginning of the year	36,34,133	28,56,399
Expected return on plan assets	3,08,035	2,27,937
Contribution made	17,98,527	14,89,815
Fair Value adjustment of previous year	-	(1,87,492)
Withdrawals	(89,951)	(7,49,302)
Actuarial gain/(loss) on plan assets	20,106	(3,224)
Fair value of plan assets at the end of the year	<u>56,70,850</u>	<u>36,34,133</u>

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

iii. Return on plan assets	31 March, 2020	31 March, 2019
	Rupees	Rupees
Expected return on plan assets	3,08,035	2,27,937
Actuarial gain/(loss) on plan assets	20,106	(3,224)
Actual return on plan assets	<b>3,28,141</b>	<b>2,24,713</b>

iv. Amount recognised in the Balance Sheet	31 March, 2020	31 March, 2019
	Rupees	Rupees
Present value of defined benefit obligations	59,07,683	41,83,086
Fair value of plan assets	56,70,850	36,34,133
Net liability/(asset) recognised in the balance sheet	<b>2,36,833</b>	<b>5,48,953</b>

v. Expenses recognised in the Statement of Profit and Loss	31 March, 2020	31 March, 2019
	Rupees	Rupees
Current service costs	12,97,932	10,92,076
Interest cost	3,19,588	1,81,915
Expected return on plan assets	(3,08,035)	(2,27,937)
Fair Value adjustment of previous year	-	1,87,492
Net actuarial gain/(loss) recognized during the year	86,971	5,49,788
Expense recognized in the Statement of Profit and Loss	<b>13,96,456</b>	<b>17,83,334</b>

vi. Balance Sheet reconciliation	31 March, 2020	31 March, 2019
	Rupees	Rupees
Net liability/(asset) at the beginning of the year	5,48,953	(4,93,868)
Expense as above	13,96,456	17,83,334
Contributions	17,98,527	14,89,815
Withdrawals	(89,951)	(7,49,302)
Net liability/(asset) at the end of the year	<b>2,36,833</b>	<b>5,48,953</b>

vii. Principal actuarial assumptions	31 March, 2020	31 March, 2019
	Discount rate	6.75% p.a
Expected salary escalations	10.00% p.a.	11.00% p.a.
Expected return on plan assets	7.43% p.a	7.50% p.a
Attrition rate	15.00% p.a	15.00% p.a
Remaining Working Life	23.96 Years	25.17 Years
Mortality table used	IAL 2012-14 Ultimate	IAL 2012-14 Ultimate

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario etc.

The discount rate is based on prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of obligation.

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

viii. Experience adjustment	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016
Present value of obligation	59,07,683	41,83,086	23,62,531	17,12,898	14,26,534
Fair value of plan assets	56,70,850	36,34,133	28,56,399	20,04,090	7,81,986
Funded status	2,36,833	5,48,953	(4,93,868)	(2,91,192)	6,44,548
Gain/(loss) on obligations	(1,07,077)	(5,46,564)	2,85,637	10,79,187	3,63,602
Gain/(loss) on plan assets	(20,107)	(3,224)	52,209	4,586	-

**ix. Actuarial assumptions for compensated absences:**

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

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

**Note 32: Leasing arrangements**

The Company has entered into two operating lease arrangements for office premises. The lease agreement is for a period of nine years & five years with a non-cancellable period of three years. The lease agreement provides for increase in lease payments by 5% every year. The lease rental expenses of Rs.36,21,410 (previous year Rs.34,79,355) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

**Future minimum lease payment are:**  
**Particulars**

	<b>As at March 31, 2020 Rupees</b>	<b>As at March 31, 2019 Rupees</b>
Payable not later than one year	23,35,405	22,24,196
Payable later than one year but not later than five years	<u>54,59,524</u>	<u>77,94,929</u>
	<u>77,94,929</u>	<u>1,00,19,125</u>

**Note 33: Earnings per equity share**

<b>Particulars</b>	<b>Unit</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Net profit after tax	Rs.	3,43,94,439	5,35,09,599
Weighted average number of equity shares outstanding during the year	Numbers	10,89,616	9,35,475
Nominal value per equity shares	Rupees	100	100
Basic earnings per share	Rupees	31.57	57.20
Equity shares used to compute diluted earnings per share	Numbers	11,05,722	9,38,297
Diluted earnings per share	Rupees	31.11	57.03

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

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Note 35: Details of Government grants</b>		
Details of grants received from NDDB and its utilisation is as under:		
(a) Opening Balance	27,040	(2,70,689)
(a) Grant received during the year	23,928	3,47,93,185
(b) Utilised during the year		
(i) For capital assets	80,358	1,24,43,750
(ii) For revenue expenses	2,93,156	2,20,51,705
Total utilised (i) + (ii)	<u>3,73,513</u>	<u>3,44,95,455</u>
(c) Amount refunded	(62,391)	-
(d) Balance carried forward (a-b)	<u>(3,84,936)</u>	<u>27,040</u>

**Note:-**

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

**Note 36: Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.**

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	82,401	4,94,360
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**Note 37**

On September 20, 2019, the Government of India vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Income tax at reduced rate of 22 % effective April 1, 2019 subject to certain conditions. The tax expenses for the year ended March 31, 2020 have been provided for at reduced tax rate.

**Note 38**

The Ministry of home affairs vide order No.40-3/2020 dated 24.03.2020 declared the Company's business of trading of milk and other dairy products as an essential service. Hence, dairy industry in which the Company operates is among the businesses that are least impacted due to COVID-19. The Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the company is not expecting any significant change in estimates as of now as the company is running its business and operations as usual without any major disruptions.

**Note 39**

The disclosures as required under Accounting Standard AS-17 on Segment reporting are not required as the Company primarily deals in single business segment of Milk and Milk Products and operates in one geographical area.

**Note 40**

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

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

Sd/-  
**Gagandeep Singh**  
Chairman

Sd/-  
**Surinder Singh Sandhu**  
Director

Sd/-  
**Narinder Bahga**  
Chief Executive &  
Director

Sd/-  
**Rajesh Saini**  
Senior Manager-  
Legal & CS

Sd/-  
**Punit Sharma**  
Senior Manager -  
Finance & Accounts

Place: Patiala  
Date: 18 August, 2020