



8th ANNUAL REPORT 2021-22





OUR VALUES

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

OUR MISSION

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

OUR 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



Ms. Manjeet Kaur

"With the passing years at Baani Milk Producer Company Limited we have been witnessing the gender equality, where women are welcomed as leaders. Moreover, it has given a fair platform to its producer members to achieve their goals and fulfil their dreams through transparency and financial inclusion."

I would like to extend my gratitude to all the members, board of directors, employees, service providers and customers of Baani Milk Producer Company for their love, support and dedication to make Baani a successful venture for the growth of society and dairy farmers.

It is my privilege to present the overall performance and audited accounts of Baani Milk Producer Company Ltd for 8th financial year of operations, 2021-22.

The year gone by Baani continued to make steady efforts of growth, thereby achieving the turnover of ₹ 480 Crores and a net profit of ₹ 2.57 crores after tax.

Directors of Baani are delighted to recommend the dividend of ₹ 7 per share to the producer members whose name appear in the Register of members of the company as on March 31, 2022.

Milk procurement operations of Baani continued to be strengthened in state of Punjab under 11 milk chilling centres (MCCs) as on 31 March, 2022. During the year Baani procured 1061.28 lakh kg raw

milk with an average collection of 2.91 lakh kg of milk per day.

Baani was collecting milk from 1145 villages with 1251 MPPs (Milk Pooling Points) under 11 MCCs (Milk Chilling Centres) as on 31 March, 2022.

Performance of the Company during 2021-22:

- Sale of 945.68 lakh kg of raw milk.
- Sale of 90.02 lakh litres of PPM.
- Sale of 17.56 lakh kg of Dahi.
- Sale of 5.21 lakh litres Lassi.
- Sale of 2.39 lakh kg of Ghee.

Considering the potential market coverage of Baani, we are planning to expand our sales operations in new regions.

During the year 2021-22 company has achieved sales of 5375 MT of Baani Cattle feed and 107 MT of Baani Min.

We will add 11,000 more members in the coming FY 2022-23.

Your suggestions are always solicited!

Yours faithfully,

Sd/-

Manjeet Kaur

DIN: 07455694

Chief Executive's Message



Mr. Narinder Singh Bahga

“Information Technology has made a great impact on all aspects of our life. A few decades ago the role of Information Technology in dairy industry was limited only to processing plants. But with new innovations & fast speed internet connectivity now IT is playing a vital role in every segment of dairy industry.

IT is right there from purchase of the animals by dairy farmers to delivery of milk & milk products to the consumers. Baani is working enthusiastically to use Information Technology to provide maximum benefits to its dairy farmer members.”

Transparency at all levels of operation is the major achievement of Baani Milk Producer Company Limited. Along with this, automation at village level, direct amount transfer of milk payments to member's bank account, input services (Cattle Feed, Area Specific Mineral Mixture, Subclinical Mastitis Screening, Farm Development Project, Dairy Trainings etc.), quality dairy products and management by professionals with vast experience are the major factors which has made Baani a successful company.

Baani has embarked on an ambitious digital journey by enabling all the stakeholders to connect digitally with company's IT systems.

At core, company has deployed world class SAP ECC ERP system covering all the operations thus enabling real time, secure, automated and transparent information processing.

Further to achieve its mission of digitalization, company has deployed many other applications to digitally engage with all the stakeholders to achieve high levels of timely, effective, automated and transparent service delivery.

This helped the company to conform to its values vis-a-vis timeliness, transparency and honesty.

Company has deployed HRMS for human resources management, Distributor & Sales Force Automation solution, a smartphone application for members, a smartphone based milk collection application to collect milk from members at Milk Pooling Points, Fixed Assets Management software to manage more than 25000+ barcoded assets at all the locations with a smartphone application to audit the assets, digital integration with banks for automated and encrypted transfer of payments to vendors, an application for paperless onboarding of new members, an accountable and responsive Grievances Redressal mechanism, a toll free number with IVR facility.

Along with this with the help of automatic logistic utility company has optimized logistic cost & capacity utilization.

All the vehicles for transfer of raw milk and finished products are GPS enabled for better monitoring.

All the critical operational locations like MCCs and Plants are under CCTV surveillance. Field team activities are monitored through smartphone based application for better coordination.



BOARD OF DIRECTORS



MANJEET KAUR
CHAIRPERSON & DIRECTOR



RANJIT KAUR
DIRECTOR



BEANT KAUR
DIRECTOR



BHUPINDER SINGH
DIRECTOR



KANWALJIT KAUR
DIRECTOR



JASPAL SINGH
DIRECTOR



GAGANDEEP SINGH
DIRECTOR



KULPREET RISHI
DIRECTOR



GURLAL SINGH
DIRECTOR



PARMJEET KAUR
DIRECTOR



SUKHPAL SINGH SANDHU
DIRECTOR



SRIRAM SINGH
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. LLP, Chartered Accountants

INTERNAL AUDITORS

Ernst & Young LLP, Chartered Accountants

BANKERS



State Bank of India



AXIS BANK



REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd

BAANI MILK PRODUCER COMPANY LIMITED

CIN: U01403PB2014PTC038826

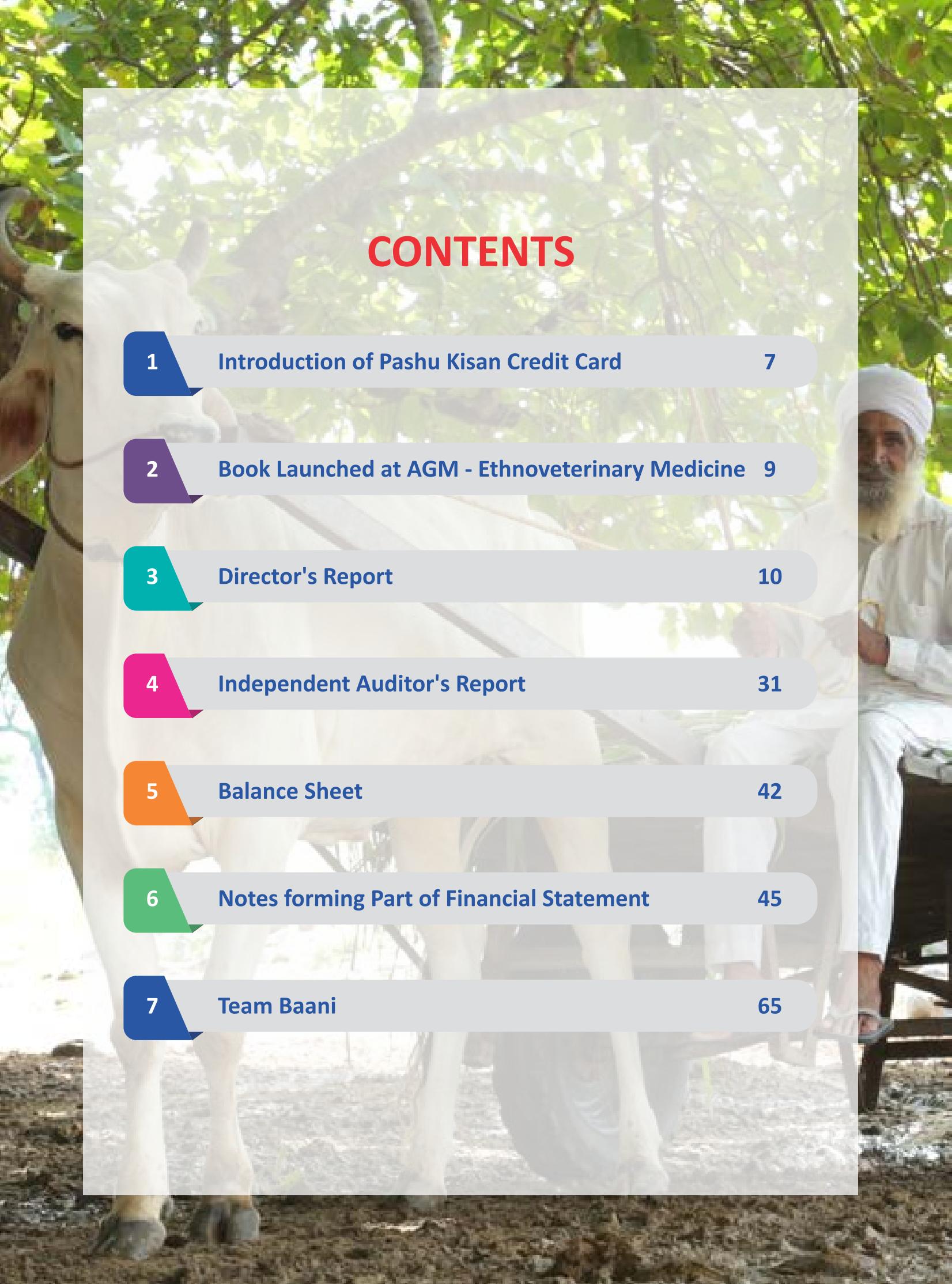
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PASHU KISAN CREDIT CARD



MoU between Baani Milk Producer Company Limited and State Bank of India

Availability of credit plays a crucial role in overcoming farmer's financial constraints to invest in farm activities, increasing productivity and adopting technologies.

In view of providing benefits of Pashu Kisan Credit scheme to dairy farmer members of Baani Milk Producer Company Limited, company has entered into an MoU with State Bank of India on 7th September 2021 at their head office, Chandigarh.

KCC (AH&F) enables the farmers to meet the short term working capital requirements for the milch animals.

The KCC facility will meet the working capital requirements to meet the recurring cost towards feed, organic and inorganic fodder, medicine etc.

Maximum loan available under the scheme is ₹ 1.60/- lacs without collateral and > ₹ 1.60/- lac to ₹ 3.00/- lacs with collateral.

Scale of finance is ₹ 44,018/- per animal/annum in case of Cow and ₹ 61,467/- per animal per annum for Buffalo/Exotic or Cross Bred cow.

Rate of interest for up to ₹ 3 lac per farmer will be charged @ 7% p.a. (fixed) for total exposure i.e. including any previous KCC/Agri loan (eligible for interest subversion) borrowed from any bank.

Additional interest subversion of 3 per cent per annum for prompt repayment borrower i.e. effective rate @4%.

This MoU will help in taking benefits of Pashu Kisan Credit Card Scheme to the dairy farmer members of Baani Milk Producer Company Limited.

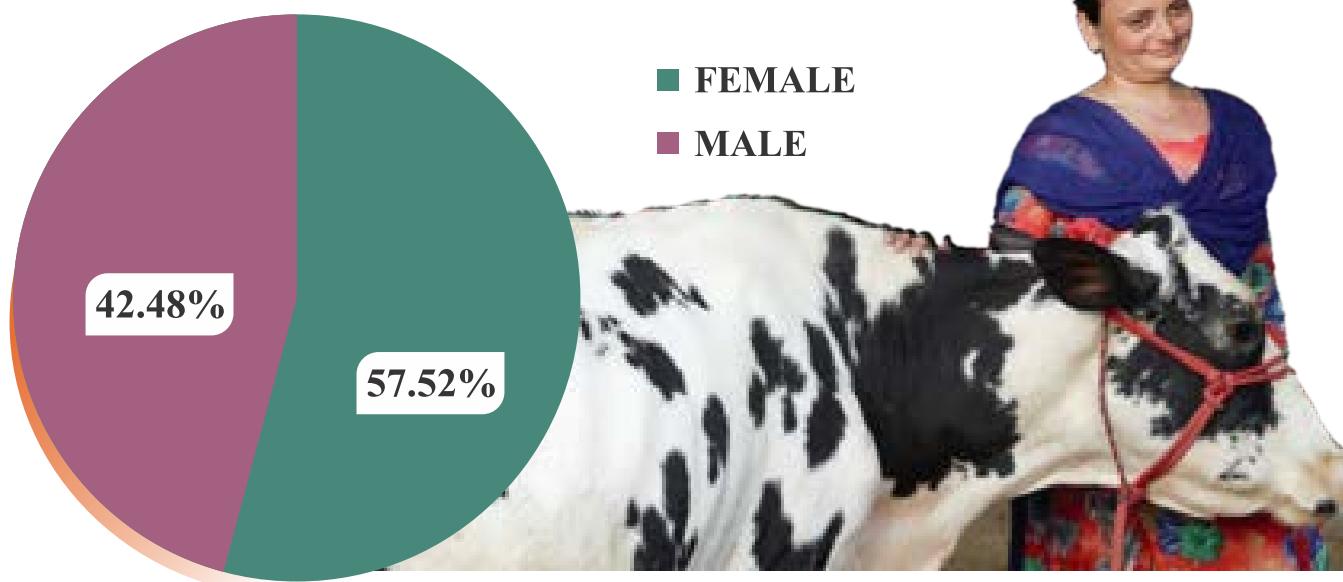
MoU was signed by Mr. Narinder Singh Bahga CEO of Baani Milk Producer Company Limited and by Mr. Sumit Phakka on behalf of State Bank of India , Dr. Navdeep Kumar (DGM - Milk Procurement of Baani Milk Producer Company Limited) and Mr. Bipan Gupta (DGM State Bank of India) were also present on this occasion.

KEY HIGHLIGHTS OF THE SCHEME ARE

- SBI will conduct village level meetings with help of Baani field staff to make members of Baani aware about the KCC scheme.
- The Bank will consider providing finance to the members, if bank is satisfied with the credentials, credit needs, progress, activities and satisfactory CIBIL of the members.
- Baani on receiving consent from the member will transfer milk payment into the KCC bank account of the member.

KCC STATISTICS

KCC till Sept' 2022	Numbers	%age
FEMALE	2284	57.52
MALE	1687	42.48
TOTAL	3971	100





Book Launched at AGM - Ethnoveterinary Medicine

Ethnoveterinary Medicine is an alternative method of treating various diseases of the Animals.

A book on Ethnoveterinary was also launched by respected Chairperson Smt. Manjeet Kaur. The book is in Punjabi Language for proper understanding of the farmer members.



DIRECTORS' REPORT



TO THE MEMBERS OF

BAANI MILK PRODUCER COMPANY LIMITED

The Directors are pleased to present the 8th Annual Report along with the audited Statement of Accounts of Baani Milk Producer Company Limited ('Company') for the period from April 01st 2021 to March 31st 2022.

FINANCIAL RESULTS: -

The Company's financial performance, for the year ended March 31, 2022 is summarised below:

(₹ in Crores)

Particulars	April 01, 2021 to Mar 31, 2022	April 01, 2021 to Mar 31, 2021
Total Revenue	479.50	417.80
Total Expenses	476.11	413.01
Profit Before Tax	3.39	4.79
Tax Expense	0.82	1.26
Net Profit After Tax	2.57	3.53
Limited Return (Dividend)	0.88	0.87
Transfer to General Reserve	1.69	2.66

STATEMENT OF THE COMPANY'S AFFAIRS: -

The Company during the year has achieved total revenue of ₹ 479.50 Crores. The operational revenues generated was ₹ 477.48 Crores, whereas other incomes earned during the period amounted to ₹ 2.02 Crores. The total expenses incurred during the year amounted to ₹ 476.11 Crores including depreciation and amortisation expense of ₹ 1.49 Crore. This has resulted into an earning of profit

before interest, depreciation and tax (PBIDT) of ₹ 7.01 Crores; net profit before tax of ₹ 3.39 crores and net profit after tax (PAT) of ₹ 2.57 Crores.

As against the budgeted total income of ₹ 473.14 Crores and budgeted profit before tax (PBT) of ₹ 3.48 Crores for the period, the Company has actually achieved total income of ₹ 479.50 Crores and profit before tax (PBT) of ₹ 3.39 Crores for the said period.

MILK AND MILK PRODUCTS:-

Total sales during the year was 90.02 lakh litres of PPM, 17.56 lakh kgs Curd, 5.21 lakh litres Lassi, 2.39 lakh kgs of Ghee and 0.43 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 945.68 lakh kgs raw milk to institutional buyers.

REVIEW OF OPERATIONS

MILK PROCUREMENT



During the year 2021-22, Company has procured an average of 2.91 Lakh Kgs of Milk per Day.

The Company is operating mainly in nine districts of Punjab to cover 1145 villages with 1251 MPPs (Milk Pooling Points) under 11 MCCs (Milk Chilling Centres).

At the end of the financial year 2021-22, a total of 59536 were approved members, along with this Company has seen substantial growth in consistent active membership during this period. This clearly shows the level of trust the loyal members of Baani have shown in highly competitive environment. The Company's values, mission and vision are the strong foundations on which steady growth is possible.

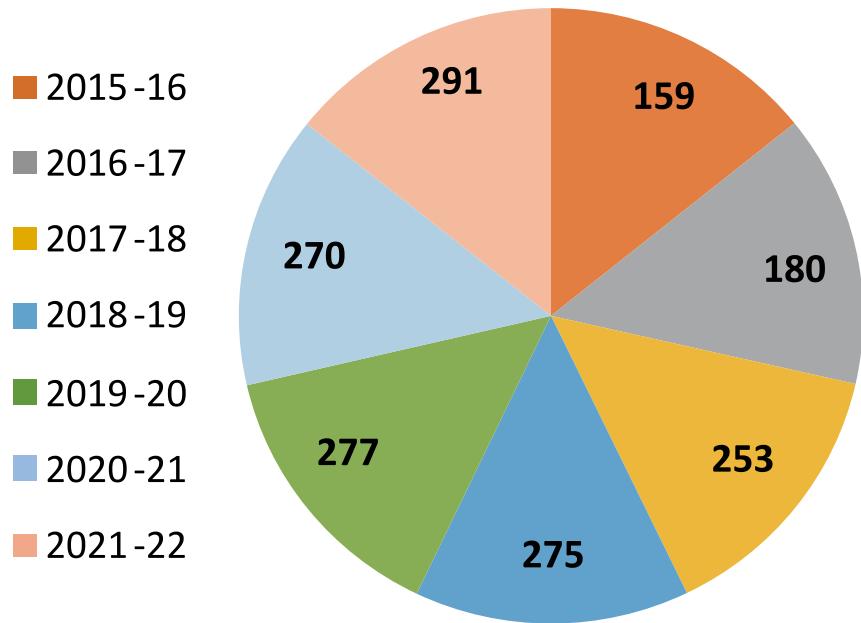
During this year teams have worked very hard to bring variations in milk operations (CDA) to all- time lowest

level. Even in unfavourable external environment like high inflation rates etc. teams were able to keep the procurement cost within set targets in almost all the parameters.

Decentralized day to day monitoring of the milk procurement operations at the MCC level helped in achieving a higher quantity of milk procurement per MPP during almost all the months of FY 2021-22 in comparison to FY 2020-21.

Various infrastructure improvements were undertaken during FY 2021-22 at MCC Kot Ise Khan, Mallanwala, Sadiq, Malout, Bhadaur, Phagwala and Mansa to improve chilling efficiency & capacity, power backup, quality, hygiene and operational efficiency.

Average Milk Procurement Per Day (in 000Kg/day)



Way forward:

Our Company is planning to consolidate the milk procurement operations further by increasing active membership at the existing MPPs and starting new MPPs, especially in Moga and Firozepur district during FY 2022-23. The Company is exploring options for an android based milk procurement solution to increase efficiency and reduction of capital costs for expansion of operations.



PES (Productivity Enhancement Services):

Baani Milk Producer Company Limited is committed to increasing income of its farmer members by reducing the cost of milk production by providing necessary services. Various input services like Cattle Feed, Mineral Mixture, Feed Supplements, and Subscription-based Farm Development Project, Mastitis Control Popularisation Project (MCPP), Subclinical Mastitis Screening (CMT), Demo Fodder plots, Treatment by use of Ethno-veterinary medicines, Training of members on good animal husbandry practices, etc. are provided by Company. Along with this company has assisted its farmer members in enrolling in Kisan Credit Card (KCC) and cattle insurance scheme.



During the year 2021-22, following were the achievements of various input services:

S.No.	Input Service	Unit	Achievement
1	Cattle Feed	Metric Ton	5375
2	Mineral Mixture	Metric Ton	107
3	CMT (Subclinical mastitis tests)	No. of animals screened	1,04,286
4	FDP (Farm Development Project)	No. of members enrolled	196
5	Cattle Insurance	No. of animals insured	227
6	KCC (Kisan Credit Card)	No. of members received KCC	1845
7	Training of members	No. of members trained	23030
8	Ethnoveterinary Medicines	No. of cases treated	7718
9	Ration Balancing Program	No. of Animals Covered/advises generated	5569/54477
10	Sahayak Refresher Training	No. of participants	291



Way Forward:

Baani Milk Producer Company Limited has seen lot of success with treatment of dairy animals by use of Ethno-veterinary medicines and would like to take this concept to more number of farmer members during the year 2022-23.

Logistics:

Logistics operations are the backbone of any successful organisation and Baani Milk Producer Company Limited is having robust logistic management system to ensure timely & efficient transport of milk and milk products.

All the vehicles including inward vehicles, milk tankers and PPM & Milk Product transport vehicles are equipped with GPS devices for real time monitoring.

Way Forward:

The Company is exploring ways for fully automation of route planning which will help in reducing cost and increasing efficiency.

QUALITY INITIATIVES



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

Ensure the Infrastructure improvement in third party Milk Chilling Centre (MCC) to comply Good Manufacturing Practices (GMP) guidelines:

- Ensure the Infrastructure and plant equipment Upgraded/Replaced in third party MCC to comply GMP and food safety management system as per below.

S.No.	MCC NAME	INFRASTRUCTURE IMPROVEMENT
1	Phaguwala	Installation of IBT Condenser coil.
2	Sherpur	Commissioned new compressor machine
3	Lehragaga	CIP System Fitted in place
4	Bhadaur	Dock extension done
5	Mansa	Hard parking done and Lab extended
6	Mallanwala	PHE capacity increased
7	Kot-Ise-Khan	Lab and can reception extended
8	Sadiq	New DG Set purchased.

MBRT to Improving raw milk quality:

- Average MBRT of FY-21-22, is 86 Minutes and last year (FY-20-21) it was 76 Minutes.

Cleaning and Sanitation:

- Started Cold cleaning agent, Satol GC and All-purpose cleaner of Eco-Lab for can cleaning at MCCs. Results are satisfactory.



Residue Monitoring Plan:

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

Subclinical Mastitis Screening:

- Screening of cattle for Subclinical Mastitis with CMT (California Mastitis Test) was done for the 1,04,286 animals during 2021-22. This is highly effective initiative at field level to improve raw milk quality (MBRT and Heat stability).



Training and development:

- Training provided to MCC Staff and MCC In-charge. Numbers of training conducted 07 and 104 participants trained.

Topic	Venue	Participants
Milk Quality Testing at all levels	Mansa	11
Milk Quality Testing at all levels	Kot Ise Khan	11
Cleaning & Hygiene for MCC Operation (GMP & GHP)	Online	35
SCM, FSMS, HACCP & Pest Management	Sadiq	10
SCM, FSMS, HACCP & Pest Management	Phaguwala	12
Awareness Training on Communicable Disease	Bhadaur	19
HACCP, FSSAI Regulation, Product Specification, Pest & Allergen Management	Head Office, Patiala	6

- Revised and updated Standard Operating Practices (SOPs) of Milk and milk products, analytical testing of raw milk, testing of incoming material, quality plan of raw milk and incoming material etc. have been provided.

comply new guidelines of FSSAI.

One culture tank commissioned to increase dahi filling capacity in fermented section.

One packing machine commissioned to increase capacity of PPM 6 litre.

AHU installed at dispatch dock to maintain temp of product during loading of vehicle.

Expansion done of dahi incubation room to increase incubation space.

One addition steam boiler capacity 3 MT commissioned for using in lean season.

New Initiatives at 3 P manufacturing plant:

- Recipe (Ingredients) of Spiced lassi changed as per customer feedback.
- Specification of Lassi all variants revised as per market feedback.
- Artwork of packing material has been revised to

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.

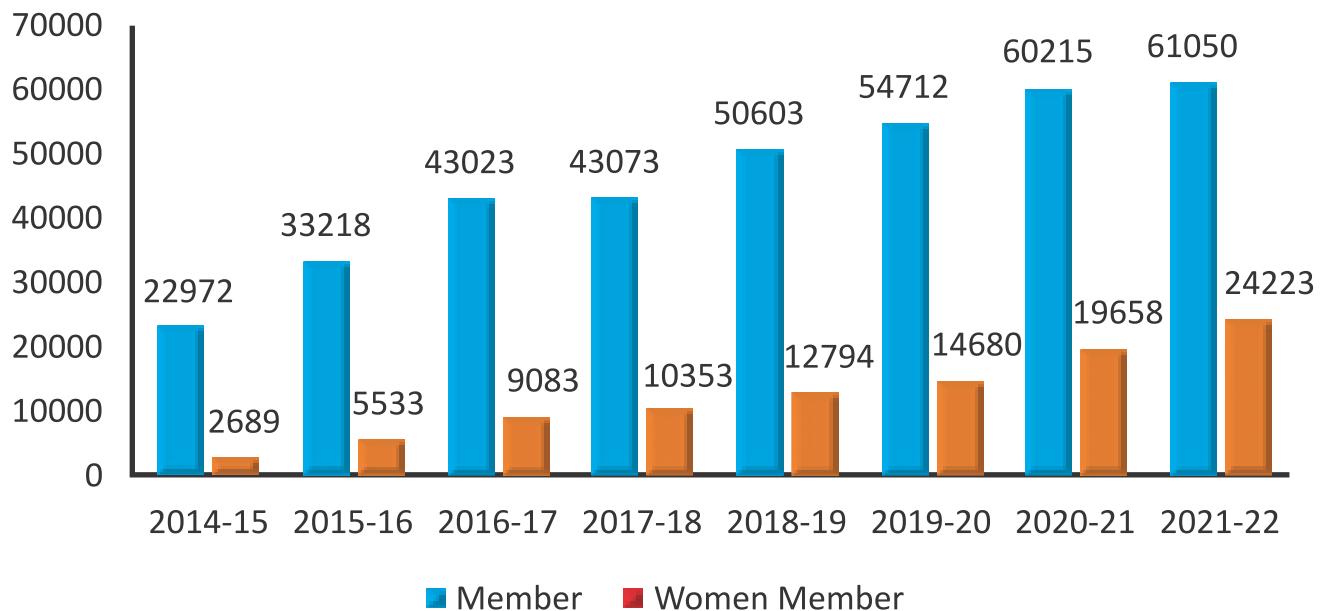
Members' Grievances are addressed in time and are being monitored from the head office level. With the support of strong field staff and VCG-MRG, the company ensures to resolve all the queries received from members in time.

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 with members and this is being done through Baani Member Application. This has upgraded the ladder up in terms of transparency. Member can have a snapshot of nomination details, payment details, pouring pattern, incentive and dividend paid till now etc. through the Member App. Further, member can check shift wise milk pouring status.



Membership



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 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 five directors of the board of MPC are women and even Chairperson of Baani is also a woman.



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 2021-22 second wave of Covid-19 from May till July 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.

According to government guidelines and due relaxation in lockdown, 143 MRG orientation program have been organized which were attended by 634 MRG members, 541 VCG Orientation programs were organized for 2110 VCG members, 306 Gall Baat Programs (Village Level Training) were conducted with 7668 participants, 2 Leadership Development Programmes were conducted with 45 participants, 166 MRG Meetings were conducted with 984 participants and 2259 VCG meetings with 11634 participants were conducted.



MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There is no material/substantial change after the closure of financial year ended 31.03.2022.

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, 2022. This dividend is subject to approval of Members at the ensuing 9th Annual General Meeting and will be paid to those Members whose names appear in the Register of Members on 31.03.2022. The dividend for the financial year @ ₹ 7/- per equity share will absorb ₹ 0.88 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.

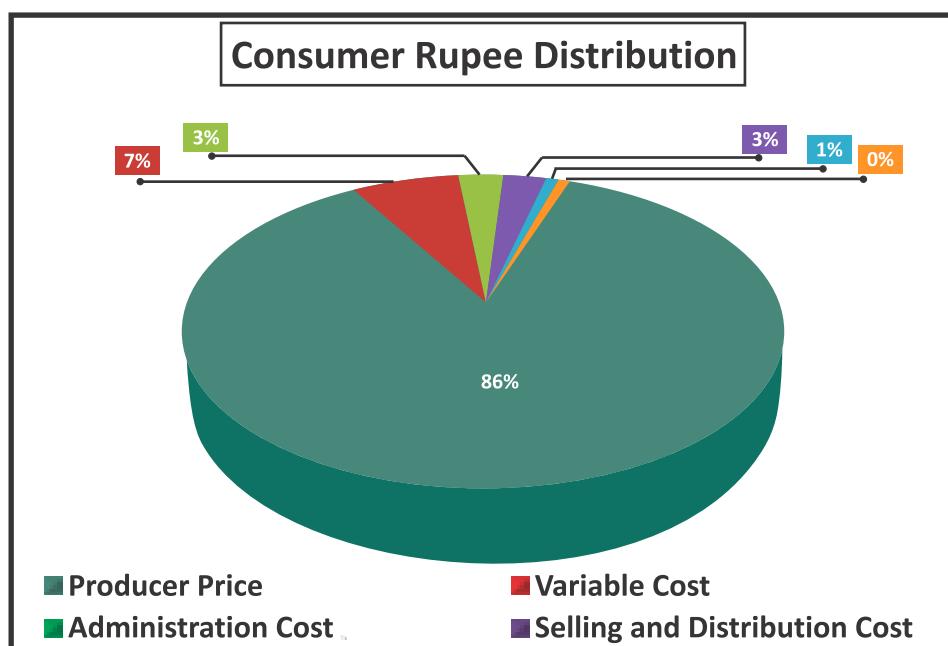
TRANSFER TO RESERVE

The Board proposes to transfer an amount of ₹ 1.69 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, 2022 was ₹ 3064.73 lakhs. The company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

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



DEPOSITS

The company has not accepted any deposits during the year under review, hence no information are required to mentioned within the provisions of Companies Act, 2013 or rules made there under.

SHARE CAPITAL AND MEMBERSHIP

As on March 31, 2022, the paid up share capital was ₹ 12.62 crores, subscribed by 59536 members. The Company has not made any changes in its Authorized share capital during the year, the Authorized share capital of the Company stood at ₹ 20.00 Crore as on 31st March, 2022. The Company has not issued any equity shares or preference shares or any securities which carry a right or option to convert such securities into shares.

During the year the following changes were made in the capital of the Company:

Date of Board Meeting	No. of Shares Issued/reissued	No. of Shares Cancelled
23.04.2021	49379	1601
16.06.2021	11753	38193
06.08.2021	15659	55027
24.08.2021	8049	15252
22.10.2021	36634	18860
17.12.2021	56490	10139
04.02.2022	98099	15391
16.03.2022	94067	191817

In order to avoid cancellation of membership, all the members belonging to Class-A, Class-B and Class-C are requested to fulfil all the patronage criteria of their respective class and conditions for continuation of membership during the relevant financial years.

VOTING RIGHTS AND ATTENDANCE AT AGM

As on March 31, 2022, the paid up share capital was ₹ 12.62 Crore, comprising of 59536 members on the register of members of the Company.

After 31 March 2022, Company has enrolled 4233 new members and the membership of 7663 members have been cancelled/ surrendered/transferred. Therefore, the total number of members as on the date of this report stands at 56106 members who are entitled for attending the 9th Annual General Meeting.

Out of total 56106 members as on date,

- 14565 members have the rights to exercise vote on all resolutions to be moved at the 9th AGM (including voting on election of their respective class of Director) since they fulfil all the conditions set for their respective class.
- 4857 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 9th 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 2021-22.
- 36684 members are entitled to attend 9th AGM but did not have the rights to exercise vote on any resolutions

to be moved at the 9th 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, 2022, will not be entitled to dividend for FY 2021-22 as well as voting right at 9th 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 2021-22, it has been found that, out of 59536 total members as on March 31, 2022, 28152 members have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly, out of these 28152 members, 1043 comprised of Class-A, 3439 comprised of Class-B and 23670 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 26%, 31% and 43% during FY 2021-22. 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, three (3) Directors for Class-B and five (5) Directors for Class C respectively. The Company shall meet the requirement of Article 9.5 as under:-

Class-A Directors-

At present the Board has three (3) Directors representing Class-A, out of which one (1) namely Smt.Kanwaljit Kaur (DIN: 08507568) 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 four (4) Directors representing Class-B out of which one (1) Director namely Smt. Beant

Kaur (DIN:08508130) shall retire at the ensuing Annual General Meeting of the Company.

As per class representation based on the patronage criteria, the Board has declared Nil (0) vacancy in Class - B.

Class-C Directors-

At present the Board has two (2) Directors representing Class-C out of which one (1) Director namely Sh. Bhupinder Singh (DIN: 08507477) 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/re-appointment of Smt.Kanwaljit Kaur (DIN:08507568) under Class A, Sh. Bhupinder Singh (DIN: 08507477) and Smt. Sandeep Kaur (DIN: 09667814) under Class C to fill up the 1 vacancy of Class-A, and 2 vacancies of Class C respectively. The statement containing name and qualifications of the Director seeking appointment is annexed to the Notice convening 9th 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 three (3) Directors and in Class C to three (3) Directors as permissible under Article 9.5 and 9.6 of the Articles of Association of the Company.

During the year under review, Sh. Surinder Pal (DIN: 07916353) and Sh. Balraj Singh (DIN: 08193434), had retired from the Directorship of Company w.e.f. 22.09.2021. Further Sh. Gagandeep Singh (DIN: 08195849), Smt. Ranjit Kaur (DIN: 06868678), Sh. Sukhpal Singh Sandhu (DIN: 09288587), Sh. Gurlal Singh (DIN: 09285765) and Smt. Parmjeet Kaur (DIN: 09285767) had also been appointed/re-appointed as Director of the Company w.e.f. 22.09.2021.



TRAINING OF BOARD MEMBERS

During the year under review the following training were undertaken towards the training of producer Directors of the Company:

- Orientation Program for new Directors
- Workshop on Leadership through Policy Governance.
- Finance Module.

FORMAL ANNUAL EVALUATION OF DIRECTORS

As per Section 134(3) (p) of the Companies Act, 2013, Formal annual evaluation of Directors is not applicable to 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 members of the Company had appointed M/s. S.B. Billimoria & Co., Chartered Accountants, as Auditors of the Company in the 8th Annual General Meeting held on 22.09.2021 upto the Conclusion of eleventh (11th) Annual General Meeting of the Company.

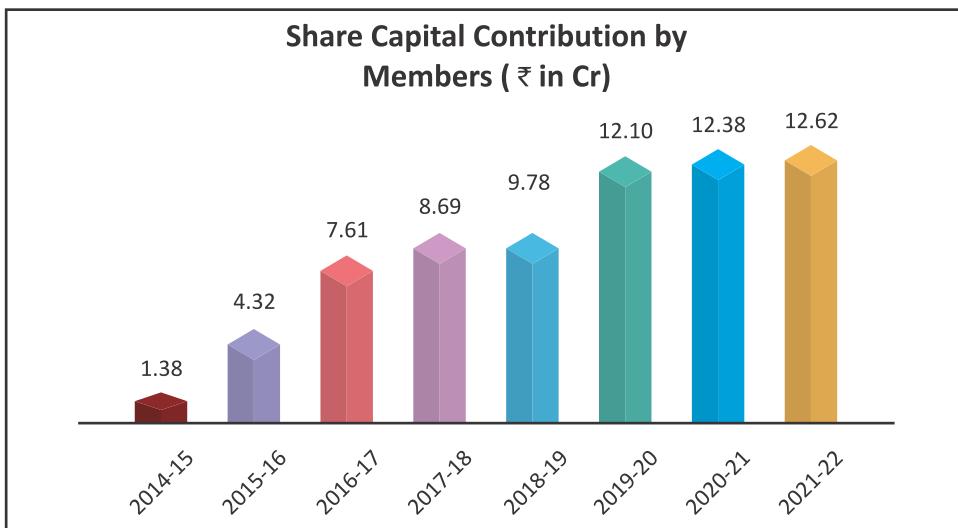
AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT

The Audit Report of M/s. S.B. Billimoria & Co., Chartered Accountants on the Financial Statements of the Company for FY 2021-22 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 2021-22.

The Statutory Auditors have not reported any incident of fraud to the Board of the Company during the financial year 2021-2022.

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

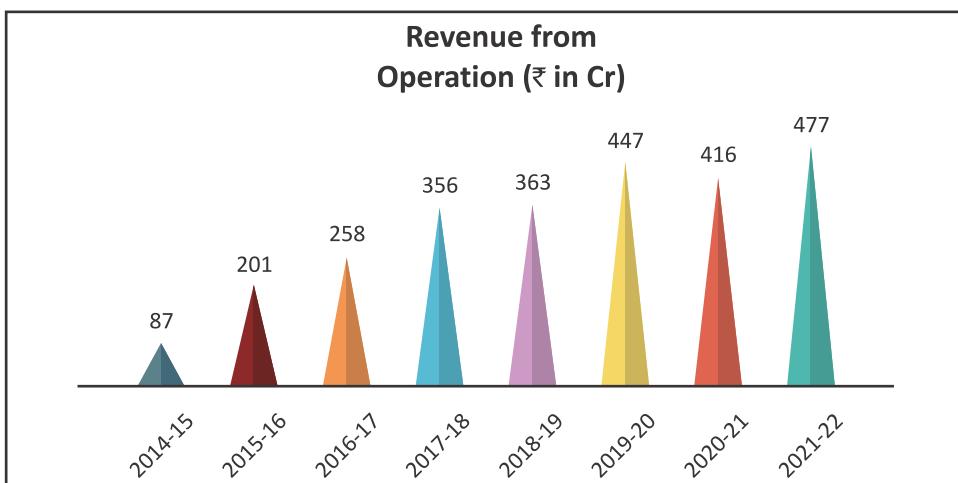
The Company has in place the proper and adequate internal control system which ensures that all the assets are safeguarded and protected and the transactions are authorized, recorded and reported correctly. The internal audit of accounts is conducted regularly by the external firm of Chartered Accountants 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 and can be accessed at <https://www.baanimilk.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 may affect morale and lead to anxiety. It was important to take action and regain control of the narrative within our business. Leadership, Stress Management, Creativity in Motivation and Understanding of Employees are more important now than ever before.

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 13th November, 2021 at Royal Cricket Academy of Patiala ground was the highlight of such events and attended enthusiastically by all the employees of the Company. Additionally, we had organized a Cricket Tournament for off role employees at Aryabhatta College Cricket Ground, Barnala on 24th October 2021.



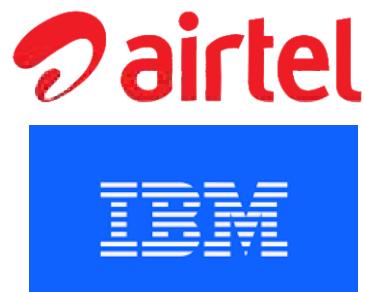
COST SAVING EFFORTS

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

- Minimizing the Staff Recruitment Expenses.
- Training and conferences on social media platform.

INFORMATION TECHNOLOGY

In the financial year 2021-22, Baani Milk has deployed a hybrid cloud solution with the help of Airtel & IBM. The Hybrid cloud solution leverages Airtel Cloud and IBM Power9 series servers which will host the entire SAP applications. The transition to the Airtel-IBM hybrid solution with advanced IT infrastructure will provide higher performance, reduced cost and scalability. The new hybrid cloud solution is SAP HANA compliant and future-ready.



The migration of SAP Landscape from old IBM P8 servers was a very complex and time-consuming process, but it was completed on time and without any downtime in services and applications.

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. Regular sanitization of work place along with Pest Control is done to provide a healthy work environment for Healthy and Hygienic Milk.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under review the net profit of the Company is less than ₹ 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 2022 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, 2022.

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 2021-22, 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.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

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 2021-22, Eight (8) 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
34 th BM	23.04.2021	14	13
35 th BM	16.06.2021	14	14
36 th BM	06.08.2021	14	13
37 th BM	24.08.2021	14	14
38 th BM	22.10.2021	14	11
39 th BM	17.12.2021	14	12
40 th BM	04.02.2022	14	14
41 st BM	16.03.2022	14	13

Further during the period under review, the Nomination Committee had met on 20.07.2021.

Further during the year under review, seven (7) meetings of the Membership Related Committee were held on 28.05.2021, 16.07.2021, 01.09.2021, 30.11.2021, 14.01.2022, 31.01.2022 and 02.03.2022.

STAKEHOLDERS RELATIONSHIP COMMITTEE

During the year under review a meeting of the Stakeholder Relation Committee was held on 26.03.2022. The following are members of the Stakeholder Relation Committee:

- Mrs. Manjeet Kaur,
- Mr. Bhupinder Singh
- Mr. Narinder Singh Bahga

Sh. Bhupinder Singh is the Chairman of the Committee.

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. Two newly added feathers are as under:

- **Availability of Oxygen Concentrators and Oximeters:** Baani Milk Producer Company have procured Oxygen Concentrators and Oximeters for Employees and Associated Members, being provided by NDDB via NDS.
- **Awards to Baani Employees by NDDB for Winners for the felicitation programme:** Different competitions on account of Dr. Verghese Kurien Birth Centenary Celebration. A total of four awards were announced for Baani Milk Producer Company Limited's Employees which included One Second, One Third and Two consolation prizes. All the four rewards were in cheque and employees who won the Second and Third Prize were honoured at NDDB, Anand on 26th November, 2021.

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

Sd/-

(Manjeet Kaur)

Chairperson & Director

(DIN : 07455694)

Date: 08.07.2022

Place: Patiala

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BAANI MILK PRODUCER COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **BAANI MILK PRODUCER COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2022, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2022, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with 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 Companies Act, 2013 ("the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 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 with the requirements 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 in its financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv.
 - (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 39 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities.
 - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 39 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities.
 - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 30 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

- 2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") 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 the Part IV 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. LLP
Chartered Accountants
(Registration No. 101496W/W100774)

Place: Gurugram
Date: 08 July, 2022

Sd/-
Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 22087104AMMNCD7469)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of Baani Milk Producer Company Limited ("the Company") as of 31 March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. B. Billimoria & Co. LLP
Chartered Accountants
(Registration No. 101496W/W100774)

Place: Gurugram
Date: 08 July, 2022

Sd/-
Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 22087104AMMNCD7469)

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

In terms of the information and explanations sought by us and given by the Company and the books of accounts and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Property, Plant and Equipment were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.
- (d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

- (ii) (a) The inventories except for goods-in-transit, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods in transit, the goods have been delivered subsequent to the year-end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories/alternate procedures performed as applicable, when compared with the books of account.
- (b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. The quarterly returns filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters.

- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, cess and other material statutory dues applicable to the Company have been generally deposited by it with the appropriate authorities in all cases during the year.

There are no undisputed amounts payable in respect of Provident Fund, Income Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2022 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub clause (a) above which have not been deposited on account of disputes as on 31 March, 2022.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long-term purposes by the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or fully, partly and optionally convertible debentures and hence reporting under clause (x)(b) of the Order is not applicable.

(xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) The Company is in compliance with section 188 of the Companies Act 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. The Company is a private company and hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period from April 2021 to September 2021 and the final of the internal audit reports which were issued after the balance sheet date covering the period October 2021 to March 2022 for the period under audit.

(xv) 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-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

There is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of Rupees five hundred crore or more, or turnover of Rupees one thousand crore or more or a net profit of Rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For S. B. Billimoria & Co. LLP
Chartered Accountants
(Registration No. 101496W/W100774)

Place: Gurugram
Date: 08 July, 2022

Sd/-
Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 22087104AMMNCD7469)

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)

- a) 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.
- b) 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.
- c) The details of assets and liabilities as at 31 March, 2022 are as per the financial statements of the Company as at and for the year ended 31 March, 2022.
- d) 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.
- e) According to the information and explanations given to us, the Company has not granted any loan to its directors.
- f) According to the information and explanations given to us, the Company has not given any donations or subscriptions during the year.
- g) According to the information and explanations given to us, there are no other matters except stated above.

For S. B. Billimoria & Co. LLP
Chartered Accountants
(Registration No. 101496W/W100774)

Place: Gurugram
Date : 08 July, 2022

Sd/-
Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN: 22087104AMMNCD7469)

BAANI MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2022

	Note No.	As at March 31, 2022	As at March 31, 2021
		Rupees in Lakhs	Rupees in Lakhs
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	1,262.13	1,238.28
(b) Reserves and surplus	4	<u>2,000.41</u>	<u>1,829.55</u>
		<u>3,262.54</u>	<u>3,067.83</u>
2. Share application money pending allotment	29	56.49	46.98
3. Deferred grant	5	279.14	333.64
4. Non - current liabilities			
(a) Other long-term liabilities	6	321.74	307.49
(b) Long term provisions	7	<u>16.22</u>	<u>21.15</u>
		<u>337.96</u>	<u>328.64</u>
5. Current liabilities			
(a) Short term borrowings	8	6,560.12	4,862.94
(b) Trade payables	9	87.27	50.50
(i) Total outstanding dues of micro and small enterprises		2,062.83	1,828.92
(ii) Total outstanding dues of creditors other than micro and small enterprises		202.02	301.03
(c) Other current liabilities	10	-	34.42
(d) Short - term provisions	11	<u>8,912.24</u>	<u>7,077.81</u>
Total		<u>12,848.37</u>	<u>10,854.90</u>
B. ASSETS			
1. Non - current assets			
(a) Property, Plant & Equipment			
(i) Property, Plant & Equipment	12	826.97	981.18
(ii) Intangible assets	12	25.51	26.48
(b) Deferred tax assets	13	15.34	11.88
(c) Long term loans and advances	14	23.85	29.11
(d) Other non-current assets	15	8.64	633.39
		<u>900.31</u>	<u>1,682.04</u>
2. Current assets			
(a) Inventories	16	185.95	214.06
(b) Trade receivables	17	8,546.41	6,422.09
(c) Cash and cash equivalents	18	3,064.74	2,406.92
(d) Short - term loans and advances	19	78.48	84.04
(e) Other current assets	20	72.48	45.75
		<u>11,948.06</u>	<u>9,172.86</u>
Total		<u>12,848.37</u>	<u>10,854.90</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 LLP
Chartered Accountants

Sd/-
Manjeet Kaur
Chairperson

Sd/-
Bhupinder Singh
Director

Sd/-
Narinder Bahga
Chief Executive &
Director
DIN 06990320

Sd/-
Jitendra Agarwal
Partner

DIN 07455694
Sd/-
Rajesh Saini
DGM- Legal & CS
M.No.A15497

DIN 08507477
Sd/-
Punit Sharma
Senior Manager - Finance & Accounts

Place: Gurugram
Date: 08.07.2022

Place: Patiala
Date: 08.07.2022

BAANI MILK PRODUCER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
		Rupees in Lakhs	Rupees in Lakhs
1. Revenue from operations	21	47,748.04	41,570.47
2. Other income	22	202.30	209.79
3. Total Income (1+2)		47,950.34	41,780.26
4. EXPENSES			
(a) Purchases of stock-in-trade	23	44,252.92	38,082.26
(b) Changes in inventories of stock-in-trade	24	16.24	83.75
(c) Employee benefits expense	25	686.73	639.86
(d) Finance costs	26	212.98	356.92
(e) Depreciation and amortisation expense	12	148.64	133.15
(f) Other expenses	27	2,293.64	2,004.93
Total expenses		47,611.15	41,300.87
5. Profit before tax (3-4)		339.19	479.39
6. Tax expense:			
(a) Current tax		92.00	130.00
(b) Deferred tax charge / (credit)		(3.47)	0.42
(c) Short / (excess) provision for tax relating to prior years		(6.88)	(3.92)
Net tax expense (a+b+c)		81.65	126.50
7. Profit for the year (5-6)		257.54	352.89
8. Earnings per equity share:	34		
(Nominal value Rs. 100 per share)			
(a) Basic		20.41	26.97
(b) Diluted		20.39	26.95

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 LLP

Chartered Accountants

Sd/-
Jitendra Agarwal
 Partner

Sd/-	Manjeet Kaur Chairperson	Sd/-	Bhupinder Singh Director
DIN 07455694		DIN 08507477	
Sd/-	Rajesh Saini DGM- Legal & CS M.No.A15497	Sd/-	Punit Sharma Senior Manager - Finance & Accounts

Place: Gurugram
 Date: 08.07.2022

Place: Patiala
 Date: 08.07.2022

BAANI MILK PRODUCER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2022

	Year ended March 31, 2022 Rupees in Lakhs	Year ended March 31, 2021 Rupees in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	339.19	479.39
Adjustments For :		
Finance costs	212.55	353.47
Interest income	(149.43)	(159.27)
Profit on sale of property, plant and equipment	(22.08)	(14.81)
Provision for employee benefits	(4.93)	2.92
Depreciation and amortisation expense	148.64	133.16
Operating Profit before working capital changes	523.94	794.86
Adjustments for movement in working capital:		
(Increase)/decrease in inventories	28.11	79.49
(Increase)/decrease in trade receivables	(2,124.32)	2,828.96
(Increase)/decrease in long term loans and advances	0.92	7.07
(Increase)/decrease in short term loans and advances	5.56	1.25
(Increase)/decrease in other non-current assets	624.75	(625.00)
(Increase)/decrease in other current assets	(0.57)	0.09
Increase/(decrease) in trade payables	270.68	114.26
Increase/(decrease) in other long term liabilities	14.25	(8.56)
Increase/(decrease) in other current liabilities	(51.73)	43.09
Cash generated from operations	(708.41)	3,235.51
Net income tax (paid)	(115.20)	(88.18)
Net cash flow from/(used in) operating activities - (A)	(823.61)	3,147.33
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Net proceeds from bank balances not considered as Cash and cash equivalents	(631.43)	(54.74)
Purchase of property, plant and equipment	(84.29)	(25.22)
Proceeds from sale of property, plant and equipment	24.80	19.64
Interest received	123.28	140.46
Net cash flow from / (used in) investing activities - (B)	(567.64)	80.14
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of equity share capital (net of proceeds from issue of equity share capital)	(23.13)	(148.59)
Share application money received	56.49	46.98
Increase/(decrease) in short term borrowings	1,697.18	(2,634.47)
Dividend Paid	(87.65)	(85.11)
Finance costs paid	(225.25)	(388.61)
Net cash flow from / (used in) financing activities - (C)	1,417.64	(3,209.80)
Net increase in Cash and cash equivalents (A+B+C)	26.39	17.67
Cash and cash equivalents at beginning of the year	119.39	101.72
Cash and Cash equivalents at the end of the year	145.78	119.39
Cash and cash equivalents comprises:		
Cash in hand	0.53	0.63
Balances with banks:		
- in current accounts	145.25	118.76
Cash and cash equivalents as per Cash Flow Statement	145.78	119.39
Add: Bank balances not considered as Cash and cash equivalent		
- Deposits (original maturity more than 3 months but upto 12 months)	616.86	850.16
- Balances held as security against bank borrowings	2,280.84	1,415.14
- In earmarked accounts - Unpaid dividend accounts	21.26	22.23
Cash and bank balances as per Balance Sheet (See Note 18)	3,064.74	2,406.92

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 LLP
Chartered Accountants

Sd/-
Manjeet Kaur
Chairperson

Sd/-
Bhupinder Singh
Director

Sd/-
Narinder Bahga
Chief Executive & Director

Sd/-
Jitendra Agarwal
Partner

DIN 07455694
Sd/-
Rajesh Saini
DGM- Legal & CS
M.No.A15497

DIN 08507477
Sd/-
Punit Sharma
Senior Manager-
Finance & Accounts

DIN 06990320

Place: Gurugram
Date: 08.07.2022

Place: Patiala
Date: 08.07.2022

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, Curd, Skimmed Milk Powder, 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") 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.

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 accrual 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 if any.

i. Depreciation and amortisation

Depreciation on tangible assets has been provided on straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the 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
Milk Cans/ Milk pouch crates (included in Plant and equipment)	3

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

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

l. Employee benefits

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

a. Defined contribution plans

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

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 benefits include performance incentives and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

d. Long-term employee benefits

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

m. Earnings per share

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

n. Taxes on income

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

Deferred tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence 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. Segment Information

Business Segments (Primary)

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The Company is primarily engaged in procurement and sale of milk and milk products. This has been considered as a single business segment.

r. 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.

s. 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 over the lease term.

t. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization 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, 2022		As at March 31, 2021	
	Number of shares in Lakhs	Amount Rupees in Lakhs	Number of shares in Lakhs	Amount Rupees in Lakhs
(a) Authorised share capital Equity Shares of Rs. 100 each	20.00	2,000.00	20.00	2,000.00
(b) Issued, subscribed and fully paid up share capital Equity Shares of Rs. 100 each	12.62	1,262.13	12.38	1,238.28

See notes (i) to (v) 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		As at and for the year ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Shares outstanding at the beginning of the year	Number of shares in Lakhs	Amount Rupees in Lakhs	Number of shares in Lakhs	Amount Rupees in Lakhs
Shares issued during the year	12.38	1,238.28	12.10	1,209.94
Shares cancelled / surrendered during the year	3.70	370.13	4.48	448.52
Shares outstanding at the end of the year	(3.46)	(346.28)	(4.20)	(420.18)
	12.62	1,262.13	12.38	1,238.28

(iii) 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.

(v) Details of the shares held by Promoters:

Sr. Promoter No. Name	Share held by Promoters at the end of the year				
	31 March, 2022		31 March, 2021		
	No of Shares	% of total shares	No of Shares	% of total shares	% Change during the year
1 Pawandeep Singh	46	0.0036%	43	0.0035%	6.98%
2 Gagandeep Singh	5	0.0004%	41	0.0033%	-87.80%
3 Rajpal Singh	20	0.0016%	74	0.0060%	-72.97%
4 Gurpian Singh	5	0.0004%	59	0.0048%	-91.53%
5 Gurmit Kaur	27	0.0021%	24	0.0019%	12.50%
6 Ranjit Kaur	210	0.0166%	185	0.0149%	13.51%
7 Roop Singh*	-	-	5	0.0004%	-100.00%
8 Sukhdev Singh**	-	-	158	0.0128%	-100.00%
9 Kulwinder Singh	433	0.0343%	433	0.0350%	-
10 Gurpyar Singh	6	0.0005%	215	0.0174%	-97.21%
11 Balkaran Singh*	-	-	120	0.0097%	-100.00%

*Ceases to be member of the Company w.e.f 06 August, 2021

**Ceases to be member of the Company w.e.f 16 March, 2022

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

Note 4: Reserves and surplus

(a) General reserve

	As at March 31, 2022	As at March 31, 2021
	Rupees in Lakhs	Rupees in Lakhs
Opening balance	1,742.87	1,476.66
Add: Transferred from surplus in statement of Profit and Loss	169.19	266.21
Closing balance	1,912.06	1,742.87

(b) Surplus in Statement of Profit and Loss

Opening balance	86.68	84.70
Profit for the year	257.54	352.89
Less:		
(i) Final limited return (dividend) to members for the year ended 31 March, 2021 (Rs.7/share)/ 31 March, 2020 (Rs.7/share)	86.68	84.70
(ii) Transferred to General reserve	169.19	266.21
Closing balance	88.35	86.68
	2,000.41	1,829.55

Note 5: Deferred grant

(a) Opening balance	333.64	394.75
(b) Less: Assets disposed during the year (see note 12)	17.28	4.36
(c) Less: Depreciation on assets acquired from capital grant (see note 12)	53.64	60.72
(d) Add: Depreciation on disposal of assets (see note 12)	16.42	3.97
(e) Closing balance	279.14	333.64

Note 6: Other long-term liabilities

(a) Trade/security deposits received	321.74	307.49
	321.74	307.49

Note 7: Long term provisions

(a) Provision for employee benefits:		
(i) For compensated absences (net of Leave encashment fund Rs.78,06,839; previous year Rs.57,86,355)	16.22	13.88
(ii) For gratuity (net of Gratuity fund Rs.Nil; previous year Rs.68,00,372)	-	7.27
	16.22	21.15

Note 8: Short term borrowings

From banks:

	As at March 31, 2022 Rupees in Lakhs	As at March 31, 2021 Rupees in Lakhs
(a) Secured Working capital loan repayable on demand (see note i below)	100.14	-
(b) Unsecured Bills discounting facility from bank (see note ii below)	6,459.98	4,862.94
	6,560.12	4,862.94

(i) The Company has taken working capital loan in the nature of bank overdraft facility from Axis Bank for a period of 12 months which is repayable on demand. During the current year, interest rate is Repo Rate+2% p.a (average rate 6.00%). The loan is secured against fixed deposits (with the bank) and current assets of the Company.

(ii) The Company has availed of the bill discounting facility from the bank for the period upto 90 days from the date of the invoice. This interest rate is Repo Rate+0.20% p.a (average rate 4.66% (previous year Repo rate +3.35%, average rate 7.42%)).

Note 9: Trade payables

(Other than acceptances)

(a) Total outstanding dues of micro enterprises and small enterprises (See note 38)	87.27	50.50
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,062.83	1,828.92
	2,150.10	1,879.42

Trade payables ageing schedule for the year ended as on March 31, 2022:

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
- MSME	80.02	7.25	-	-	-	87.27
- Others	30.95	2,030.24	1.59	0.05	-	2,062.83
- Disputed Dues - MSME	-	-	-	-	-	-
- Disputed Dues - Others	-	-	-	-	-	-
Total	110.97	2,037.49	1.59	0.05	-	2,150.10

Trade payables ageing schedule for the year ended as on March 31, 2021:

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
- MSME	50.12	0.38	-	-	-	50.50
- Others	29.00	1,799.58	0.34	-	-	1,828.92
- Disputed Dues - MSME	-	-	-	-	-	-
- Disputed Dues - Others	-	-	-	-	-	-
Total	79.12	1,799.96	0.34	-	-	1,879.42

Note 10: Other current liabilities

(a) Interest accrued but not due on borrowings	30.46	43.16
(b) Unclaimed/unpaid dividends	21.26	22.23
(c) Advances from customers	56.23	96.32
(d) Payable for Membership cancellation	46.53	44.86
(e) Trade/security deposits received	14.93	29.26
(f) Statutory remittances	32.59	31.57
(g) Payable for purchase of property, plant & equipment	0.02	33.63
	202.02	301.03

Note 11: Short term provisions

(a) Provision for income tax (net of advance tax of Rs.Nil; Previous year Rs.95.15 lakhs)	-	34.42
	-	34.42

Note 12: Property, Plant & Equipment

	Particulars	As at April 1, 2021	Additions during the year	Gross block	Deletions during the year	As at March 31, 2022	As at April 1, 2021	Depreciation charge for the year	Accumulated depreciation On disposal	As at March 31, 2022	As at March 31, 2022	Net block	Amount in Rupees Lakhs
(a) Tangible assets (owned)													
Plant and equipment	1,978.50 (1,939.66)	45.03 (55.33)	25.56 (16.49)	1,997.97 (1,978.50)	1,070.93 (917.12)	1,172.55 (165.52)	22.90 (11.71)	1,220.58 (1,079.93)	777.39 (907.57)	907.57 (1,022.54)			
Furniture and fixtures	120.54 (121.23)	1.26	0.27 (0.69)	121.53 (120.54)	86.02 (79.70)	7.32 (6.87)	0.25 (0.55)	93.09 (86.02)	28.44 (34.52)	34.52 (41.53)			
Office equipment	41.06 (41.00)	0.05 (0.10)	0.05 (0.04)	41.16 (41.06)	18.57 (14.76)	16.70 (3.85)	0.05 (0.04)	35.22 (18.57)	5.84 (22.49)	22.49 (26.24)			
Computers	282.68 (285.40)	1.51	17.99 (2.72)	266.08 (282.68)	1.91 (9.51)	17.09 (2.58)	250.90 (266.08)	15.30 (16.60)	16.60 (16.60)	16.60 (26.25)			
Total	2,422.78	47.85	43.67	2,426.76	1,441.60	198.48	40.29	1,599.79	826.97	981.18			
Previous year	(2,387.29)	(55.43)	(19.94)	(2,422.78)	(185.75)	(1,270.73)	(14.88)	(1,441.60)	(981.18)	(1,116.56)			
(b) Intangible assets (other than self generated)													
Computer software	423.79 (423.80)	2.83 (3.41)	3 (3.42)	426.62 (423.79)	397.31 (392.44)	3.80 (8.12)	3 (3.25)	401.11 (391.31)	25.51 (26.48)	26.48 (31.36)			
Total (B)	423.79	2.83	-	426.62	397.31	3.80	-	401.11	25.51	26.48			
Previous year	(423.80)	(3.41)	(3.42)	(423.79)	(392.44)	(8.12)	(3.25)	(391.31)	(26.48)	(31.36)			
Total (A+B)	2,846.57	50.68	43.87	2,853.38	1,838.91	202.28	40.29	2,000.90	852.48	1,007.66			
Previous year	(2,811.09)	(58.84)	(23.36)	(2,846.57)	(1,863.17)	(193.87)	(18.13)	(1,838.91)	(1,007.66)	(1,471.92)			

Notes:

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

	Year ended 31-Mar-22	Year ended 31-Mar-21
Rupees	158.48	155.75
3.80	8.12	
53.64	50.72	
148.64	13.312	

(ii) Figures in brackets represent previous year figures

(iii) The details of assets purchased out of capital grant and included in the above schedule are given below (see note 37):

	Particulars	As at April 1, 2021	Additions during the year	Gross block	Deletions during the year	As at March 31, 2022	As at April 1, 2021	Depreciation charge for the year	Accumulated depreciation On disposal	As at March 31, 2022	As at March 31, 2022	Net block	Amount in Rupees Lakhs
(a) Tangible assets (owned)													
Plant and equipment	586.51 (585.19)	-	1.38 (1.68)	585.13 (585.51)	292.93 (246.89)	47.42 (47.45)	1.31 (1.41)	339.04 (292.93)	246.09 (293.58)	293.58 (341.36)			
Furniture and fixtures	47.91 (48.32)	-	0.26 (0.41)	47.65 (47.91)	44.79 (45.01)	0.16 (0.16)	0.25 (0.38)	44.70 (44.79)	2.95 (3.12)	3.12 (3.31)			
Office equipment	14.01 (14.01)	-	-	14.01 (14.01)	7.25 (5.92)	6.06 (1.33)	-	13.31 (7.25)	0.70 (6.76)	6.76 (8.09)			
Computers	231.60 (233.89)	-	15.64 (2.29)	215.96 (231.60)	220.02 (214.72)	7.47 (7.47)	14.86 (2.17)	205.16 (220.02)	10.80 (11.58)	11.58 (19.17)			
Total (A)	880.03	-	17.28	862.75	564.99	53.64	16.42	602.21	260.54	315.04			
Previous year	(884.41)	-	(4.38)	(880.03)	(512.54)	(56.41)	(3.96)	(564.99)	(315.04)	(371.87)			
(b) Intangible assets (other than self generated)													
Computer software	371.89 (371.89)	-	-	371.89 (371.89)	353.29 (348.99)	- (4.30)	-	353.29 (353.29)	18.60 (18.60)	18.60 (22.90)			
Total (B)	371.89	-	-	371.89	353.29	-	-	353.29	18.60	18.60			
Previous year	(371.89)	-	-	(371.89)	(348.99)	(4.30)	(-)	(353.29)	(18.60)	(22.90)			
Total (A+B)	1,251.92	-	17.28	1,234.64	918.28	53.64	16.42	915.50	279.14	333.64			
Previous year	(1,256.30)	-	(4.38)	(1,251.92)	(861.53)	(60.71)	(3.96)	(918.28)	(333.64)	(394.77)			

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

	As at March 31, 2022 Rupees in Lakhs	As at 31 March, 2021 Rupees in Lakhs
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	10.02	4.68
b. Provision for compensated absences and gratuity	4.08	5.32
c. Provision for doubtful debts	0.52	0.52
d. Provision for Lease equalization	0.72	1.36
Net deferred tax assets/ (liabilities)	<u>15.34</u>	<u>11.88</u>

Note 14: Long term loans and advances

(Unsecured, considered good)

(a) Advance income tax (Net of provision for tax Rs.465.63 lakhs; previous year Rs.770.60 lakhs)	21.46	25.80
(b) Prepaid expenses	2.39	3.31
	<u>23.85</u>	<u>29.11</u>

Note 15: Other non-current assets

(a) Security deposits	7.13	7.13
(b) Fixed deposits with banks (see note i below)	1.51	626.26
	<u>8.64</u>	<u>633.39</u>

(i) These comprise fixed deposits under lien of Rs. 1.51 lakhs (previous year Rs. 1.26 lakhs) with sales tax department and Rs. Nil (previous year Rs.625 lakhs) pledged against bank overdraft facility. 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.157.06 lakhs, Previous Year Rs.150.53 lakhs)	157.06	150.53
(b) Stock -in-trade - others	22.42	45.18
(c) Stores and spares	6.47	18.35
	<u>185.95</u>	<u>214.06</u>

Note 17: Trade receivables

(a) Outstanding for a period exceeding six months from the date they were due for payment					
(i) - Secured, considered good			-		-
(ii) - Unsecured, considered good			-		-
(iii) - Unsecured, considered doubtful		1.57		2.07	
Less: Provision for doubtful debts		1.57		2.07	
		1.57		2.07	
(b) Others					
(i) - Secured, considered good			26.35		18.99
(ii) - Unsecured, considered good			8,520.06		6,403.10
		<u>8,546.41</u>		<u>6,422.09</u>	

Trade receivables ageing schedule for the year ended as on March 31, 2022:

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) Undisputed Trade Receivable							
(i) Consider Good	66.02	8,480.39					8,546.41
(ii) Consider Doubtful	-	-				1.57	1.57
ii) Disputed Trade Receivable							
(i) Consider Good	-	-					-
(ii) Consider Doubtful	-	-				-	-
	<u>66.02</u>	<u>8,480.39</u>	-	-	-	<u>1.57</u>	<u>8,547.98</u>
Less Provision for doubtful debts	-	-				1.57	1.57
Total	<u>66.02</u>	<u>8,480.39</u>	-	-	-	<u>1.57</u>	<u>8,546.41</u>

Trade receivables ageing schedule for the year ended as on March 31, 2021:

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 Year	1-2 Years	2-3 Years	More than 3 years	
i) Undisputed Trade Receivable							
(i) Consider Good	94.50	6,327.59					6,422.09
(ii) Consider Doubtful	-	-				2.07	2.07
ii) Disputed Trade Receivable							
(i) Consider Good	-	-					-
(ii) Consider Doubtful	-	-				-	-
	<u>94.50</u>	<u>6,327.59</u>	-	-	-	<u>2.07</u>	<u>6,424.16</u>
Less Provision for doubtful debts	-	-				2.07	2.07
Total	<u>94.50</u>	<u>6,327.59</u>	-	-	-	<u>2.07</u>	<u>6,422.09</u>



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

Note 18: Cash and cash equivalents

(a) Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
	Rupees in Lakhs	Rupees in Lakhs
(i) Cash in hand	0.53	0.63
(ii) Balance with banks:		
a) In current accounts	145.25	118.76
Cash and cash equivalents (as per AS 3 - Cash flow statement)	145.78	119.39

(b) Other bank balances

(i) In deposit accounts		
- original maturity more than 3 months but upto 12 months	616.86	850.16
(ii) Balances held as security against bank borrowings (see note i below)	2,280.84	1,415.14
(iii) In earmarked accounts		
- Unpaid dividend accounts	21.26	22.23
	3,064.74	2,406.92

Note:

(i) Fixed deposit amounting to Rs.2280.84 lakhs (previous year Rs.1415.14 lakhs) have been pledged with bank overdraft facility (see note 8).

Note 19: Short - term loans and advances

(Unsecured, considered good)

(a) Advances to vendors	27.99	44.92
(b) Prepaid expenses	48.58	36.98
(c) Gratuity fund (net of provision for gratuity Rs.96.55 lakhs; previous year Rs.NIL lakhs)	1.22	-
(d) Grant receivable from NDDB against MCPP Project (see note 37)	0.69	2.14
	78.48	84.04

Note 20: Other current assets

(Unsecured, considered good)

(a) Interest accrued but not due on bank deposits	71.69	45.53
(b) Input tax credit	0.68	-
(c) Others	0.11	0.22
	72.48	45.75

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	Year ended March 31, 2022	Year ended March 31, 2021
	Rupees in Lakhs	Rupees in Lakhs
Note 21: Revenue from operations		
(a) Sale of products (see note (i) below)		
(i) Gross Sale	52,684.99	46,910.15
(ii) Less: sale to third party (milk processors) for repurchase (see note (i) below)	4,936.95	5,339.68
(iii) Net Sales (see note (ii) below)	47,748.04	41,570.47

Note:

(i) This represents sales made to third party for processing and packaging of milk and milk products which is repurchased from them for sale to customers.

(ii) Sale of products comprises:

Traded goods

a. Raw milk	39,967.41	33,815.49
b. Processed milk and milk products	6,303.53	6,450.24
c. Cattle feed & others	1,477.10	1,304.74
Total	47,748.04	41,570.47

Note 22: Other income

(a) Interest income		
(i) On deposits with banks	149.43	159.27
(ii) On others	11.84	7.69
(b) Other non-operating income		
(i) Membership fee	9.60	7.26
(ii) Profit on sale of property, plant and equipment(net)	22.08	14.81
(iii) Liability no longer required written back	5.83	4.76
(iv) Insurance claims	-	8.88
(v) Miscellaneous income	3.52	7.12
	202.30	209.79

BAANI MILK PRODUCER COMPANY LIMITED
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	Year ended March 31, 2022	Year ended March 31, 2021
	Rupees in Lakhs	Rupees in Lakhs
Note 23: Purchases of stock-in-trade		
(a) Raw milk	37,116.09	31,010.81
(b) Purchase of processed milk and milk products	5,806.80	5,904.67
(c) Cattle feed and others	1,330.03	1,166.78
	<u>44,252.92</u>	<u>38,082.26</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	195.72	279.47
(b) Inventories at the end of the year	179.48	195.72
Net (increase)/decrease in inventory	<u>16.24</u>	<u>83.75</u>

Note 25: Employee benefits expense

(a) Salaries and wages	618.70	577.89
(b) Contribution to provident and other funds (See note 31)	62.01	56.52
(c) Staff welfare expenses	6.02	5.45
	<u>686.73</u>	<u>639.86</u>

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

	Year ended March 31, 2022	Year ended March 31, 2021
	Rupees in Lakhs	Rupees in Lakhs
Note 26: Finance costs		
(a) Interest on borrowings	212.55	353.47
(b) Interest on delayed payment of income tax	0.43	3.45
	212.98	356.92

Note 27: Other expenses

(a) Consumption of stores and spares	61.17	43.57
(b) Power and fuel	7.11	7.04
(c) Rent including lease rent	36.84	36.65
(d) Rates and taxes	14.12	8.27
(e) Contractual and retainership expenses	356.12	342.14
(f) Repair and maintenance - machinery	134.60	125.24
(g) Repair and maintenance - others	81.58	81.23
(h) Freight, forwarding and distribution expenses	1,340.80	1,125.88
(i) Insurance charges	27.42	18.65
(j) Legal and professional fees	85.40	85.48
(k) Printing and stationery	10.09	15.70
(l) Auditor's remuneration (see note (i) below)	15.59	14.65
(m) Travelling and conveyance	48.36	38.97
(n) Communication expenses	18.29	20.91
(o) Advertisement and publicity	22.29	12.40
(p) Miscellaneous expenses	33.86	28.15
	2,293.64	2,004.93

Note:

(i) Auditors' remuneration comprises:

a. Statutory audit fee	11.35	10.77
b. Tax audit fee	1.55	1.42
c. Re-imbursement of expenses	0.31	0.23
d. GST on above	2.38	2.23
	15.59	14.65

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

Note 28: Contingent liabilities and commitments

Particulars	As at March 31, 2022		As at March 31, 2021	
	Rupees in Lakhs		Rupees in Lakhs	
A. Contingent liabilities				
(a) Bank guarantees issued on behalf of the Company - Guarantee given to Sale Tax department		1.00		1.00

Note 29

The Company had received share application money of Rs. 56.49 Lakhs against which Company has allotted 56,486 shares at the Board Meeting held on May 6, 2022. The shares were allotted within the period specified in the share application form.

Note 30

In respect of the year ended March 31, 2022, the directors in their meeting dated July 08, 2022 have proposed a final dividend of Rs.88,34,889/- (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.40.73 Lakhs (previous year Rs.38.62 Lakhs) for Provident Fund and Pension Fund contribution in the statement of profit and loss.

Defined-benefits plans

The Company offers its employees defined-benefit plan in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plan are based on years of service and the employee's compensation immediately before retirement/separation. Commitments are actuarially determined at year-end. The gratuity scheme covers all employees. 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, 2022	As at March 31, 2021
	Rupees in lakhs	Rupees in lakhs
Present value of obligations at the beginning of the year	75.27	59.08
Interest cost	5.09	3.94
Current service cost	15.80	13.87
Benefits paid	-	(1.51)
Actuarial (gain)/loss on obligation	0.39	(0.11)
Present value of obligations at the end of the year	96.55	75.27

ii. Fair value of plan assets

	As at March 31, 2022	As at March 31, 2021
	Rupees in lakhs	Rupees in lakhs
Fair value of plan assets at the beginning of the year	68.00	56.71
Expected return on plan assets	5.54	4.47
Contribution made	25.48	9.37
Withdrawals	(1.24)	(2.57)
Actuarial gain/(loss) on plan assets	(0.01)	0.02
Fair value of plan assets at the end of the year	97.77	68.00

The planned assets of the Company are managed by 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, 2022	As at March 31, 2021
	Rupees in lakhs	Rupees in lakhs
Expected return on plan assets	5.54	4.48
Actuarial gain/(loss) on plan assets	(0.01)	0.02
Actual return on plan assets	5.53	4.50

iv. Amount recognised in the Balance Sheet	As at March 31, 2022	As at March 31, 2021
	Rupees in lakhs	Rupees in lakhs
Present value of defined benefit obligations	96.55	75.27
Fair value of plan assets	97.77	68.00
Net liability/(asset) recognised in the balance sheet	(1.22)	7.27

v. Expenses recognised in the Statement of Profit and Loss	As at March 31, 2022	As at March 31, 2021
	Rupees in lakhs	Rupees in lakhs
Current service costs	15.80	13.88
Interest cost	5.09	3.93
Expected return on plan assets	(5.54)	(4.47)
Fair Value adjustment of previous year	-	-
Net actuarial gain/(loss) recognized during the year	0.40	(0.13)
Expense recognized in the Statement of Profit and Loss	15.75	13.21

vi. Balance Sheet reconciliation	As at March 31, 2022	As at March 31, 2021
	Rupees in lakhs	Rupees in lakhs
Net liability/(asset) at the beginning of the year	7.27	2.37
Expense as above	15.75	13.21
Contributions	25.48	9.37
Withdrawals	(1.24)	(1.06)
Net liability/(asset) at the end of the year	(1.22)	7.27

vii. Principal actuarial assumptions	As at March 31, 2022	As at March 31, 2021
	Rupees in lakhs	Rupees in lakhs
Discount rate	7.24% p.a	6.76% p.a
Expected salary escalations	10.00% p.a.	10.00% p.a.
Expected return on plan assets	6.91% p.a	7.44% p.a
Attrition rate	15.00% p.a	15.00% p.a
Remaining Working Life	22.08 Years	22.61 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, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Present value of obligation	96.55	75.27	59.08	41.83	23.63
Fair value of plan assets	97.77	68.00	56.71	36.34	28.57
Funded status	(1.22)	7.27	2.37	5.49	(4.94)
Gain/(loss) on obligations	(0.39)	0.11	(1.07)	(5.47)	2.86
Gain/(loss) on plan assets	(0.01)	0.02	(0.20)	(0.03)	0.52

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.36.65 Lakhs (previous year Rs.36.21 Lakhs) 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, 2022	As at March 31, 2021
	Rupees in lakhs	Rupees in lakhs
Payable not later than one year	25.75	24.52
Payable later than one year but not later than five years	4.32	30.08
	30.07	54.60

Note 34: Earnings per equity share

Particulars	Unit	Year ended March 31, 2022	Year ended March 31, 2021
		Rs. In Lakhs	Rs. In Lakhs
Net profit after tax		257.54	352.89
Weighted average number of equity shares outstanding during the year	Numbers	1,261,807	1,308,527
Nominal value per equity shares	Rupees	100	100
Basic earnings per share	Rupees	20.41	26.97
Equity shares used to compute diluted earnings per share	Numbers	1,262,861	1,309,474
Diluted earnings per share	Rupees	20.39	26.95

Note 35: Related party disclosures

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 Lakhs	
	KMP	Total
Managerial remuneration	66.45 (60.87)	66.45 (60.87)

Note: Figures in brackets relates to previous year

36. The Ratios for the year 31 March 2022 and 31 March 2021 are as follows:

Sr. no.	Ratio	Basis of Computation	31 March, 2022	31 March, 2021	Variance (%)
1	Current ratio (in times)	Current Assets/Current Liabilities	1.34	1.30	3.44
2	Debt-Equity ratio (in times) (Refer note A below)	Total Debt ⁽¹⁾ /Shareholder's Equity	2.01	1.59	26.85
3	Debt service coverage ratio (in times)	Earnings available for debt services ⁽²⁾ /Debt Service ⁽³⁾	3.29	2.72	21.14
4	Return on equity Ratio (in %)	Net profit after tax/Average shareholder's equity ⁽⁴⁾	8.14	12.09	(3.95)
5	Inventory turnover ratio (in times) (Refer note B below)	Revenue from operation/Average inventory ⁽⁵⁾	238.73	163.79	45.76
6	Trade receivable turnover ratio (in times)	Revenue from operation/Average trade receivable ⁽⁶⁾	6.38	5.30	20.27
7	Trade payable turnover ratio (in times)	Purchase of raw material and traded goods/Average trade payable ⁽⁷⁾	21.96	20.90	5.10
8	Net capital turnover ratio (in times)	Revenue from operation/Average working capital ⁽⁹⁾	18.61	18.22	2.17
9	Net profit ratio (in %)	Profit after taxes/Revenue from operation	0.54	0.85	(0.31)
10	Return on capital employed (in %)	EBIT ⁽¹⁰⁾ /Capital employed ⁽¹¹⁾	5.61	10.53	(4.92)
11	Return on Investment ⁽¹²⁾	Dividend Income/Average investment	Not Applicable	Not Applicable	

Explanation:

- 1 Total Debt = Short term Borrowing
- 2 Earnings available for debt services (EBITDA) = Profit before tax + Depreciation and amortization expense + Finance costs
- 3 Debt Service = Finance cost
- 4 Average shareholder's equity = (opening shareholders' funds + closing Shareholders' funds)/2
- 5 Average inventory = (opening inventories + closing inventories)/2
- 6 Average trade receivable = (opening trade receivables + closing trade receivables)/2
- 7 Average trade payable = (opening trade payables + closing trade payables)/2
- 8 Working Capital = Current Assets - Current Liabilities
- 9 Average working capital = (opening working capital + closing working capital)/2
- 10 Earnings before interest and tax (EBIT) = Profit before tax + Finance costs
- 11 Capital Employed = Shareholder's equity + Total Debt ± Deferred Tax liability/asset
- 12 No investments made by the Company. Hence, this ratio is not applicable.

Notes:

- #A Debt comprising of the bill discounting outstanding and working capital loan outstanding at the year end has increased as compared to the previous year. This lead to increase in the ratio.
- #B During the current year the revenue from operation is higher by 15% as compared to previous year whereas the average inventories are lower as compared to the previous year by 21%.

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

	As at March 31, 2022	As at March 31, 2021
	Rupees in Lakhs	Rupees in Lakhs
Note 37: Details of Government grants		
Details of grants received from NDDB and its utilisation is as under:		
Revenue Grant		
(a) Opening Balance	(2.14)	(3.85)
(b) Received during the year	5.25	3.85
(c) Utilised during the year		
(i) For capital assets	3.80	2.14
(ii) For revenue expenses	3.80	2.14
Total utilised (i) + (ii)	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
(d) Amount refunded	-	-
(e) Balance carried forward (a+b-c-d)	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(0.69)	(2.14)

Note:-

Revenue grant utilised has been netted off with respective expense (see note 2k).

Note 38: Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	As at March 31, 2022	As at March 31, 2021
	Rupees in Lakhs	Rupees in Lakhs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	87.27	50.50
(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	-	-

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 39

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

Note 40

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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 DIN 07455694	Sd/- Bhupinder Singh Director DIN 08507477	Sd/- Narinder Bahga Chief Executive & Director DIN 06990320
Sd/- Rajesh Saini DGM- Legal & CS M.No.A15497	Sd/- Punit Sharma Senior Manager - Finance & Accounts	

Place: Patiala
Date: 08.07.2022

TEAM BAANI

Chief Executive Office

Narinder Singh Bahga
Chief Executive

Mukesh Kumar
Assistant Manager

HR & Admin

Harpreet Singh Mohal
Sr. Manager

Gurjinder Singh Gill
Deputy Manager

Harwinder Singh
Assistant Manager

Mandeep Kaur
Sr. Executive

Procurement, Logistics & Animal Nutrition

Navdeep Kumar
Deputy General Manager

Krishnendu Mondal
Manager

Tarsem Lal
Deputy Manager

Gurpreet Singh Grewal
Assistant Manager

Gursir Singh
Assistant Manager

Kulwinder Singh
Sr. Executive

Gurpreet Kaushal
Sr. Executive

Lovish
Sr. Executive

Gurshinder Singh
Sr. Executive

Simranjeet Singh
Sr. Executive

Jitendra Singh
Executive

Parmvir Singh
Executive

Gurpreet Singh
Executive

Harpinder Singh
Executive

Jagmeet Singh
Executive-Procurement

Bhavnesh Kumar
Deputy Manager-Logistics

Gaurav Krishan Puri
Sr. Executive-Logistics

Hardeep Singh Handa
Assistant Manager-AN

Deepak Seth
Sr. Executive-AN

Nagesh Jindal
Executive-AN

Satwinder Singh Brar
Executive-AN

Sales & Marketing

Arvinder Pal Singh Bhatia
Senior Manager

Manish Kapila
Manager

Tarun Taneja
Assistant Manager

Shashi Kumar
Sr. Executive

Vipan Kumar
Mgt. Trainee

Gurvinder Singh Brar
Mgt. Trainee

IT

Hitendra Sharma
Deputy General Manager

Ashok Kumar
Manager

Mayur Singla
Assistant Manager

Naresh Puri
Assistant Manager

Business Excellence & MIS

Laxmee Kanta Sahoo
Deputy General Manager

Manjinder Pal Singh
Manager

Jagtar Singh
Assistant Manager - Logistics

Legal & CS

Rajesh Saini
Deputy General Manager

Rohit Shyam Sharma
Assistant Manager

Jaspreet Singh
Executive

Finance & Accounts

Punit Sharma
Sr. Manager

Pradeep Singhal
Deputy Manager

Vikas Sharma
Assistant Manager

Dilip Kumar Nayak
Assistant Manager

Sanjeev Kumar
Sr. Executive

Dharminder Kumar
Executive

PIB

Veenu Sodhi
Deputy General Manager

Pragya Bharati
Deputy Manager

Heena Chhatwal
Assistant Manager

Robin Garg
Assistant Manager

Sonu Yadav
Sr. Executive

Raj Singh
Sr. Executive

Parveen
Sr. Executive

Gurpreet Singh
Sr. Executive

Pawandeep Singh
Sr. Executive

Hardeep Singh
Sr. Executive

Parminder Singh
Executive

Parminder Singh
Executive

Kulvir Singh
Executive

Gurinderpal Singh Dhaliwal
Executive

Naveen Kumar
Executive

Purchase

Pankaj Singla
Deputy General Manager

Harpreet Singh
Sr. Executive

Quality

Raman Kumar Tiwari
Deputy General Manager

Achal Kumar
Deputy Manager

Kuldeep Singh
Assistant Manager

Lokendra Singh
Assistant Manager

Muskan Sharma
Sr. Executive



OUR PRODUCTS





ONE TASTE MANY SMILES

Baani is committed to increase the income of its dairy farmer members by increasing milk production and reducing milk production cost



BAANI MILK PRODUCER COMPANY LIMITED



BAANIMILK

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