



7TH

2020-21
**ANNUAL
REPORT**







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.



CHAIRPERSON'S MESSAGE

“ We have come a long way together & performed very well consistently. Now it's right time to focus on increasing membership base in existing operational area and bringing the benefits of financial inclusion to the underprivileged.”

Ms. Manjeet Kaur

First of all I would like to thank all the members, board of directors, employees, service providers and customers of Baani Milk Producer Company Limited who worked very hard especially during the peak time of Corona pandemic.

It is my privilege to present to you the overall performance and audited accounts of Baani Milk Producer Company Limited for Seventh financial year of operations, 2020-21.

The year gone by Baani continued to make steady efforts of growth, thereby achieving a turnover of Rs.418 Crores and a net profit of Rs.3.53 Crores after tax.

Directors of Baani are delighted to recommend the dividend of Rs. 7/- per share to the producer members whose name appear in the Register of members of the Company as on March 31, 2021.

Milk procurement operations of Baani continued to be strengthened in state of Punjab under 11 Milk Chilling Centres (MCCs) as on 31st March 2021. During the year Baani procured 984.23 lakh kg of raw milk with an average collection of 2.70 lakh kg per day.

Baani was collecting milk from 1217 villages under 11 Milk Chilling Centres as on 31.03.2021.

Performance of company during 2020-21:-

- Sale of 853 lakh kg of raw milk.
- Sale of 95 lakh kg of PPM.
- Sale of 9 lakh kg of Dahi.

- Sale of 5 lakh litre of Lassi.
- Sale of 4 lakh kg of Ghee.

Baani foresees a big potential in marketing of milk and milk products and plan to expand sales operations in Chandigarh and nearby areas.

During the year 2020-21 Company has achieved sales of 5,235 MT of Baani Cattle Feed and 101 MT of Baani Min.

During the year company has launched some new product variants like:-

- a) Dahi pouch - 1Kg, 350gm and 170gm.
- b) Dahi Matka - 15Kg packing
- c) Sweet Lassi - 350gm and 170gm packing
- d) SMP - 25kg packing
- e) Ghee tin - 5 Litre packing

By end of FY 2020-21 company is having 59,043 members and we hope to achieve 61,000 members by end of this year.

Your suggestions are always solicited

Yours Sincerely,

Sd/-

Manjit Kaur

Din: 07455694

CHIEF EXECUTIVE'S MESSAGE



“Challenges of Dairy Business are many & this year was a real test of our courage & determination. Team spirit of Baani Members, Service Providers and Employees helped us to overcome the challenges thrown by this pandemic and our performance is up to the mark in all fronts of the business.”

Mr. Narinder Bahga

I am grateful to all member directors and expert directors for the valuable inputs, guidance and support especially during this pandemic. I am also thankful to the hardworking employees of Baani MPC who have worked day and night to make this company a success. Further I appreciate the support given by members, Mother Dairy, bankers, customers, service providers and all stakeholders which helped us in overcoming challenging time of Covid outbreak.

Many new initiatives were possible only due to full automation of the procurement process. I would especially like to appreciate the Baani staff in maintaining automation at village level which helped us in introduction of Mobile APP for the members. It has given immense possibilities of sharing real time data with the members as well as saving on cost of SMS.

Mobile App has helped the members in keeping track of their milk supply, shareholding as well as this is acting as a platform for sharing of the technical advancements in field of dairy farming.

Company in near future is planning to cover maximum number of the members under Pashu Kisan Credit Card scheme to enable them to have working capital in hands especially during the lean period.

Other aspect where we are going to focus is the cattle insurance on competitive premium and enabling better service through best in the class agencies. Loss of the animal is one of the major loss for dairy farmer and safeguarding our members against this threat will be a major help in reducing cost of milk production.

Technology advancement and reach of fast speed internet services has opened many doors for the dairy farmer members to gain technical expertise in dairy farming as well as financial options available to grow in dairy business. I request dairy farmer members to make better use of these techniques to attain knowledge in new advancements in dairy farming.

VCG (Village Contact Group) and MRG (Member Relation Group) are going to be the biggest chapters in success story of milk producer companies. I would like to appeal our selected dairy farmer members for active participation in VCG and MRG. VCG and MRG are the eyes and ears of the company and their quality participation will help in uplifting the underprivileged.

Dairy farmer members should also participate actively in any education or training program conducted by company at village level. This will help us in better understanding of dairy farming as well as improvement of milk quality. Best quality milk in terms of bacterial load, contaminants and residues will help us in fetching best milk price in this competitive environment.

Last year even after Corona restrictions our technical officers were able to provide services under Farm Development Project, Mastitis Control Popularization Project, Subclinical Mastitis Detection by CMT and RBP at the door step of our beloved members. This has really helped our members in keeping their animals healthy during tough times.

We have also observed that some of the members are not getting their animals vaccinated regularly for FMD, HS and Brucella. For successful dairy farming vaccination against these diseases is very important & should be regularly done.

Along with this I also appeal to the members to adopt traditional methods of Ethno-Veterinary Medicines for treatment of animals under guidance of Veterinarian of Baani MPC to reduce load of antibiotics in milk.

In coming future we have to work on skill development of our employees, members, Sahayaks, VCG, MRG, service providers and other stakeholders.

Our major focus area is to establish our dairy brand in Punjab and surrounding states & UTs. This will help us in giving more to our dairy farmer members and to make our space in this highly competitive environment.

BOARD OF DIRECTORS

MANJEET KAUR	CHAIRPERSON AND DIRECTOR
JASPAL SINGH	DIRECTOR
SURINDER PAL	DIRECTOR
GAGANDEEP SINGH	DIRECTOR
BALRAJ SINGH	DIRECTOR
KANWALJIT KAUR	DIRECTOR
BEANT KAUR	DIRECTOR
BHUPINDER SINGH	DIRECTOR
KULPREET RISHI	DIRECTOR
RANJIT KAUR	ADDITIONAL DIRECTOR
SRIRAM SINGH	EXPERT DIRECTOR
YUGINDER KUMAR ARORA	EXPERT DIRECTOR
RAGHU HASSAN MALLEGOWDA	EXPERT DIRECTOR
NARINDER SINGH BAHGA	CHIEF EXECUTIVE AND DIRECTOR

CORPORATE INFORMATION

SENIOR MANAGER FINANCE & ACCOUNTS

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)

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CONTENTS

Handling of the COVID-19	08
Digital Payment Appreciation Certificate	11
Director's Report	12
Independent Auditor's Report	36
Balance Sheet	46
Statement of Profit and Loss	47
Cash Flow Statement	48
Notes forming part of Financial Statement	49

COVID-19

HANDLING OF COVID-19

BAANI MILK PRODUCER COMPANY LIMITED, PATIALA

Challenges, Initiatives and Way Forward

Covid-19 is profoundly affecting life around the globe. The impact of Coronavirus (Covid-19) is being felt by all businesses around the world. Leaders have navigated a broad range of interrelated issues that span from keeping their employees, service providers and customers safe, shoring up cash & liquidity, re-orienting operations and navigating government support for better controls.

In the early days and months of the Covid-19 pandemic, the dairy industry faced challenges such as shift in supply and demand. Due to sudden reduction in demand many of the producer companies and co-operatives were left without a market to sell their products. Lockdown has major impact on dairy industry during initial days, being a perishable commodity it is not possible for dairy farmers to store milk.

NDDB and NDDB Dairy Services played vital role in disseminating essential advisory material to dairy cooperatives and producer companies throughout the country.

Keeping in view the effectiveness of the awareness material, the Dairy board has requested the associated organisations to share translated version to the village based milk pooling points.

This initiative of NDDB & NDDB Dairy services helped in utilizing the massive community outreach of these organisations to leverage this network to propagate awareness about essential measures to halt the transmission of the virus in our rural communities.

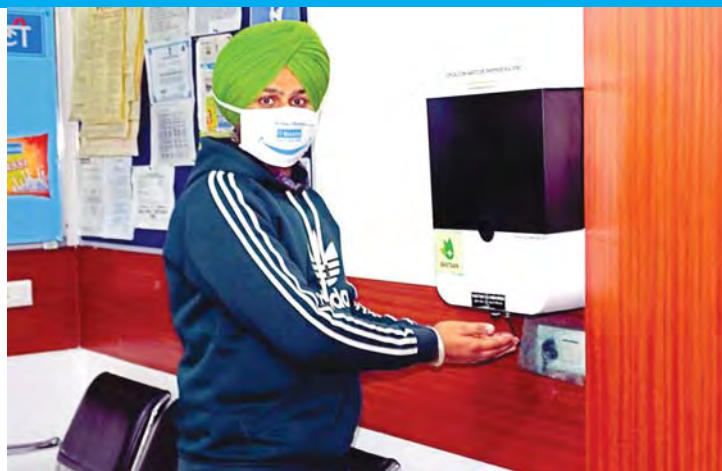
These advisories depicted the simple ways to prevent the spread of the virus in dairy organisations through clean and hygienic practices, avoiding physical contact via handshake, conducting meetings via video conferencing, restricting movements, social distancing, arranging quarantine & testing facilities for suspect cases etc.

COVID-19 has changed the world, but the fundamentals of dairy sector are just as relevant in today's uncertain environment. This past year was challenging for many reasons, yet the dairy industry showed its resilience. Focus on dairy farmers, processors and the consumer will reap rewards for the sector in the coming times.

Government of Punjab and Punjab Dairy Development Department has helped our team in this time of crisis. Our first priority was to keep our operations running, as otherwise our owner members have to suffer. Our management and field team under the guidance of CE & BODs worked day & night to get all the required permissions and passes from relevant authorities.

Another challenge was to keep all our stakeholders and associates safe during this time of Pandemic.





Many initiatives were taken to ensure safety of our Owner Members, Sahayaks, Vendors and employees like:-

- Design of E-posters on prevention from Corona infection were designed and shared by different channels.
- All the stakeholders are made aware of their role and responsibilities.
- Necessary support was provided to implement work from home option for office staff.
- Milk collection at MPP, Inward Transport and MCC level is done by keeping all precautions.
- Regular sanitization of all MCC & MPP locations.
- Availability of Masks, Gloves and Sanitizers ensured.
- Use of thermal scanner and automatic sanitizer dispenser.
- Use of digital method of meetings with field staff.
- Human Resource team in regular touch with employees to motivate them.
- It's ensured that milk procurement operations are not hindered and timely payment is made to the members. New areas of milk and milk product sale are explored to avoid any break in milk procurement operations.
- RBP and FDP teams active in field to provide guidance to the members on good dairy practices. Field and Technical team in regular touch with members through e-channels like cellular-calls and WhatsApp for addressing any queries related to animal health and nutrition.

Learnings

Dairy business is already full with many challenges and this pandemic has further offered a range of learnings:-

- Many activities like meetings, interviews, trainings etc. can be carried out online. This has helped us in saving lot of time, money and energy.
- Pandemic is another risk to the enterprise and mitigation plan can be in place to avoid loss. This will help in getting stronger and confident in handling such situation in future.
- There is no age of learning and attending online courses. Pandemic has opened lots of opportunity for the employees to enhance their skill level which will help them in achieving success.

Milk Producers' Digital Award and Digital Payment Appreciation Certificate

On occasion of Birth Centenary Year of Dr. Verghese Kurien, NDDB had organised a function promoting digital economy through Dairy Cooperatives and Producer Companies.

Baani Milk Producer Company Limited had been selected for facilitating maximum digital milk payment in the State.

Along with this two members of Baani Gurpreet Singh and Beant Singh were also selected for Digital Milk Producer Award.



DIRECTORS' REPORT

TO THE MEMBERS OF

BAANI MILK PRODUCER COMPANY LIMITED

The Directors are pleased to present the 7th Annual Report along with the audited Statement of Accounts of Baani Milk Producer Company Limited ('Company') for the period from April 01st 2020 to March 31st 2021.

FINANCIAL RESULTS: -

The Company's financial performance, for the year ended March 31, 2021 is summarised below:

Particulars	April 01, 2020 to Mar 31, 2021 (₹in Crores)	April 01, 2019 to Mar 31, 2020 (₹in Crores)
Total Revenue	417.80	448.89
Total Expenses	413.01	444.20
Profit Before Tax	4.79	4.69
Tax Expense	1.26	1.26
Net Profit After Tax	3.53	3.43
Limited Return (Dividend)	0.87	0.84
Transfer to General Reserve	2.66	2.59

STATEMENT OF THE COMPANY'S AFFAIRS: -

The Company during the year has achieved total revenue of ₹417.80 Crores. The operational revenues generated was ₹415.70 Crores, whereas other incomes earned during the period amounted to ₹2.10 Crores. The total expenses incurred during the year amounted to ₹ 413.01 Crores including depreciation and amortisation expense of ₹1.33 Crore. This has resulted into an earning of profit before interest, depreciation and tax (PBITD) of ₹9.69 Crores; net profit before tax of ₹4.79 crores and net profit after tax (PAT) of ₹3.53 Crores.

As against the budgeted total income of ₹456.56 Crores and budgeted profit before tax (PBT) of ₹5.94 Crores for the period, the Company has actually achieved total income of ₹417.80 Crores and profit before tax (PBT) of ₹4.79 Crores for the said period.

REVIEW OF OPERATIONS: -

MILK PROCUREMENT:

During year 2020-21, Company has procured average of 2.70 Lakh Kgs of Milk per day.



Company is operating mainly in nine districts of Punjab to cover 1217 villages with 1330 MPPs (Milk Pooling Points) under 11 MCCs (Milk Chilling Centres).

At the end of the financial year 2020-21, total of 59,043 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. Company took the transparency in milk procurement to another level by introducing Member Mobile App for anytime access to member's data.

During the year 2020-21, company further 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. New parameters were introduced for field level monitoring through these channels.

This activity has further improved 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 working to take Member Mobile App access to all the active 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. Baani feed and Baani Min sales volume for the year 2020-21 was 5235 MT and 101 MT respectively which is higher than 12% and 6% respectively from the previous year. Company is planning to further strengthen the coverage of maximum number of members under PES.



FDP (Farm Development Project):

Subscription based Farm Development Project (FDP) covered 172 members to provide advisory services on efficient dairy farming was undertaken during the year.

RBP (Ration Balancing Program):

The Ration Balancing Program (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, Lehragaga, infrastructure upgraded to comply Basic GMP and food safety management system.

New Products Development (NPD):

- Looking to the Competitive environment and consumer demand we have developed and launch following new products.



- Dahi Pouch (DTM) 1 kg, 350 gm, 170 gm and Dahi Matka 15 kg.
- Sweet Lassi 350 gm and 170 gm.
- SMP (Skimmed Milk Powder) 25 kg packing.
- Ghee Tin 5 Litre.

Residue Monitoring Plan:

- Implemented revised In-house and external testing of Antibiotics, Melamine and Aflatoxin to monitor residual contaminants in incoming and outgoing raw milk.

Other Activities:

- 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 05 and 44 participants (MCC In-charges and Chemists, Field staff) were trained.

- Updated Standard Operating Practices (SOPs) of analytical testing of raw milk, testing of incoming material, quality plan of raw milk and incoming material etc. have been provided.
- 370 nos. Sahayaks were given refresher training for hygiene and safe milk handling through “Sahayak Refresher Trainings”.
- FSSAI mandatory FOSTAC training provided to our Dy. Manager, QA Executives, Chemists and MCC In charge. All participants successfully completed and awarded “Food Safety Supervisor Certificate by FSSAI”.

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 46,091 animals during 2020-21.



MCPP (MASTITIS CONTROL POPULARIZATION PROJECT):



During the year under review, Mastitis Control Popularization Project (MCPP) was continued successfully by the Company under guidance of NDDB (National Dairy Development Board). Along with screening of animals for subclinical mastitis, milk for SCC (somatic cell count), Antibiotic & Aflatoxin residues was also carried out.

Milk And Milk Products:

Total sales during the year was 94.59 lakh litres of PPM, 8.85 lakh kgs Curd, 4.82 lakh litres Lassi, 4.01 lakh kgs of Ghee and 1.95 lakh kgs of SMP. 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 & Tricity (Chandigarh, Mohali & Panchkula). 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 853.18 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. These efforts are directed to increase active membership leading to proliferation in business aspects. Along with this, PIB aids for member level trainings & awareness for their skill development and overall professional growth.

MPCs Core Design Principles:

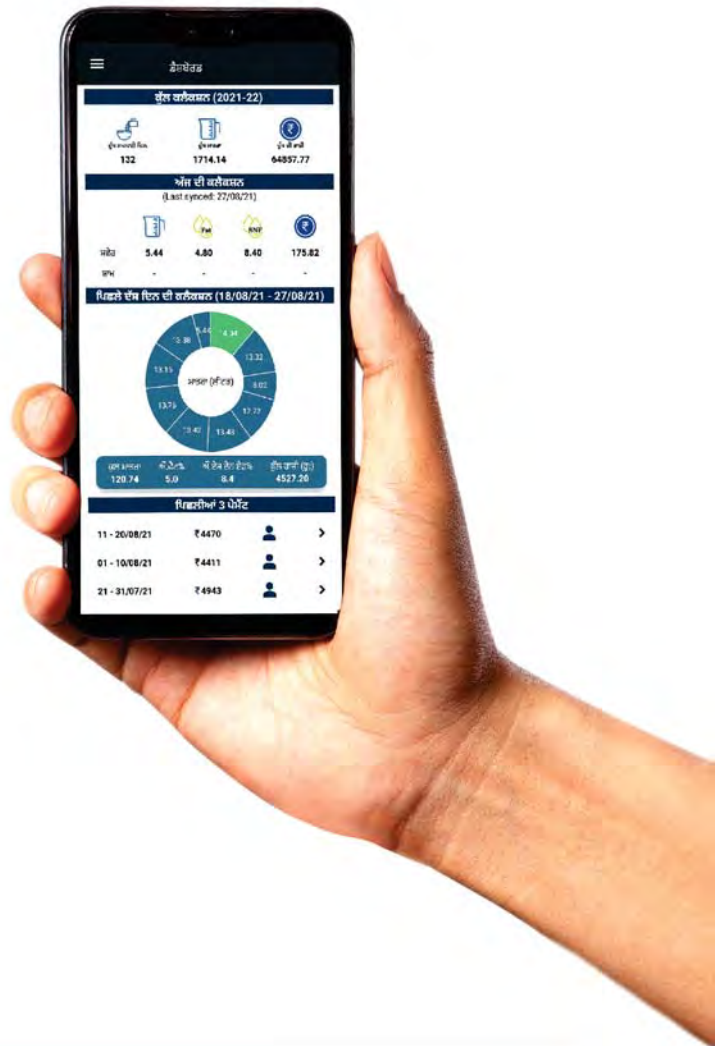
The Core Design Principles are strictly observed and followed. Business dealings are mainly with the members. Active user membership and their participation in business and governance are encouraged. All members are having equity in proportion to patronage based on the member classes. Board of the company 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 in time.

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, the intervention of Baani Member Application has added feather in the cap and upgraded the ladder up in terms of transparency. Member can have a snapshot of nomination details, payment details, pouring pattern etc. through the Member App. The company has also ensured SMS services to members without Android handsets.



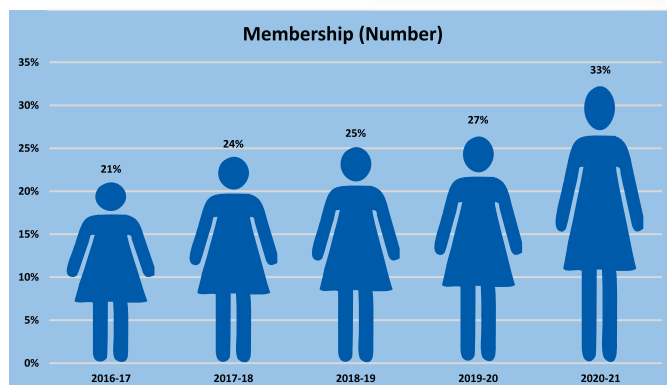
Strengthening Member Relations:

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: -

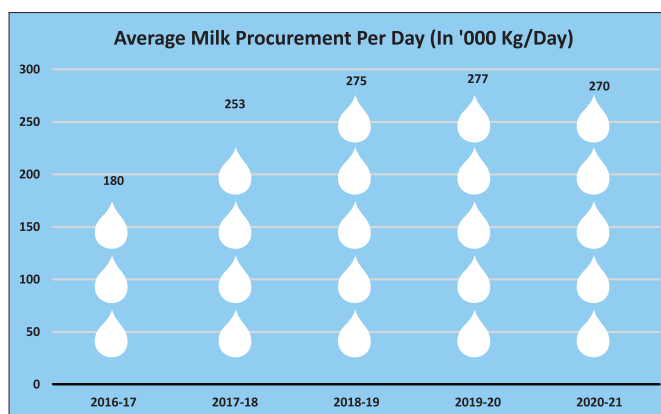
- The company communicates about the role of women in every meeting and forum to emphasize the importance of women in dairy sector.



- 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 four directors of the board of MPC are women, including one additional director.

Transparent Milk Procurement System:

The aim of establishing transparent milk procurement system was fully achieved by expanding the infrastructure for collection of milk at village level and by reaching more and more milk producers and also by ensuring 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, member can check shift wise milk pouring status through App or SMS notification.



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

Training & Capacity Building Programs:

Training of all stakeholders of Baani has always been the main focus area of the company since inception, but in FY 2020-21 Covid-19 has adversely affected our field level training & awareness programs because of limitations of gathering. In spite of that, as situation relaxed in due course of time, we have continued our flagship programs in limited count.



According to government guidelines and due relaxation in Lockdown, MRG orientation program have been organized which were attended by 187 MRG members, likewise 273 VCG Orientation programs



were organized for 825 VCG members. In last quarter of 20-21, a total of 48 GallBaat Programs (Village Level Training) were conducted with 898 participants cumulatively.

MATERIAL CHANGES AFTER CLOSURE OF FINANCIAL YEAR: -

There is no material/substantial change after the closure of financial year ended 31.03.2021.

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, 2021. This dividend is subject to approval of Members at the ensuing 8th Annual General Meeting and will be paid to those Members whose names appear in the Register of Members on 31.03.2021. The dividend for the financial year @ ₹ 7/- per equity share will absorb ₹ 0.87 crores.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review no amount of unpaid/unclaimed dividend was required to be transferred to Investor Education Protection Fund (IEPF) pursuant to the requirement of section 124(5) of the Companies Act, 2013.

TRANSFER TO RESERVE: -

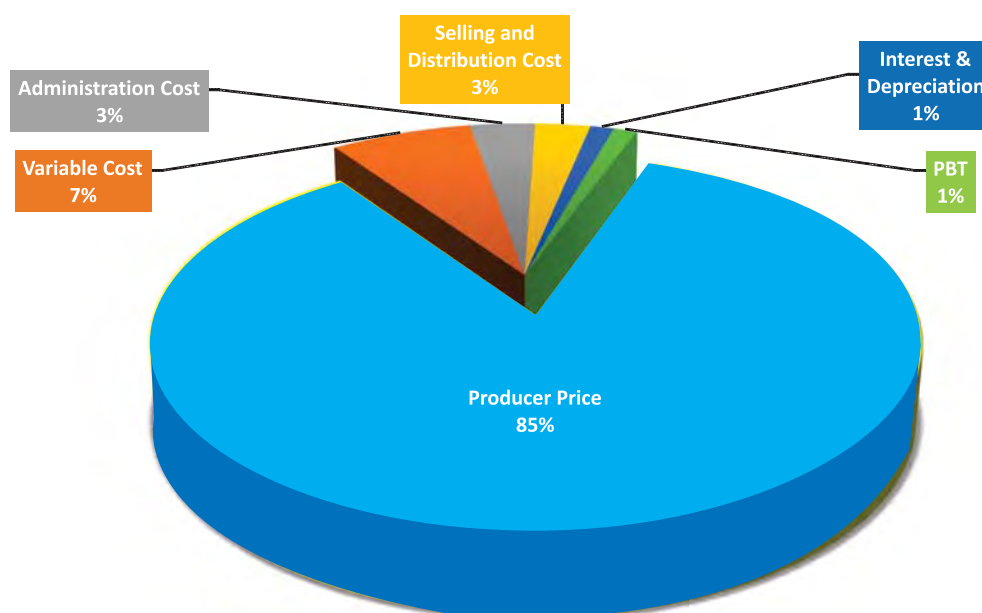
The Board proposes to transfer an amount of ₹ 2.66 Crores to the credit of General Reserve in terms of relevant provisions of the Articles of Association of the Company read with Section 378ZI of the Companies Act 2013.

FINANCE: -

Cash and cash equivalents as on March 31, 2021 was ₹ 2406.92 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.

CONSUMER RUPEE DISTRIBUTION



DEPOSITS: -

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

SHARE CAPITAL AND MEMBERSHIP: -

As on March 31, 2021, the paid up share capital was ₹ 12.38 crores, subscribed by 59043 members.

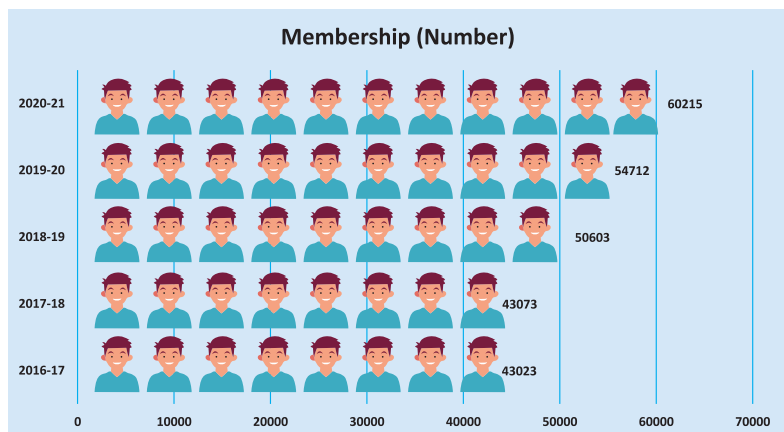
VOTING RIGHTS AND ATTENDANCE AT AGM: -

As on March 31, 2021, the paid up share capital was ₹ 12.38 Crore, comprising of 59043 members on the register of members of the Company.

After 31 March 2021, Company has enrolled 3864 new members and the membership of 13285 members have been cancelled/ surrendered. Therefore, the total number of members as on the date of this report stands at 49622 members who are entitled for attending the 8th Annual General Meeting.

Out of total 49622 members as on date,

- 12706 members have the rights to exercise vote on all resolutions to be moved at the 8th AGM (including voting on election of their respective class of Director) since they fulfil all the conditions set for their respective class.
- 3964 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 8th 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 2020-21.
- 32952 members are entitled to attend 8th AGM but did not have the rights to exercise vote on any resolutions to be moved at the 8th 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, 2021, will not be entitled to dividend for FY 2020-21 as well as voting right at 8th 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 6th and 7th Annual General Meeting of the Company.

Based on the analysis of the data w.r.t., fulfilment and non-fulfilment of patronage criteria by the members during FY 2020-21, it has been found that, out of 59043 total members as on March 31, 2021, 26907 members have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly, out of these 26907 members, 917 comprised of Class-A, 3249 comprised of Class-B and 22741 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 27%, 33% and 40% during FY 2020-21. 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 three (3) Directors for Class-A, four (4) Directors for Class-B and four (4) 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 four (4) Directors representing Class-A, out of which two (2) namely Sh. Surinderpal (DIN: 07916353) and Smt. Ranjit Kaur (DIN: 06868678) shall retire at the ensuing Annual General Meeting of the Company.

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

Class-B Directors-

At present the Board has three (3) Directors representing Class-B out of which one (1)



Director namely Sh. Gagandeep Singh (DIN: 8195849) shall retire at the ensuing Annual General Meeting of the Company.

As per class representation based on the patronage criteria, the Board has declared two (2) vacancy in Class -B.

Class-C Directors-

At present the Board has three (3) Director representing Class-C out of which one (1) Director namely Sh. Balraj Singh (DIN: 8193434) shall retire at the ensuing Annual General Meeting of the Company.

As per the class representation based on the patronage criteria, Board has declared two (2) vacancies in Class -C.

Based on recommendation of Nominating Committee, the Board recommends the appointment of Smt. Ranjit Kaur (DIN: 06868678) under Class A, Sh. Gagandeep Singh (DIN: 08195849), Sh. Sukhpal Singh Sandhu (DIN: 09288587) under Class B, Sh. Gurlal Singh (DIN: 09285765) and Smt. Parmjeet Kaur (DIN: 09285767) under Class C to fill up the 1 vacancy of Class-A, 2 vacancies in Class B and 2 vacancies of Class



C respectively. The statement containing name and qualifications of the Director seeking appointment is annexed to the Notice convening 8th Annual General Meeting of the Company.

This will make the total strength of Directors in Class-A to three (3) Directors, in class B to four (4) Directors and in Class C to four (4) Directors as permissible under Article 9.5 and 9.6 of the Articles of Association of the Company.

During the year under review, Dr. Omveer



Singh (DIN: 02702981), Managing Director of NDDDB Dairy Services, has resigned from the post of Expert Director of the Company w.e.f. 28.09.2020 and in his place Dr. Raghu Hassan Mallegowda (DIN : 8936193) has been appointed as an Expert Director for a period of 2 years w.e.f. 23.10.2020. Further Sh. Sriram Singh (DIN: 06895219) has been re-appointed as an Expert Director of the Company for a period of two years w.e.f. 25.11.2020 and Sh. Kulpreet Rishi (DIN: 8860867) has been appointed as Director of the Company with effect from 25.11.2020. Further Sh. Surinder Singh Sandhu (DIN: 07171405) has resigned from the Directorship of the Company w.e.f. 24.12.2020 and Smt. Ranjit Kaur (DIN: 06868678) has been appointed as an Additional Director of the Company w.e.f. 19.03.2021.

Smt. Manjeet Kaur (DIN: 7455694) has been appointed as Chairperson of the Company for a period of 4 years w.e.f. 11.12.2020 to 10.12.2024 or till her directorship in the Company.



TRAINING OF BOARD MEMBERS: -

Due to Covid-19, the Company could not organize any training programme for the Directors of the Company.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:-

The company is not required to appoint independent directors within the provisions of Section 149 of Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:-

As required under Section 134(5) of the Companies Act, 2013 ('Act'), Directors confirm that:

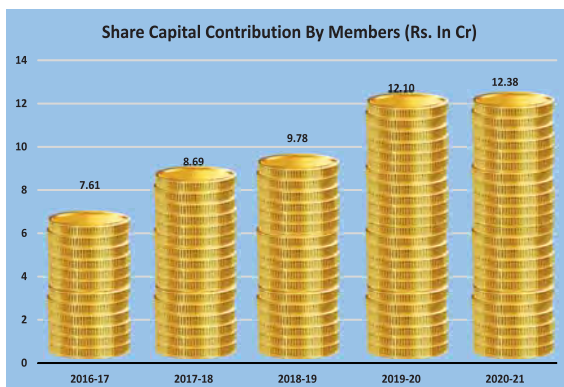
- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and

fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

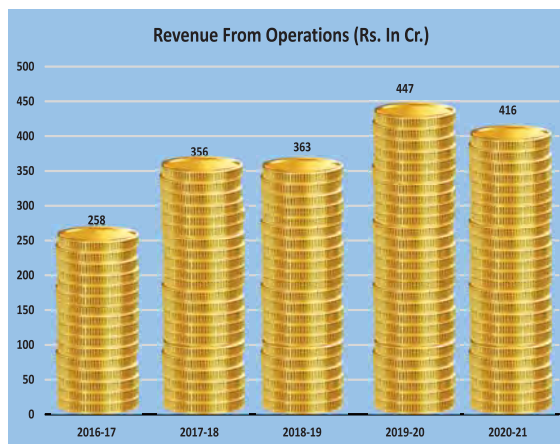
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 Annual General Meeting for a period of 3 years.



AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT:-

The Audit Report of M/s. S.B. Billimoria & Co., Chartered Accountants on the Financial Statements of the Company for FY 2020-21 is a part of the Annual Report. There are No qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their Audit Report for the financial year 2020-21. The Statutory Auditors have not reported any incident of fraud to the Board of the Company during the financial year 2020-2021. The Auditors' Report on the Accounts of the Company for the period under review is self - explanatory and no comments are required. Secretarial Audit is not applicable to Company.

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.

COST AUDITORS AND MAINTENANCE OF COST RECORDS:-

The Company is Trading Company and hence not required to maintain cost records as specified by the Central Government as per Section 148(1) of the Companies Act, 2013 and Rule 3 of the Companies (Cost Records and Audit) Rules, 2014.

ANNUAL RETURN:-

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-7 is uploaded on the website of the Company can be accessed at <https://www.banimilk.com/membership/downloads/>.

DETAILS OF APPLICATION UNDER IBC CODE 2016:-

During the year under review, no application was made and no proceeding was pending under the Insolvency and Bankruptcy Code, 2016.

DETAIL OF DIFFERENCE IN VALUATION:-

As per Section 134 of Companies Act, 2013, a detail of difference between amount of valuation done at the time of one time settlement and valuation done while taking loan from banks is require to be furnished in Director Report. Since no settlement was undertaken during the year under review, hence it is not applicable on Company.

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 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.

Baani 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.

Assistance has been provided to all the employees to get the COVID-19 vaccination which forms an additional shield of protection against Corona Virus.

Team Building:

Employee engagement and importance of team building are core focus for which various events/ celebrations were organized, a cricket tournament on 6th March, 2021 at Royal



Academy, Patiala 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 without compromising on the quality of the work 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 2020-21, Baani took a big leap in its digital journey by providing a Mobile Application to farmers at no cost.

The mobile application is very easy to use and is available both in English & Punjabi language. The Member can install the Mobile app on his smartphone and can view his current and historical pouring and payment data. The mobile application also works in offline mode as a member can view his historical data even if there is no Internet connectivity. Various other features like self-registration, forget password, News & alerts have been also provided. Baani milk is continuously



Passbook

From Date:

25/08/2021

To Date:

27/08/2021

View Passbook

Passbook (25/08/2021 - 27/08/2021)

Date	Shift	C Type	Qty (L.)	Fat (%)	SNF (%)	Rate (Rs.)
25/08/21	M	C	6.1 A	4.1 A	8.6 A	31.2
25/08/21	E	B	2.86 A	9.6 A	9.3 A	66.2
25/08/21	E	C	4.2 A	3.3 A	8 A	27.6
26/08/21	M	C	6.1 A	4.5 A	8.4 A	32.3
26/08/21	E	B	2.84 A	9.9 A	9.1 A	68.3
26/08/21	E	C	4.44 A	3.3 A	8.1 A	27.8
27/08/21	M	C	5.44 A	4.8 A	8.4 A	32.3

Summary

	No. of Trans.	Qty (L.)	Fat (%)	SNF (%)	Amt (Rs.)
Cow	5	26.28	4.1	8.3	803.26
Buff	2	5.70	9.7	9.2	383.45
Total	7	31.98	5.1	8.5	1186.71

enhancing the mobile app by adding new features. The mobile app also helped Baani Milk to save huge costs on sending text messages to farmers about their transaction details.

Baani continued adding new digital technologies by replacing several manual processes with digital applications. In the financial year 2020-21, Baani also introduced Distributor Management System and Sales Force Automation software wherein every distributor has been provided with a mobile app. Each distributor can enter his order details via the mobile application. The distributor management software allows digital on-

boarding of new distributors and a bird's eye view of sales data. This digital system also includes a central portal to manage the entire end-to-end sales process. A separate mobile app for the Sales Field team is also provided along with a separate mobile app for delivery of goods to distributors. All these technologies have removed several manual processes and at the same time Improved operational efficiency and transparency in a great manner.

PARTICULARS OF EMPLOYEES: -

During the period under review, no employee of the Company received salary in excess of the limits as prescribed under the Act. Accordingly, no particulars of employees are being given pursuant to Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended.

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):-

During the year under review the net profit

of the Company is less than Rs. 5.00 crores and hence CSR is not applicable on the Company.

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. During the year under review, no complaints were received from any of the employees and no complaints were pending at the beginning of the year.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:-

The Company does not have any subsidiary/ Joint Venture or Associate Company.

RELATED PARTY TRANSACTIONS:-

All related party transactions that were entered into during the period ended on 31st March 2021 were on arm's length basis and were in the ordinary course of the business. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, or other designated persons. Thus, disclosure in Form AOC-2 is not required. However, the disclosure of transactions with related party for the year, as per Accounting Standard -18 Related Party Disclosures is given in Notes to the Balance Sheet as on 31st March, 2021.

RISK MANAGEMENT POLICY:-

The Board of Directors of your Company has formulated the risk management policy which seeks to identify the risks inherent in business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

VIGIL MECHANISM POLICY:-

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013, the Company has established a vigil mechanism policy to provide appropriate avenues to the directors and employees to bring to the attention of the Management, their genuine concerns about behaviour of employees. During the financial year 2020-21, no cases under this mechanism were reported to the Company. A copy of the Vigil Mechanism as

approved by the board may be accessed at <https://www.baanimilk.com/policies>.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE THEIR DUTIES.

The provisions of section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the 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 within the provision of Section 186 of Companies Act, 2013.

MEETINGS: -

During the financial year 2020-21, Five (5) 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
29TH BM	11.06.2020	14	13
30TH BM	18.08.2020	14	14
31ST BM	23.10.2020	13	13
32ND BM	11.12.2020	14	14
33RD BM	19.03.2021	13	13

Further during the period under review, the Nomination Committee had met on 07.07.2020.

Further during the year under review, five (5) meetings of the Membership Related Committee were held on 29.05.2020, 31.07.2020, 09.10.2020, 27.11.2020 and 03.03.2021.

STAKEHOLDERS RELATIONSHIP COMMITTEE:-

During the year under review, a Stakeholders Relationship Committee of the Board of Directors of the Company consists of 3 Directors viz. Mrs. Manjeet Kaur, Mr. Bhupinder Singh and Mr. Narinder Singh Bahga was constituted on 19.03.2021. Smt. Manjeet Kaur is the Chairperson of the Committee. No meeting was held during the year under review.

SECRETARIAL STANDARDS OF ICSI:-

A proper systems and process for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') is being placed in Company and that such systems were adequate and operating effectively.

AWARDS:-

Baani Milk Producer Company Limited is one of the most ethical organisation for all its Producer Members and Employees. While practising the best work practices, Baani Milk Producer Company Limited has achieved many milestones. One newly added feathers are as under:

- **Appreciation Certificate for Maximum Digital Payment in the State by NDDB:** During the year under review,

Baani Milk Producer Company Limited has been provided appreciation certificate for facilitating Maximum Digital Milk Bill Payment in the State by NDDB.

Baani Milk Producer Company limited team is working with commitment and zeal round the clock.

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, NDDB 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: 24.08.2021
Place: Patiala

Sd/-
(Manjeet Kaur)
Chairperson & Director

INDEPENDENT AUDITOR'S 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 March 31, 2021, Statement of Profit and Loss and 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 March 31, 2021, 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 our 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 our 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 that 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 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.

Auditor's 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 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 relevant 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 as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, as

amended 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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
 3. As required by Section 378ZG of Part IV of Chapter XXIA of the Companies Act, 2013, we give in the "Annexure C" a statement on the matters specified in that Section.

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

Sd/-
Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 21087104AAAAFL7552)

Place: New Delhi
Date: August 24, 2021

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section 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 March 31, 2021 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 of the Company 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, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

(Firm's Registration No.101496W)

Sd/-

Jitendra Agarwal

(Partner)

(Membership No. 87104)

(UDIN: 21087104AAAAFL7552)

Place: New Delhi

Date: August 24, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The property, plant 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 property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and 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 deposit during the year. 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 been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities. The operations of the Company during the year did not give rise to any liability for Customs Duty.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax and Goods and Services Tax as on March 31, 2021 on account of disputes. The operations of the Company during the year did not give rise to any liability for Customs 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 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 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 them 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-I of the Reserve Bank of India Act, 1934.

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

Chartered Accountants
(Registration No. 101496W)

Sd/-

Jitendra Agarwal

Partner

Place: New Delhi

Date : August 24, 2021

(Membership No. 87104)
(UDIN: 21087104AAAAFL7552)

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 March 31, 2021 are as per the financial statements of the Company as at and for the year ended March 31, 2021.
- 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 Chapter XXIA of the Companies Act, 2013.
- 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)

Sd/-

Jitendra Agarwal

Partner

(Membership No. 87104)

(UDIN: 21087104AAAAFL7552)

Place: New Delhi

Date : August 24, 2021

BAANI MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2021

	Note No.	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	12,38,27,700	12,09,94,400
(b) Reserves and surplus	4	18,29,54,322	15,61,35,159
		<u>30,67,82,022</u>	<u>27,71,29,559</u>
2. Share application money pending allotment	29	46,98,400	1,76,92,000
3. Deferred grant	5	3,33,63,639	3,94,75,179
4. Non - current liabilities			
(a) Other long-term liabilities	6	3,07,49,376	3,16,05,621
(b) Long term provisions	7	21,15,106	18,22,963
		<u>3,28,64,482</u>	<u>3,34,28,584</u>
5. Current liabilities			
(a) Short term borrowings	8	48,62,94,349	74,97,41,897
(b) Trade payables	9		
(i) Total outstanding dues of micro and small enterprises		50,49,537	48,62,028
(ii) Total outstanding dues of creditors other than micro and small enterprises		18,28,92,082	17,16,54,058
(c) Other current liabilities	10	3,01,03,977	2,59,87,684
(d) Short - term provisions	11	34,41,927	-
		<u>70,77,81,872</u>	<u>95,22,45,667</u>
Total		<u>1,08,54,90,415</u>	<u>1,31,99,70,989</u>
B. ASSETS			
1. Non - current assets			
(a) Property, Plant & Equipment			
(i) Tangible assets	12	9,81,17,772	11,16,55,027
(ii) Intangible assets	12	26,47,898	31,36,078
(b) Deferred tax assets	13	11,88,493	12,30,844
(c) Long term loans and advances	14	36,24,163	46,79,219
(d) Other non-current assets	15	6,26,25,614	1,25,614
		<u>16,82,03,940</u>	<u>12,08,26,782</u>
2. Current assets			
(a) Inventories	16	2,14,06,277	2,93,55,015
(b) Trade receivables	17	64,22,09,259	92,51,06,204
(c) Cash and cash equivalents	18	24,06,92,365	23,34,51,383
(d) Short - term loans and advances	19	84,03,830	85,28,953
(e) Other current assets	20	45,74,744	27,02,652
		<u>91,72,86,475</u>	<u>1,19,91,44,207</u>
Total		<u>1,08,54,90,415</u>	<u>1,31,99,70,989</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/-
Manjeet Kaur
Chairperson

Sd/-
Bhupinder Singh
Director

Sd/-
Narinder Bahga
Chief Executive &
Director

Sd/-
Jitendra Agarwal
Partner

Sd/-
Rajesh Saini
DGM- Legal & CS

Sd/-
Punit Sharma
Senior Manager - Finance & Accounts

Place: New Delhi
Date: 24.08.2021

Place: Patiala
Date: 24.08.2021

BAANI MILK PRODUCER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

	Note No.	Year ended March 31, 2021 Rupees	Year ended March 31, 2020 Rupees
1. Revenue from operations	21	4,15,70,47,055	4,46,82,25,397
2. Other income	22	2,09,79,357	2,07,23,558
3. Total revenue (1+2)		4,17,80,26,412	4,48,89,48,955
4. EXPENSES			
(a) Purchases of stock in trade	23	3,80,82,24,958	4,13,49,65,025
(b) Changes in inventories of stock-in-trade	24	83,75,358	(79,11,722)
(c) Employee benefits expense	25	6,39,85,845	6,04,93,789
(d) Finance costs	26	3,56,92,012	2,99,12,494
(e) Depreciation and amortisation expense	12	1,33,15,363	1,20,47,839
(f) Other expenses	27	20,04,93,585	21,24,88,004
Total expenses		4,13,00,87,121	4,44,19,95,429
5. Profit before tax (3-4)		4,79,39,291	4,69,53,526
6. Tax expense:			
(a) Current tax		1,30,00,000	1,18,00,000
(b) Deferred tax charge / (credit)		42,351	11,84,038
(c) Short / (Excess) Income tax pertaining to earlier years		(3,91,831)	(4,24,951)
Net tax expense (a+b+c)		1,26,50,520	1,25,59,087
7. Profit for the year (5-6)		3,52,88,771	3,43,94,439
8. Earnings per equity share:	34		
(Nominal value Rs. 100 per share)			
(a) Basic		26.97	31.57
(b) Diluted		26.95	31.11

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/-
Manjeet Kaur
Chairperson

Sd/-
Bhupinder Singh
Director

Sd/-
Narinder Bahga
Chief Executive &
Director

Sd/-
Jitendra Agarwal
Partner

Sd/-
Rajesh Saini
DGM- Legal & CS

Sd/-
Punit Sharma
Senior Manager -
Finance & Accounts

Place: New Delhi
Date: 24.08.2021

Place: Patiala
Date: 24.08.2021

BAANI MILK PRODUCER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2021

	Year ended March 31, 2021 Rupees	Year ended March 31, 2020 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	4,79,39,291	4,69,53,526
Adjustments For :		
Finance costs	3,53,46,665	2,98,64,596
Interest income	(1,59,26,846)	(1,75,53,438)
Profit on sale of property, plant and equipment	(14,80,800)	(5,57,832)
Provision for employee benefits	2,92,143	(2,82,320)
Depreciation and amortisation expense	1,33,15,363	1,20,47,839
Operating Profit before working capital changes	7,94,85,816	7,04,72,371
Adjustments for movement in working capital:		
(Increase)/decrease in inventories	79,48,738	(70,44,868)
(Increase)/decrease in trade receivables	28,28,96,945	(37,97,72,945)
(Increase)/decrease in long term loans and advances	7,06,525	(2,89,798)
(Increase)/decrease in short term loans and advances	1,25,122	(10,43,050)
(Increase)/decrease in other non-current assets	(6,25,00,000)	-
(Increase)/decrease in other current assets	9,139	(28,892)
Increase/(decrease) in trade payables	1,14,25,536	(1,73,60,517)
Increase/(decrease) in other current liabilities	34,52,960	73,50,967
Cash generated from operations	32,35,50,781	(32,77,16,733)
Net income tax (paid)	(88,17,711)	(1,44,90,689)
Net cash flow from / (used in) operating activities - (A)	31,47,33,070	(34,22,07,422)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Net proceeds from bank balances not considered as Cash and cash equivalents	(54,73,840)	1,25,28,104
Payment for property, plant and equipment (net of capital grant received)	(25,21,609)	(52,45,642)
Proceeds from sale of property, plant and equipment	19,63,939	13,47,012
Interest received	1,40,45,615	1,96,16,962
Net cash flow from / (used in) investing activities - (B)	80,14,105	2,82,46,436
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity share capital	(1,48,58,700)	1,24,69,500
Share application money received	46,98,400	1,76,92,000
Net increase/(decrease) in short term borrowings	(26,34,47,548)	31,31,31,984
Dividend Paid including dividend distribution tax	(85,10,629)	(93,79,372)
Finance costs paid	(3,88,61,556)	(2,44,24,631)
Net cash flow from / (used in) financing activities - (C)	(32,09,80,033)	30,94,89,481
Net increase in Cash and cash equivalents (A+B+C)	17,67,142	(44,71,505)
Cash and cash equivalents at beginning of the year	1,01,72,054	1,46,43,559
Cash and Cash equivalents at the end of the year	1,19,39,196	1,01,72,054
Cash and cash equivalents comprises:		
Cash in hand	63,250	34,351
Balances with banks:		
- in current accounts	1,18,75,946	1,01,37,703
Cash and cash equivalents as per Cash Flow Statement	1,19,39,196	1,01,72,054
Add: Bank balances not considered as Cash and cash equivalent	22,87,53,169	22,32,79,329
Cash and bank balances as per Balance Sheet (See Note 18)	24,06,92,365	23,34,51,383

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/-
Manjeet Kaur
Chairperson

Sd/-
Bhupinder Singh
Director

Sd/-
Narinder Bahga
Chief Executive & Director

Sd/-
Jitendra Agarwal
Partner

Sd/-
Rajesh Saini
DGM- Legal & CS

Sd/-
Punit Sharma
Senior Manager -
Finance & Accounts

Place: New Delhi
Date: 24.08.2021

Place: Patiala
Date: 24.08.2021

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 August 11, 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 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. MCA during the year has notified the sections applicable to Producer Companies under Chapter XXIA of the Companies Act, 2013 vide 'The Companies (Amendment) Act, 2020 and also the rules applicable to the producer companies known as "The Producer Company Rules, 2021. 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

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 if 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:

Description	Useful life (in years)
Plant and equipment	10
Furniture and fixtures	10
Computers and software	3
Office equipment	10
Milk Cans/ Milk pouch crates (included in Plant and equipment)	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.

BAANI MILK PRODUCER COMPANY LIMITED

a. Defined contribution plans

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

b. Defined benefit plans

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

c. Short-term employee benefits

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

d. Long-term employee benefits

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

m. Earnings per share

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

n. Taxes on income

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

BAANI MILK PRODUCER COMPANY LIMITED

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

o. Borrowing cost

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

p. Impairment of assets

At each balance sheet date, the Company reviews the carrying values of its 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.

BAANI MILK PRODUCER COMPANY LIMITED

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 March 31, 2021		As at March 31, 2020	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
(a) Authorised share capital				
Equity Shares of Rs. 100 each	20,00,000	20,00,00,000	20,00,000	20,00,00,000
(b) Issued, subscribed and fully paid up share capital	12,38,277	12,38,27,700	12,09,944	12,09,94,400
Equity Shares of Rs. 100 each				

See notes (i) to (iv) 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, 2021		As at and for the year ended March 31, 2020	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
Shares outstanding at the beginning of the year	12,09,944	12,09,94,400	9,78,417	9,78,41,700
Shares issued during the year	4,48,522	4,48,52,200	3,31,331	3,31,33,100
Shares cancelled / surrendered during the year	(4,20,189)	(4,20,18,900)	(99,804)	(99,80,400)
Shares outstanding at the end of the year	12,38,277	12,38,27,700	12,09,944	12,09,94,400

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

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

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

	As at March 31, 2021	As at March 31, 2020
	Rupees	Rupees
Note 4: Reserves and surplus		
(a) General reserve		
Opening balance	14,76,65,551	12,17,40,720
Add: Transferred from surplus in statement of Profit and Loss	<u>2,66,20,832</u>	<u>2,59,24,831</u>
Closing balance	<u>17,42,86,383</u>	<u>14,76,65,551</u>
(b) Surplus in Statement of Profit and Loss		
Opening balance	84,69,608	94,36,268
Profit for the year	3,52,88,771	3,43,94,439
Less:		
(i) Final limited return (dividend) to members for the year ended 31 March, 2020 (Rs.7/share)/ 31 March, 2019 (Rs.8/share)	84,69,608	78,27,336
(ii) Tax on above limited return (dividend)*	-	16,08,932
(iii) Transferred to General reserve	<u>2,66,20,832</u>	<u>2,59,24,831</u>
Closing balance	<u>86,67,939</u>	<u>84,69,608</u>
	<u>18,29,54,322</u>	<u>15,61,35,159</u>
* Pursuant to the amendment in Income Tax Act, 1961 through Finance Act, 2021 dividend distribution tax has been repealed. Thus, Company is not liable to pay dividend distribution tax on the dividend declared on or after April 01, 2020.		
Note 5: Deferred grant		
(a) Opening balance	3,94,75,179	4,73,02,208
(b) Add: Capital grant utilised during the year (see note 35)	-	80,358
(c) Less: Assets disposed during the year (see note 12)	4,36,459	14,39,735
(d) Less: Depreciation pertaining to assets acquired from grant (see note 12)	60,71,549	78,35,400
(e) Add: Depreciation on disposal of assets (see note 12)	<u>3,96,468</u>	<u>13,67,748</u>
(f) Closing balance	<u>3,33,63,639</u>	<u>3,94,75,179</u>
Note 6: Other long-term liabilities		
(a) Trade/security deposits received	<u>3,07,49,376</u>	<u>3,16,05,621</u>
	<u>3,07,49,376</u>	<u>3,16,05,621</u>
Note 7: Long term provisions		
(a) Provision for employee benefits:		
(i) For compensated absences (net of Leave encashment fund Rs.57,86,355; previous year Rs.40,13,709)	13,88,180	15,86,130
(ii) For gratuity (net of Gratuity fund Rs.68,00,372; previous year Rs.56,70,850)	7,26,926	2,36,833
	<u>21,15,106</u>	<u>18,22,963</u>

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

	As at March 31, 2021	As at March 31, 2020
	Rupees	Rupees
Note 8: Short term borrowings		
(a) Secured		
Overdraft from bank	-	3,518
(secured against fixed deposit with bank)		
(b) Unsecured		
Bills discounting facility from bank*	48,62,94,349	74,97,38,379
	48,62,94,349	74,97,41,897

* The Company has availed the bill discounting facility from the bank for the period upto 90 days from the date of invoice. This interest rate is Repo Rate+3.35% p.a (average rate 7.42% (previous year 8.24%)).

Note 9: Trade payables
(Other than acceptances)

(a) Total outstanding dues of micro enterprises and small enterprises (See note 36)	50,49,537	48,62,028
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18,28,92,082	17,16,54,058
	18,79,41,619	17,65,16,086

Note 10: Other current liabilities

(a) Interest accrued but not due on borrowings	43,16,302	78,31,193
(b) Unclaimed/unpaid dividends	22,23,307	22,64,328
(c) Advances from customers	96,32,103	47,57,396
(d) Payable for Membership cancellation	44,85,652	47,79,839
(e) Trade/security deposits received	29,26,162	35,78,476
(f) Statutory dues	31,57,451	27,76,452
(g) Payable for purchase of Property, Plant & Equipment	33,63,000	-
	3,01,03,977	2,59,87,684

Note 11: Short term provisions

(a) Provision for income tax (net of advance tax of Rs.95,15,379); Previous year Rs.Nil)	34,41,927	-
	34,41,927	-

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

Note 12: Property, Plant & Equipment

Particulars	Gross block			As at March 31, 2021	As at April 1, 2020	Accumulated Depreciation On disposal	As at March 31, 2021	Amount in Rupees	
	As at April 1, 2020	Additions during the year	Deletions during the year					As at March 31, 2020	As at April 1, 2020
(a) Tangible assets (owned)									
Plant and equipment	19,39,66,074 (19,29,26,310)	55,33,202 (42,99,032)	16,49,239 (32,69,761)	19,78,50,037 (19,39,66,074)	9,17,12,197 (7,89,99,046)	1,65,92,345 (1,51,55,994)	10,70,92,787 (9,17,12,197)	9,07,57,250 (10,27,53,877)	10,22,53,877 (11,39,37,167)
Furniture and fixtures	1,21,73,290 (1,21,68,882)	-	69,533 (1,63,793)	1,20,53,717 (1,21,23,250)	79,70,214 (73,03,009)	6,86,758 (8,22,808)	86,02,252 (79,70,214)	34,31,465 (41,23,036)	41,33,036 (47,13,873)
Office equipment	40,99,612 (37,28,806)	10,500 (3,73,006)	3,618	41,06,294 (40,49,612)	14,75,887 (11,05,019)	3,84,521 (3,70,879)	18,56,782 (14,75,887)	22,49,512 (26,23,714)	26,23,714 (26,21,587)
Computers	2,65,39,654 (2,87,83,272)	-	2,71,454 (15,12,959)	2,82,68,164 (2,85,39,654)	2,59,15,266 (2,52,75,163)	9,51,271 (11,27,399)	2,66,08,255 (2,39,20,707)	26,59,545 (26,24,399)	26,59,545 (35,06,109)
Total	23,87,28,589 (23,74,03,070)	55,43,702 (52,11,540)	19,84,045 (39,46,020)	24,22,78,247 (23,87,28,599)	12,70,73,564 (11,26,82,237)	1,85,74,895 (1,79,76,160)	14,46,60,475 (12,70,73,563)	9,81,17,772 (11,16,55,027)	11,16,55,026 (12,47,30,756)
(b) Intangible assets (other than self-developed)									
Computer software	4,23,79,736 (4,21,20,588)	3,40,907 (2,59,149)	3,44,382	4,23,79,261 (4,23,79,736)	3,92,43,658 (3,68,36,600)	8,12,017 (24,07,059)	3,97,31,363 (3,92,43,658)	26,47,898 (31,36,078)	31,36,078 (52,83,988)
Total (b)	4,23,79,736 (4,21,20,588)	3,40,907 (2,59,149)	3,44,382	4,23,79,261 (4,23,79,736)	3,92,43,658 (3,68,36,600)	8,12,017 (24,07,059)	3,97,31,363 (3,92,43,658)	26,47,898 (31,36,078)	31,36,078 (52,83,988)
Total (a + b)	28,11,08,326 (27,95,83,658)	58,84,609 (54,70,689)	23,35,427 (39,46,020)	28,46,57,508 (28,11,08,326)	16,63,17,222 (14,95,18,832)	1,93,86,912 (1,98,83,239)	18,38,12,828 (16,63,12,222)	10,27,65,670 (11,47,91,105)	11,47,91,104 (13,00,64,274)

58

Notes:
(1) Depreciation and amortisation expense
Tangible assets
Intangible assets
Less: Depreciation pertaining to assets acquired on grant.

(11) 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) :

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

	Particulars	As at April 1, 2020	Additions during the year	Gross book value during the year	Deletions during the year	As at March 31, 2021	As at April 1, 2020	Accumulated Depreciation charge for the year	On disposal	As at March 31, 2021	Amount in Rupees	Net Block As at 31 March, 2020
(a)	Tangible assets (owned)											
	Plant and equipment	5,88,19,014 (5,96,80,192)	-	(80,356)	1,67,674 (9,41,536)	5,86,51,340 (5,86,19,014)	2,46,89,449 (2,08,41,468)	47,45,511 (7,42,440)	1,41,123 (8,94,459)	2,92,93,837 (2,46,89,449)	2,93,57,502 (3,41,29,565)	3,41,29,565 (3,88,38,794)
	Furniture and fixtures	48,31,661 (49,95,455)	-	-	30,392 (1,63,793)	47,91,270 (48,51,661)	45,01,472 (46,41,266)	15,807 (15,807)	38,372 (1,55,603)	44,78,906 (45,01,472)	3,12,363 (3,30,190)	3,30,190 (3,54,167)
	Office equipment	14,01,367 (14,01,367)	-	-	-	14,01,367 (14,01,367)	5,91,912 (4,56,784)	1,33,131 (1,33,128)	-	7,25,043 (5,91,912)	6,76,324 (8,09,455)	8,09,455 (8,42,564)
	Computers	2,23,48,562 (3,27,23,088)	-	-	2,26,393 (3,34,406)	2,21,60,269 (2,33,88,682)	2,44,72,210 (2,08,54,672)	7,47,046 (9,35,233)	2,16,973 (3,17,695)	2,20,07,264 (2,14,72,210)	11,58,005 (19,16,472)	19,16,472 (28,68,416)
	Total (A)	8,84,40,724 (8,99,00,102)			4,36,459 (14,39,735)	8,80,04,265 (8,84,40,724)	5,12,55,042 (4,67,66,192)	56,41,497 (56,76,596)	3,96,468 (3,96,748)	5,65,00,071 (5,12,55,073)	3,15,04,195 (3,71,65,682)	3,71,65,682 (4,30,03,911)
(b)	Intangible assets (other than self-generated)											
	Computer software	3,71,88,926	-	-	-	3,71,88,926	3,48,99,430 (3,28,90,629)	4,30,052 (20,08,802)	-	3,53,29,482 (3,48,99,430)	18,59,444 (22,89,496)	22,89,496 (42,98,296)
	Total (B)	3,71,88,926 (3,71,88,926)			- (-)	3,71,88,926 (3,28,90,629)	3,48,99,430 (3,28,90,629)	4,30,052 (20,08,802)	- (-)	3,53,29,482 (3,48,99,430)	18,59,444 (22,89,496)	22,89,496 (42,98,296)
	Total (A+B)	12,56,29,651 (12,69,89,028)			4,36,459 (14,39,735)	12,51,93,192 (12,56,29,651)	8,61,54,473 (7,96,86,822)	60,75,549 (26,15,433)	3,96,468 (3,96,748)	9,18,29,553 (8,61,54,433)	3,33,63,639 (3,94,75,178)	3,94,75,178 (4,39,02,093)

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

	As at March 31, 2021 Rupees	As at 31 March, 2020 Rupees
Note 13: Deferred tax assets		
Tax effect of items constituting deferred tax assets:		
a. On difference between book balance and tax balance of property, plant and equipment	4,67,767	5,49,278
b. Provision for compensated absences and gratuity	5,32,330	4,58,803
c. Provision for doubtful debts	52,191	52,191
d. Provision for Lease equalization	1,36,205	1,70,572
	11,88,493	12,30,844
Note 14: Long term loans and advances (Unsecured, considered good)		
(a) Security deposits	7,12,565	7,12,565
(b) Advance income tax (Net of provision for tax Rs.7,70,60,313; previous year Rs.9,29,00,530)	25,80,385	29,28,916
(c) Prepaid expense	3,31,213	10,37,738
	36,24,163	46,79,219
Note 15: Other non-current assets		
(a) Fixed deposits with banks*	6,26,25,614	1,25,614
	6,26,25,614	1,25,614
These comprise fixed deposits under lien of Rs. 1,25,614 (previous year Rs. 1,25,614) with sales tax department and Rs. 6,25,00,000 (previous year nil) pledged against bank overdraft facility. However, there was no overdrafts from banks as at March 31, 2021. These fixed deposits have a maturity of more than 12 months from the Balance sheet date.		
Note 16: Inventories (At lower of cost and net realisable value)		
(a) Stock-in-trade Raw Milk (including in Transit- Rs.1,50,53,274, Previous Year Rs.2,40,79,616)	1,50,53,274	2,54,90,909
(b) Stock -in-trade - others	45,18,318	24,56,041
(c) Stores and spares	18,34,685	14,08,065
	2,14,06,277	2,93,55,015
Note 17: Trade receivables		
(a) Outstanding for a period exceeding six months from the date they were due for payment		
(i) - Unsecured, considered good	-	5,07,928
(ii) - Unsecured, considered doubtful	2,07,370	2,07,370
	2,07,370	7,15,298
Less: Provision for doubtful debts	2,07,370	2,07,370
	-	5,07,928
(b) Others		
(i) - Secured, considered good	18,99,220	13,87,079
- Unsecured, considered good	64,03,10,039	92,32,11,197
	64,22,09,259	92,51,06,204

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

	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Note 18: Cash and cash equivalents		
(a) Cash and cash equivalents		
(i) Cash in hand	63,250	34,351
(ii) Balance with banks:		
a) In current accounts	<u>1,18,75,946</u>	<u>1,01,37,703</u>
Cash and cash equivalents (as per AS 3 - Cash flow statement)	<u>1,19,39,196</u>	<u>1,01,72,054</u>
(b) Other bank balances		
(i) In deposit accounts		
- original maturity more than 3 months but upto 12 months	8,50,16,169	10,90,15,001
(ii) Balances held as security against bank borrowings*	14,15,13,693	11,20,00,000
(iii) In earmarked accounts		
- Unpaid dividend accounts	<u>22,23,307</u>	<u>22,64,328</u>
	<u>24,06,92,365</u>	<u>23,34,51,383</u>

Note:

- (i) * Fixed deposit amounting to Rs. 14,15,13,693 (previous year Rs. 11,20,00,000) have been pledged against bank for overdraft facility (see note 8). However, there was no overdrafts from banks as at March 31, 2021.

Note 19: Short - term loans and advances
(Unsecured, considered good)

(a) Advances to vendors	44,91,732	18,45,896
(b) Prepaid expenses	36,97,625	46,39,811
(c) Security deposits	-	16,58,310
(d) Grant receivable (see note 35)	<u>2,14,473</u>	<u>3,84,936</u>
	<u>84,03,830</u>	<u>85,28,953</u>

Note 20: Other current assets
(Unsecured, considered good)

(a) Interest accrued but not due on bank deposits	45,53,020	26,71,789
(b) Others	<u>21,724</u>	<u>30,863</u>
	<u>45,74,744</u>	<u>27,02,652</u>

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

	Year ended March 31, 2021	Year ended March 31, 2020
	Rupees	Rupees
Note 21: Revenue from operations		
(a) Sale of products (see note (I) below)	4,15,70,47,055	4,46,82,25,397
	<u>4,15,70,47,055</u>	<u>4,46,82,25,397</u>
Note:		
Sale of products comprises:		
(i) Traded goods		
a. Raw milk	3,38,15,49,480	3,79,35,23,586
b. Processed milk and milk products	64,50,23,802	55,87,13,598
c. Cattle feed & others	13,04,73,773	11,59,88,213
Total	<u>4,15,70,47,055</u>	<u>4,46,82,25,397</u>
Note 22: Other income		
(a) Interest income		
(i) On deposits with banks	1,59,26,846	1,75,53,438
(ii) On others	7,68,947	5,35,472
(b) Other non-operating income		
(i) Membership fee	7,26,356	11,11,907
(ii) Profit on sale of property, plant and equipment	14,80,800	5,57,832
(iii) Liability no longer required written back	4,76,465	7,61,980
(iv) Insurance claims	8,87,972	-
(v) Miscellaneous income	7,11,971	2,02,929
	<u>2,09,79,357</u>	<u>2,07,23,558</u>

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

	Year ended March 31, 2021	Year ended March 31, 2020
	Rupees	Rupees
Note 23: Purchases of stock-in-trade		
(a) Raw milk	3,10,10,80,554	3,51,06,92,069
(b) Purchase of processed milk and milk products	59,04,66,777	51,67,35,974
(c) Cattle feed and others	11,66,77,627	10,75,36,982
	<u>3,80,82,24,958</u>	<u>4,13,49,65,025</u>
Note 24: Changes in inventories of stock-in-trade		
Decrease/(increase) in inventories of stock-in-trade		
(a) Inventories at the beginning of the year	2,79,46,950	2,00,35,228
(b) Inventories at the end of the year	<u>1,95,71,592</u>	<u>2,79,46,950</u>
(c) Net (increase)/decrease in inventory	<u>83,75,358</u>	<u>(79,11,722)</u>
Note 25: Employee benefits expense		
(a) Salaries and wages	5,77,89,380	5,43,60,356
(b) Contribution to provident and other funds (See note 31)	56,51,684	54,54,562
(c) Staff welfare expenses	5,44,781	6,78,871
	<u>6,39,85,845</u>	<u>6,04,93,789</u>

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

	Year ended March 31, 2021	Year ended March 31, 2020
	Rupees	Rupees
Note 26: Finance costs		
(a) Interest on borrowings	3,53,46,665	2,98,64,596
(b) Interest on delayed payment of income tax	3,45,347	47,898
	<u>3,56,92,012</u>	<u>2,99,12,494</u>

Note 27: Other expenses

(a) Consumption of stores and spares	43,57,156	57,10,776
(b) Power and fuel	7,03,591	8,51,238
(c) Rent including lease rent	36,64,894	36,21,410
(d) Rates and taxes	8,27,025	12,03,396
(e) Contractual and retainership expenses	3,42,13,882	3,39,69,460
(f) Repair and maintenance - machinery	1,25,24,283	1,32,95,987
(g) Repair and maintenance - others	81,23,176	79,72,641
(h) Freight, forwarding and distribution expenses	11,25,88,474	11,73,10,526
(i) Insurance charges	18,65,465	17,14,532
(j) Legal and professional fees	85,48,096	88,27,575
(k) Printing and stationery	15,70,360	17,98,778
(l) Auditor's remuneration (see note (i) below)	14,65,118	13,61,012
(m) Travelling and conveyance	38,97,281	63,58,560
(n) Communication expenses	20,90,822	28,11,747
(o) Advertisement and publicity	12,39,515	15,55,673
(p) Provision for doubtful debts	-	2,07,370
(q) Miscellaneous expenses	28,14,447	39,17,323
	<u>20,04,93,585</u>	<u>21,24,88,004</u>

Note:

(i) Auditors' remuneration comprises:

a. Statutory audit fee	10,77,300	9,97,500
b. Tax audit fee	1,41,750	1,31,250
c. Out of pocket expenses	22,575	24,650
d. GST on above	2,23,493	2,07,612
	<u>14,65,118</u>	<u>13,61,012</u>

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 March 31, 2021 Rupees	As at March 31, 2020 Rupees
A. Contingent liabilities		
(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.46,98,400 against which Company has allotted 46,984 shares at the Board Meeting held on April 23, 2021. The shares were allotted within the period specified in the share application form.

Note 30

In respect of the year ended March 31, 2021, the directors in their meeting dated 24.08.2021 have proposed a final dividend of Rs.86,67,939/- (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 contributions at the rate specified under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

The Company has recognised expense of Rs. 38,61,872 (previous year Rs.36,49,281) 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/separation. 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

	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Present value of obligations at the beginning of the year	59,07,683	41,83,086
Interest cost	3,93,673	3,19,588
Current service cost	13,87,895	12,97,932
Benefits paid	(1,50,984)	-
Actuarial (gain)/loss on obligation	(10,969)	1,07,077
Present value of obligations at the end of the year	75,27,298	59,07,683

ii. Fair value of plan assets

	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Fair value of plan assets at the beginning of the year	56,70,850	36,34,133
Expected return on plan assets	4,47,206	3,08,035
Contribution made	9,37,095	17,98,527
Withdrawals	(2,57,135)	(89,951)
Actuarial gain/(loss) on plan assets	2,356	20,106
Fair value of plan assets at the end of the year	68,00,372	56,70,850

The planned assets of the Company is with the Life Insurance Corporation of India (LIC) in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan.

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

iii. Return on plan assets	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Expected return on plan assets	4,47,206	3,08,035
Actuarial gain/(loss) on plan assets	2,356	20,106
Actual return on plan assets	4,49,562	3,28,141

iv. Amount recognised in the Balance Sheet	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Present value of defined benefit obligations	75,27,298	59,07,683
Fair value of plan assets	68,00,372	56,70,850
Net liability/(asset) recognised in the balance sheet	7,26,926	2,36,833

v. Expenses recognised in the Statement of Profit and Loss	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Current service costs	13,87,895	12,97,932
Interest cost	3,93,673	3,19,588
Expected return on plan assets	(4,47,206)	(3,08,035)
Fair Value adjustment of previous year	-	-
Net actuarial gain/(loss) recognized during the year	(13,325)	86,971
Expense recognized in the Statement of Profit and Loss	13,21,037	13,96,456

vi. Balance Sheet reconciliation	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Net liability/(asset) at the beginning of the year	2,36,833	5,48,953
Expense as above	13,21,037	13,96,456
Contributions	9,37,095	17,98,527
Withdrawals	(1,06,151)	(89,951)
Net liability/(asset) at the end of the year	7,26,926	2,36,833

vii. Principal actuarial assumptions	As at March 31, 2021	As at March 31, 2020
Discount rate	6.76% p.a	6.75% p.a
Expected salary escalations	10.00% p.a.	10.00% p.a.
Expected return on plan assets	7.44% p.a	7.43% p.a
Attrition rate	15.00% p.a	15.00% p.a
Remaining Working Life	22.61 Years	23.96 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 which is equal to remaining working life.

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

viii. Experience adjustment	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Present value of obligation	75,27,298	59,07,683	41,83,086	23,62,531	17,12,898
Fair value of plan assets	68,00,372	56,70,850	36,34,133	28,56,399	20,04,090
Funded status	7,26,926	2,36,833	5,48,953	(4,93,868)	(2,91,192)
Gain/(loss) on obligations	10,969	(1,07,077)	(5,46,564)	2,85,637	10,79,187
Gain/(loss) on plan assets	2,356	(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: Impact of Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment, received Presidential assent in September 2020. The Code has been published in the Gazette of India, however, the date on which the Code will come into effect is yet to be notified. The Company will assess the impact when Code and rules thereon will be notified and will record any related impact in the period the Code and rules thereon becomes effective.

Note 33: 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.36,64,894 (previous year Rs.36,21,410) in respect of obligation under operating leases have been recognised in the statement of profit and loss.

Future minimum lease payment are:
Particulars

	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Payable not later than one year	24,52,176	23,35,405
Payable later than one year but not later than five years	30,07,348	54,59,524
	<u>54,59,524</u>	<u>77,94,929</u>

Note 34: Earnings per equity share

Particulars	Unit	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax	Rs.	3,52,88,771	3,43,94,439
Weighted average number of equity shares outstanding during the year	Numbers	13,08,527	10,89,616
Nominal value per equity shares	Rupees	100	100
Basic earnings per share	Rupees	26.97	31.57
Equity shares used to compute diluted earnings per share	Numbers	13,09,474	11,05,722
Diluted earnings per share	Rupees	26.95	31.11

Note 35

Disclosures as required by the Accounting Standard (AS) 18 – "Related Party Disclosures" are as below:

A. Name of the related parties and nature of relationship

Nature of relationship	Name of person
Key Management Personnel (KMP):	Mr. Narinder Singh Bahga (Chief Executive)

B. The nature and volume of transactions during the year with the above related parties are as follows:

Nature of transactions	Amount in Rupees	
	KMP	Total
Managerial remuneration:	60,87,416 (59,43,931)	60,87,416 (59,43,931)

Note: Figures in brackets relates to previous year

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

	As at March 31, 2021	As at March 31, 2020
	Rupees	Rupees
Note 36: Details of Government grants		
Details of grants received from NDDB and its utilisation is as under:		
(a) Opening Balance	(3,84,936)	27,040
(b) Grant received during the year	3,84,936	23,928
(c) Utilised during the year		
(i) For capital assets	-	80,358
(ii) For revenue expenses	2,14,473	2,93,156
Total utilised (i) + (ii)	<u>2,14,473</u>	<u>3,73,513</u>
(d) Amount refunded	-	(62,391)
(e) Balance carried forward (a+b-c-d)	<u>(2,14,473)</u>	<u>(3,84,936)</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 37: Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	As at March 31, 2021	As at March 31, 2020
	Rupees	Rupees
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	50,49,537	48,62,028
(ii) Interest amount 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 during each accounting year.	-	-
(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 to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

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

Note 38

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 Company has availed the option in the financial year 2019-2020. Accordingly, the tax expenses for the year ended March 31, 2021 and March 31, 2020 have been provided at reduced tax rate.

Note 39

The Ministry of home affairs vide order No.40-3/2020 dated March 24, 2020 imposed country wide lockdown and 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 40

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 41

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/-
Manjeet Kaur
Chairperson

Sd/-
Bhupinder Singh
Director

Sd/-
Narinder Bahga
Chief Executive &
Director

Sd/-
Rajesh Saini
DGM- Legal & CS

Sd/-
Punit Sharma
Senior Manager -
Finance & Accounts

Place: Patiala
Date: 24.08.2021

TEAM BAANI

CHIEF EXECUTIVE OFFICE

Narinder Singh Bahga
Chief Executive Officer

Mukesh Kumar
Assistant Manager

Heena Chhatwal
Assistant Manager

PROCUREMENT

Navdeep Kumar
Deputy General Manager

Krishnendu Mondal
Deputy Manager

Tarsem Lal
Deputy Manager

Bhavnesh Kumar
Deputy Manager

Gurshinder Singh
Senior Executive

Gursir Singh
Senior Executive

Hardeep Singh
Senior Executive

Kulwinder Singh
Senior Executive

Lovish Vig
Senior Executive

Simranjeet Singh
Senior Executive

Gaurav Krishan Puri
Executive

Jitendra Singh
Executive

Gurpreet Singh
Executive

Paramvir Singh
Executive

Gurinderpal Singh Dhaliwal
Executive

SALES & MARKETING

Arvinder Pal Singh Bhatia
Senior Manager

Manish Kapila
Manager

Tarun Taneja
Assistant Manager

Kuldeep Singh
Senior Executive

Shashi Kumar
Senior Executive

PURCHASE

Pankaj Kumar Singla
Deputy General Manager

Dilip Kumar Nayak
Assistant Manager

Harpreet Singh
Senior Executive

PIB

Veenu Sodhi
Deputy General Manager

Pragya Bharati
Deputy Manager

Rohit Kumar
Deputy Manager

Gurpreet Singh Grewal
Senior Executive

Sonu Yadav
Senior Executive

Raj Singh
Senior Executive

Robin Garg
Senior Executive

Gurpreet Kaushal
Senior Executive

Parveen
Executive

Parminder Singh
Executive

Gurpreet Singh
Executive

Kulvir Singh
Executive

Pawandeep Singh
Executive

Naveen Kumar
Executive

QUALITY

Raman Kumar Tiwari
Deputy General Manager

Achal Kumar
Deputy Manager

Kuldeep Singh
Senior Executive

Lokendra Singh
Senior Executive

Muskan Sharma
Senior Executive

FINANCE & ACCOUNTS

Punit Sharma
Senior Manager

Pradeep Singhal
Deputy Manager

Sanjeev Kumar
Senior Executive

Vikas Sharma
Assistant Manager

Dharminder Kumar
Executive

ANIMAL NUTRITION

Hardeep Singh Handa
Senior Executive

Deepak Seth
Senior Executive

Nagesh Jindal
Executive

Harpinder Singh
Executive

Satwinder Singh Brar
Executive

LEGAL & CS

Rajesh Saini
Deputy General Manager

Rohit Shyam Sharma
Assistant Manager

BE & MIS

Laxmee Kanta Sahoo
Deputy General Manager

Manjinder Pal Singh
Deputy Manager

Jagtar Singh
Assistant Manager

IT

Hitendra Sharma
Deputy General Manager

Ashok Kumar
Deputy Manager

Naresh Puri
Senior Executive

Mayur Singla
Senior Executive

HR & ADMIN

Harpreet Singh Mohal
Senior Manager

Gurjinder Singh Gill
Deputy Manager

Mandeep Kaur
Senior Executive

Harwinder Singh
Senior Executive





Chairman, NDDDB Dairy Services is kind to provide Oxygen Concentrators and Oximeters in order to ensure its timely availability to employees and members in case of emergency.



Ek Cup aur ho jaye



BAANI MILK PRODUCER COMPANY LTD.

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