



Annual Report
2018-19



Contents

Chairman Speaks

Board of Directors

Corporate Information

Chapter I: Values, Vision and Mission

Chapter II: Year Gone By

Chapter III: Strengthening the Operations

- Skill Enhancement through Training
- Producer Institution Building
- Women Empowerment
- Village Based Milk Procurement System
- Quality Assurance
- Marketing
- Human Resources
- Productivity Enhancement Services
- Information Technology

Chapter IV: Performance Overview

Chapter V: Accomplishments

Glimpse of 5th AGM

Accounts

The Team Baani

Chairman Speaks



Dear Fellow Shareholders,

It is my privilege to present you the overall performance and audited accounts of Baani Milk Producer Company Limited for fifth financial year of operations, 2018-19.

The year gone by was a year of remarkable achievements as Baani continued to make steady efforts of growth. Baani achieved a turnover of Rs. 365.15 Crore as well as earned a net profit of Rs. 5.35 Crore after tax.

Directors of Baani are delighted to recommend the dividend to the producer members whose names appear in the Register of members of the Company as on

March 31, 2019.

Baani disbursed a loyalty incentive of Rs 3.50 Crore to its active producer members who fulfilled all the laid down conditions to qualify for incentive.

Milk procurement operations of Baani continued to be strengthened in eight districts of Punjab viz. Barnala, Bathinda, Faridkot, Ferozepur, Mansa, Moga, Muktsar and Sangrur under 13 Milk Chilling Centres (MCCs) as on 31st March 2019. During the year, Baani procured 1002.50 lakh kg of raw milk with an average collection of 2.75 lakh kg per day.

Baani continued to enhance efficiencies and took cost reduction measures like reducing the logistics cost by instituting automated tracking system to optimise logistics efficiency, proper supervision, quality checks and logistic controls.

Baani provided technical support and trainings to all the concerned stakeholders with an emphasis on Hygiene, GMP, SOP etc. 575 training programs for Clean Milk Production were conducted for more than 18000 members. The emphasis continued for inclusion of women members and opening of Bank Account by all members. Baani ensures that competitive milk price is paid to the members in every 10-day cycle. The efforts led to 100% milk payment through bank accounts.

Baani continued to provide superior quality of cattle nutrition solutions to members. Baani Feed and Baani Min has shown substantial improvement in its sales volume to the tune of 4257.51 Metric ton and 90.80 Metric ton respectively during the year. Sales of Ration balancer was 6.28 Metric ton.

Total sales during the year was 49.65 lakh litres of PPM, 4.45 lakh kgs of Curd, 3.78 lakh litres of Lassi and 1.13 lakh kgs of Ghee. Baani foresees big potential in marketing of Milk and Milk products and plans to expand sales operations in new areas of Punjab and adjoining states of Haryana & Himachal Pradesh. Bulk milk sales to institutions was 949.75 lakh kg.

Baani also plans to expand its area of operations by covering the existing Milk Procurement Group (MPG) operations of Mother Dairy Fruits and Vegetables Private Limited (MDFVL) in about four districts of Rajasthan. This expansion will enhance business and enable procurement of more cow milk, thus enable Baani to reach out to more milk producers and become financially stronger in future.

Your suggestions are always solicited.

Yours Sincerely,

Sd/-
Gagandeep Singh
DIN: 06868680

BOARD OF DIRECTORS

Shri Gagandeep Singh

Chairman & Director

Shri Gurpiar Singh

Director

Shri Surinder Singh Sandhu

Director

Smt Manjeet Kaur

Director

Smt Gurmeet Kaur

Director

Shri Gurtej Singh

Director

Shri Surinder Pal

Director

Shri Jaspal Singh

Director

Shri Gangandeep Singh

Director

Shri Balraj Singh

Director

Dr Omveer Singh

Expert Director

Shri Sriram Singh

Expert Director

Shri Yuginder Kumar Arora

Expert Director

Shri Narinder Singh Bahga

Chief Executive & Director

CORPORATE INFORMATION

SENIOR MANAGER FINANCE & ACCOUNTS

Shri Punit Sharma

COMPANY SECRETARY

Shri Rajesh Saini

STATUTORY AUDITORS

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

INTERNAL AUDITOR

Ernst & Young LLP Chartered Accountants

BANKERS

State Bank of India

HDFC Bank LTD

ICICI Bank

Yes Bank

Indusind Bank

REGISTRAR AND TRANSFER AGENT

Link Intime India Pvt. Ltd

BAANI MILK PRODUCER COMPANY LIMITED

CIN: U01403PB2014PTC038826

Registered Office: SCO No. 37-38, Urban Estate, Phase-II,
Rajpura Road, Patiala-147002 (Punjab)
Email: info@baanimilk.com | Phone. No. +91 - 175-5000735

Chapter I

VALUES, VISION AND MISSION

We are committed to:

Values:

Honesty and Transparency
Quality and Excellence
Team spirit
Timeliness
Innovation
Passion

Mission:

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

Vision 2030:

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

Chapter II

YEAR GONE BY

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

Baani enrolled around 50603 milk producers, of whom about 25.3 % are women, 44% being small holder milk producers. The members of Baani raised around Rs 9.78 Cr towards the share capital. Baani procured 1002 lakh kgs of milk per day during 2018-19 and achieved a turnover of Rs 365 Crores during the year. Procurement operations of Baani were extended to cover 1245 villages with 1321 Milk Pooling Points (MPPs) under 13 Milk Chilling Centres (MCCs).

The guiding principles of Baani based on transparency, commitment, and timeliness enabled Baani to achieve 50603 members till date. Payments to the tune of about Rs 293.05 Crores were made directly into the bank accounts of the producer members and an yearly average of Rs 8.14 Crores every tenth day of the payment cycle.

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

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

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



Chapter III

STRENGTHENING THE OPERATIONS

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

Skill Enhancement Training Programme

Training of all stakeholders remained a focus area of Baani MPC. Baani organized training programmes for the stakeholders to enhance their knowledge base and raise their skill levels.

For Members

The training programmes were organized for the existing members, potential members, women, school children, rural youths, Member Relation Groups(MRG) and Village Contact Groups(VCG) as described below:

S.No.	Training Programmes	No of Training Programmes	No of Participants Trained
1	Producer Awareness Programme (PAP)	764	24,024
2	Quality & Clean Milk Production (CMP)	575	18,030
3	Women awareness programme (WAP)	404	11,318
4	Rural Youth-Awareness Programme	39	762
5	Rural Schools-Awareness Programme / Competitions	16	1,151
6	MRG Orientation Programme	48	827
7	VCG Orientation Programme	125	1,789
8	Exposure visits (India)	1	8
9	IB – Trainers' Training programme	2	53
10	Leadership Development Programme	2	40
11	Training of MCC Staff on O&M	1	21
12	Sahayak orientation programme	9	180
13	Sahayak refresher programme	2	40
14	Training on proc, producer relation & QA for Facilitator	2	18
15	Skill development programme for assistants	1	15
16	Motivation programme for assistants	1	15
17	Team building and leadership development	1	15
18	Training programme for QA assistants	1	18

For Board of Directors

Board of Directors (BoDs) were also imparted training in various areas to enhance their business skills. The Objective of this training was to make them understand the business model of Baani and leadership by making them aware of the responsibilities, duties and importance behind capacity building initiatives.

The Exposure visit was facilitated for Baani BoDs to Paayas MPC, Jaipur. During the visit, CEO of Paayas MPC gave an overview of their operations. They also visited Rajasthan Electronics & Instruments Limited factory, MPP, MCC and Cattle Feed plant of Paayas MPC which provided an opportunity to learn by observing operations and interacting with members and officers of Paayas.



For Professionals

A number of training programmes were conducted for professionals of Baani :

General Trainings, FY'18-19			
1	5 S (Work Place Management)	1	23
2	Information Security	1	22
3	POSH	1	24
4	Inter Personal Communication	1	24
5	Basic Selling Skills	1	14

PRODUCER INSTITUTION BUILDING

Producer Institution Building (PIB) aims to build an institution for its producer members through the member centric approach and better governance. The efforts are directed to increase active membership leading to proliferation in business aspects.

PIB activities differentiate the Producer Company from the other players in the dairy sector due to its open and transparent governance system and members equity which is equivalent to their patronage. The ownership lies with the members, who are ultimately the policy-makers. Baani strengthens women empowerment through their inclusion in the system. Further, for ensuring a transparent system, efforts have been put in by Baani for 100% milk payment directly in the bank accounts of the members.

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

Member's Grievances are being monitored from the head office. With the support of field staff and VCG - MRG we are able to resolve the grievances within a short span of time.

b. Member Enrolment and Information Sharing with members: The automated member enrolment process helps in giving better services to members. Baani shares all member related information and also displays such information at MPP premises. Additionally, Baani sends shift wise milk pouring messages to its active members as well as payment related messages in each cycle. This has immensely benefited members as they get timely information pertaining to milk poured, deductions, if any and net payment which helps in enhancing the transparency in operations.

c. Strengthening Member Relations: VCG and MRG are formed among the members of Baani who are consistent in pouring milk to the MPP and have given consent to be part of these groups voluntarily. These groups facilitate effective two-way communication between MPC and Producer Members. VCG and MRG members meet at regular intervals to discuss and review progress of the MPPs.

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 empowering women:

- Women awareness programmes were conducted throughout the year, where women participants were informed about their contribution in dairying and enhancing quality milk production.
- Baani communicates the role of women in every meeting and forum to emphasize on the importance of women in dairy sector.
- Women get equal opportunities to become a part of VCG and MRG at the MPP level.
- Women members who consistently pour quality milk in required quantity to Baani, while fulfilling other criteria of continuing membership, have a better chance to be a director on the Board of Baani. Board meetings give them excellent opportunity to learn management and governance. Currently two directors of the board are women.



VILLAGE BASED MILK PROCUREMENT SYSTEM

The aim of Village Based Milk Procurement System (VBMPS) was fully achieved through collection of milk at village level and reaching more and more milk producers. Also, at the same time ensuring transparent weighing, testing quality of milk received and sending data information through GPRS. Calibration of milk measuring equipment is done periodically and Baani ensures fully transparent and automated system of milk collection at MPP level. Further, SMS with pouring details of each shift is being received immediately after pouring by the member and payment SMS is also sent on 10-day cycle.

In coming years, it is planned to further strengthen and consolidate the existing MPPs by increasing member base in these MPPs.



QUALITY ASSURANCE

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

- MCCs and central lab are well equipped with testing facilities like RM, BR, Na, pH and all kind of adulterants to comply with all statutory requirements.
- Antibiotics and aflatoxin testing facilities have been provided at central lab.
- Infrastructure improvement of MCC Sherpur, Bhadaur, Lehragaga, Phaguwala and Mansa has been carried out as per suggestions of Quality Mark Team, NDDB.
- Hot water facility has been upgraded from electric geyser to 400L Solar water heating system to get adequate hot water for CIP and cleaning of raw milk storage tanks and cans at MCC Sherpur, Bhadaur, Sadiq, Jaito and kot-Ise-Khan. This is a new initiative towards use of renewable energy.
- Analytical, GMP and Food Safety training has been provided to MCC Staff. 10 training programmes were conducted for 45 participants.
- SOPs pertaining to analytical testing of raw milk, testing of incoming material, quality of raw milk, incoming material, CIP Cleaning and calibration of equipments etc have been put in place.
- Mandatory FOSTAC training of 16 employees like QA executive, MCC In-charge and Chemists has been conducted and the participants were awarded certificate by FSSAI.
- Separate cow milk collection has been approved by Mother Diary team for MCC Malout along with already approved MCCs of Phaguwala, Sherpur, Bhadaur, Jaito and Kot-Ise-Khan .

MARKETING

49.65 lakh litres of PPM (Poly Pouch Milk), 4.45 lakh kgs Curd, 3.78 lakh litres Lassi and 1.13 lakh kgs of Ghee were sold during the year. By identifying a great potential in market for milk and milk products, Baani planned its expansion of sales operations in new areas of Punjab as well as adjoining states of Haryana and Himachal Pradesh. Concerted efforts were put in to enhance the sales through improved branding, establishing Baani preferred outlets and consumer advertisements.



HUMAN RESOURCES

Automation of Human Resource (HR) functions using HR One software was one of the key achievements, providing an end-to-end Human Resource Management System (HRMS). It has increased the efficiency of HR functions notably in payroll, time management and benefits administration.

Human Resource is an asset and has been instrumental in driving performance of Baani. The relevant policies, SOPs etc. adhering to Statutory Compliance requirements have always been put in place to ensure satisfaction of employees as well as statutory bodies. Baani provides a healthy, safe and friendly work environment to all employees.

Team Building

Employee engagement is another area of importance for Baani and in order to strengthen this area further, the second Cricket Tournament was organized on 6th Nov 2018 at Diesel-Loco Modernisation Works Cricket Ground on the occasion of 4th Anniversary of our procurement operations. Total of six teams participated in the tournament. The teams were comprised of mix of employees from HO as well as Field.

This event was enthusiastically welcomed by all the employees.



PRODUCTIVITY ENHANCEMENT SERVICES

Baani aims to provide superior animal nutrition in the form of Baani Cattle feed and Area Specific Mineral Mixture (ASMM) to the producer members for their cattle. In order to improve the health, reproduction and milk yield of cattle, members are encouraged to use animal nutrition products. During the year, 4258 MT of cattle feed, 91 MT of mineral mixture and 6 MT of ration balancer were provided to the members.

Ration Balancing Programme was successful in providing animal nutrition advisory services to the milk producers at their doorstep with the help of Local Resource Persons (LRPs) to facilitate increase in milk yield, reducing production cost and also contributing to reduce methane emission.

Internal Trainings on RBP, FY'18-19		
Basic Training of LRPs	9 (No. of Trainings)	143 (No. of Participants)



BAANI FEED



RBP

- **Project CMT**

California Mastitis Test (CMT) has been initiated to create awareness among producer members about mastitis control measures to prevent losses. Trained Baani field staff is helping the producer members to identify clinical and subclinical mastitis (through CMT) cases, motivate to take treatment, examine the effectiveness of treatment, monitor mastitis cases regularly and use preventive methods.

During the year, more than 10,000 animals were screened for subclinical mastitis. Baani is planning to screen 1,00,000 animals for subclinical mastitis in the upcoming financial year.



- **Farm Development Project (FDP)**

Farm Development Project is an extension activity project initiated by Baani based on subscription.

The main objective of this project is to assist dairy farmers in adopting good management practices and focus more on disease prevention rather than spending money on medicines and veterinary services.

This concept is aligned with Baani's Mission of reducing input cost of the members. This project is started in villages under area of MCC Mansa, Bhadaur and Raman.



FARM DEVELOPMENT PROJECT (FDP)



INFORMATION TECHNOLOGY

Baani continued to invest in automation technologies with addition of 275 GPRS enabled Data Processing & Milk Collection Units (DPMCUs) in order to improve efficiency and transparency in operations. Moreover, IT department optimized and automated several processes to achieve the objective of system dependent operations and minimize human intervention enabling Baani to enhance operational efficiency, timeliness and eliminate human errors.



During the year, Baani also invested in Fixed Assets Management software to manage vast inventory at all the locations up to the MPP level with the help of barcoding each and every asset. The software will facilitate in keeping a record and tracking movement of all the assets.

Further, conforming to the values of Honesty and Transparency, Baani is sending text messages (SMS) to all the members about their milk pouring details of each shift. Members are also informed about their member code activation via text message (SMS). Baani also sends text messages to Sahayaks having details of Milk received at MCC.

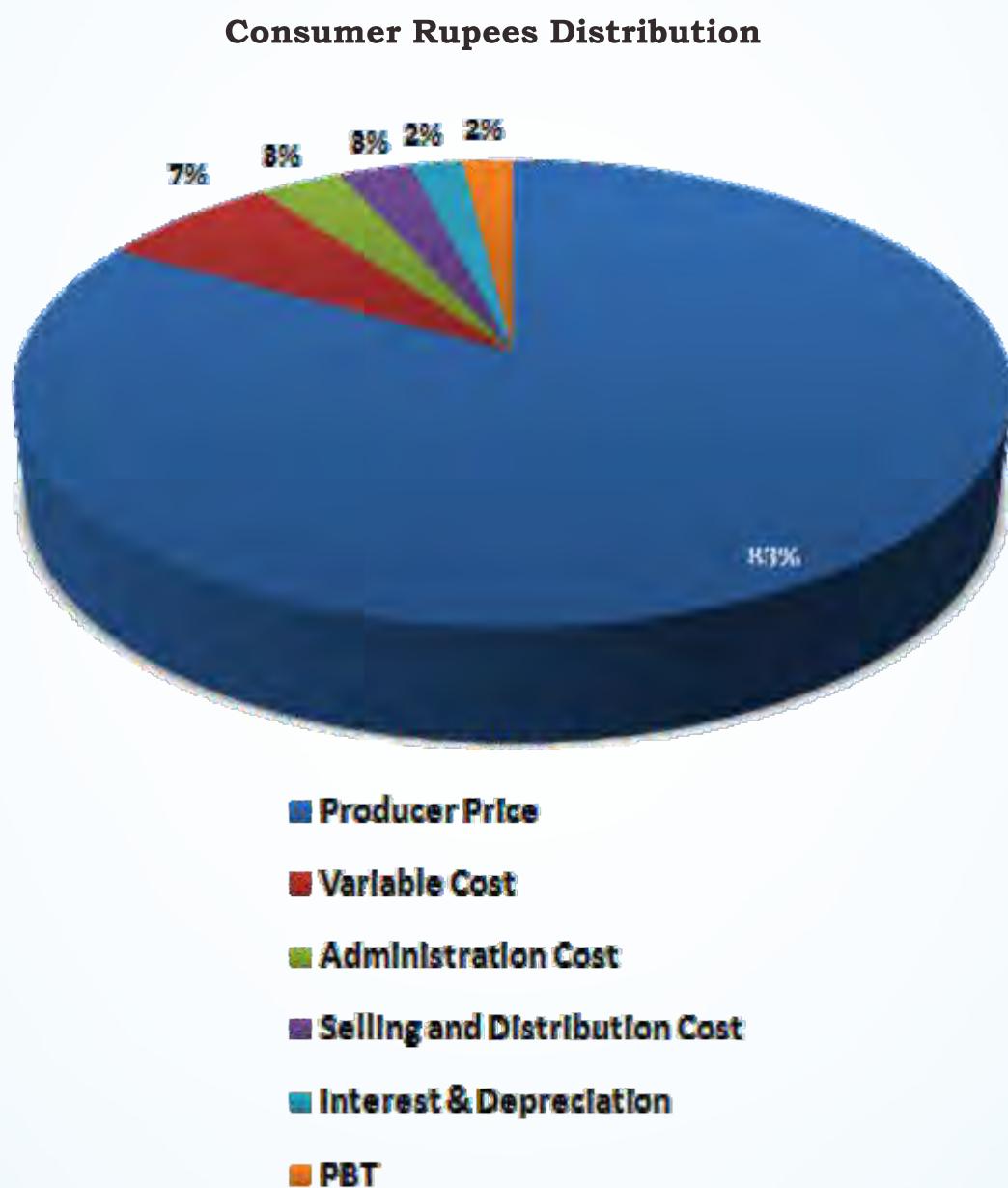
Information Security Policies are there to strengthen internal controls and prevent unauthorized access to data, thereby ensuring appropriate protection, confidentiality and integrity of information assets was also enhanced.

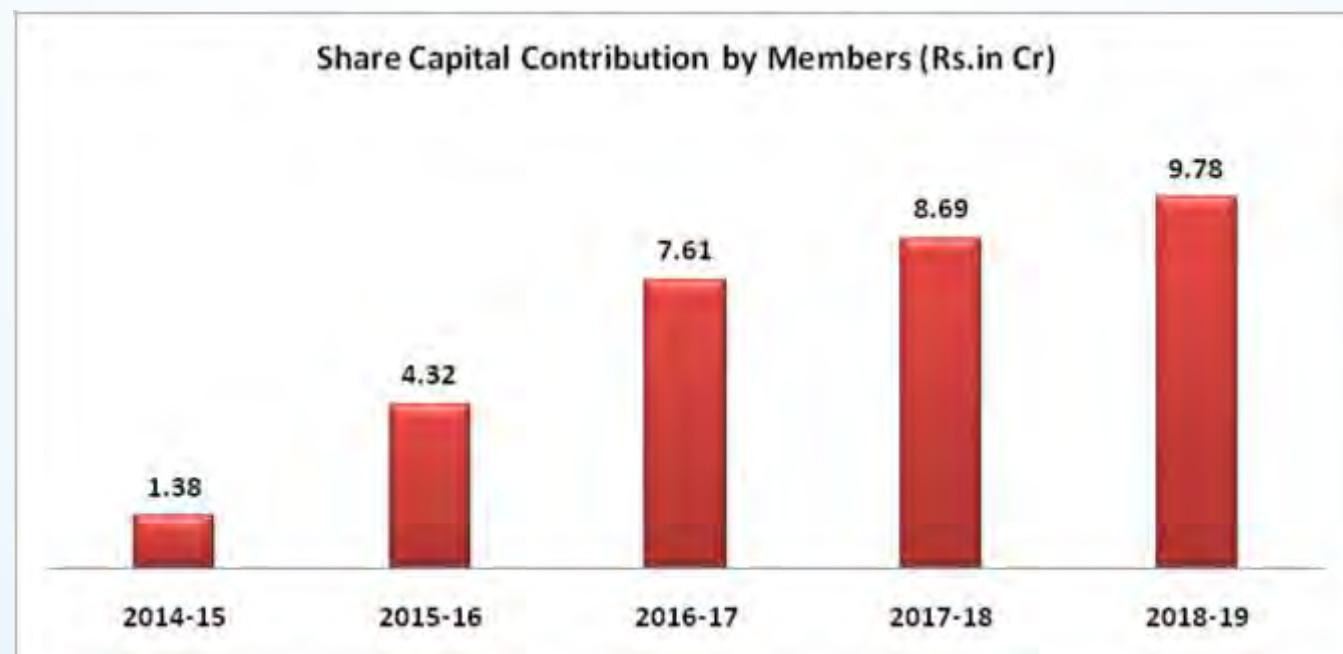


Chapter IV

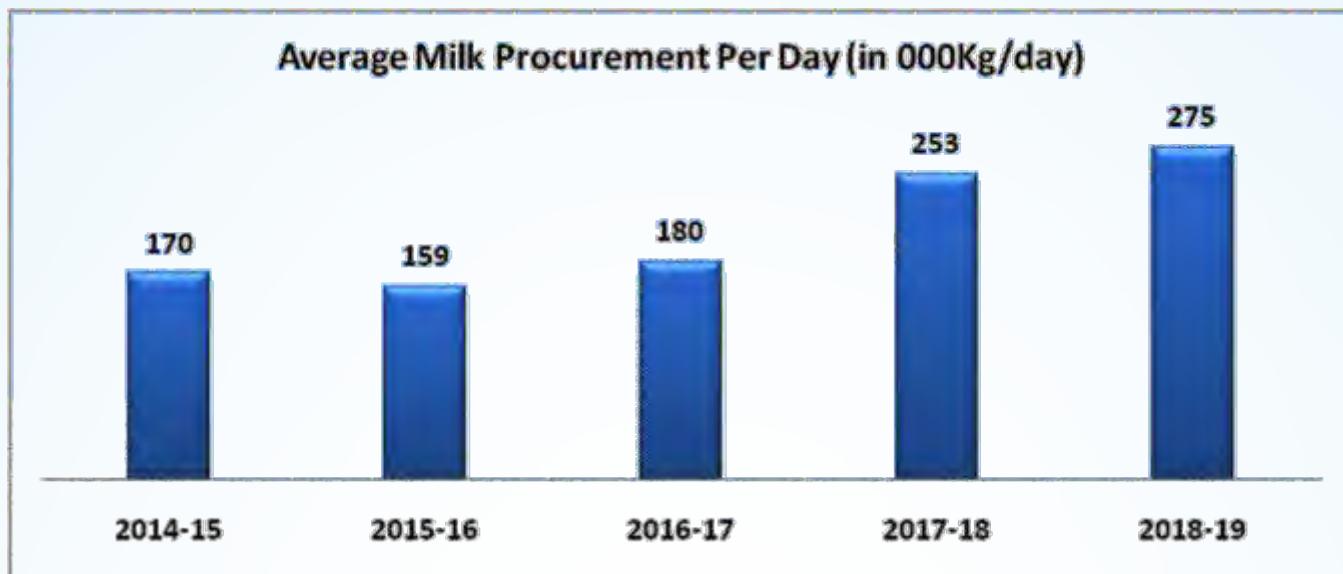
PERFORMANCE OVERVIEW

Graph 1. Consumer Rupees Distribution FY 2018-19



Graph 2. Membership Graph**Graph 3. Share Capital Contribution by Members**

Graph 4. Average Milk Procurement Per Day



Graph 5. Turnover Growth



Chapter V

ACCOMPLISHMENTS

Highest Collection of 4 Lakh Litres of milk on 1st February, 2019

It was matter of pride for Baani to collect over Four Lakh Litres of milk on 1st February, 2019. All the producer members, employees and stakeholders of Baani applauded this feat achieved in just four years of commencement of operations.

Mr. Narinder Bahga, CE congratulated all the employees and appreciated the concerted efforts put in by all the departments for this remarkable accomplishment. He encouraged the team to continue synergy of efforts and work cohesively for achieving higher targets as 'Team Baani'.

Baani won 2nd Prize at Pashu Palan Mela, GADVASU

Baani participated in 'Pashu Palan Mela'in' Industrial Category' organized under the aegis of GADVASU and won second prize for stall. Unprecedented number of visitors comprising farmers, locals, eminent scientists of GADVASU, Board of Directors of Baani MPC and representatives of other companies visited the Baani Stall. The visitors appreciated the presence of Baani as a producer company in Punjab as well as the information provided about Baani, role and business model, financial benefits and services provided to the farmer members associated.



Distribution of Incentive INR 3.50 Crore

Baani has disbursed a loyalty incentive of Rs 3.50 Crore to its active producer members who fulfilled all the laid down conditions to qualify for incentive for the FY 2018-19.



Award of Excellence by The Indian Economic Development & Research Association (IEDRA)

Baani was awarded Excellence Award for Industrial Development for outstanding contribution to National Development by IEDRA in the field of Dairy Industry during the 82nd Seminar conducted by IREDA.





GLIMPSE OF 5TH AGM





2017-18



(DIRECTORS' REPORT)
TO THE MEMBERS OF
BAANI MILK PRODUCER COMPANY LIMITED

The Directors are pleased to present the Fifth Annual Report along with the audited Statement of Accounts of Baani Milk Producer Company Limited ('Company') for the period from April 01st 2018 to March 31st 2019

FINANCIAL RESULTS: -

The Company's financial performance, for the year ended March 31, 2019 is summarised below:

Particulars	April 01, 2018 to Mar 31, 2019 (₹ in Crore)	April 01, 2017 to Mar 31, 2018 (₹ in Crore)
Total Revenue	365.15	357.63
Total Expenses	357.08	349.87
Profit Before Tax	8.07	7.76
Tax Expense	2.72	2.61
Net Profit After Tax	5.35	5.15
Limited Return (Dividend) [including tax on distribution of dividend]	0.94	0.84
Transfer to General Reserve	4.41	4.31

STATEMENT OF THE COMPANY'S AFFAIRS: -

The Company during the year has achieved total revenue of ₹ 365.15 Crores. The operational revenues generated was ₹ 363.32 Crore, whereas other incomes earned during the period amounted to ₹ 1.83 Crore. The total expenses incurred during the year amounted to ₹ 357.08 Crore including depreciation and amortization expense of ₹ 1.80 Crore. This has resulted into an earning of profit before interest, depreciation and tax (PBIDT) of ₹ 14.19 Crore; and net profit after tax (PAT) of ₹ 5.35 Crore.

As against the budgeted total income of ₹ 414.82 Crore and budgeted profit before tax (PBT) of ₹ 6.79 Crore for the period, the Company has actually achieved total income of ₹ 365.15 Crore and profit before tax (PBT) of ₹ 8.07 Crore for the said period.

REVIEW OF OPERATIONS: -

Milk Procurement:

Company's milk procurement operation continues in nine districts of Punjab viz. Barnala, Bathinda, Faridkot, Ferozepur, Mansa, Moga, Muktsar, Sangrur and Patiala. However, Baani extended its procurement operations to cover 1245 villages with 1321 MPPs (Milk Pooling Points) under 13 MCCs (Milk Chilling Centres) as on 31st March 2019. During the year, the Company has procured 1002.50 lakh kgs of raw milk with an average collection of 2.75 lakh kgs per day.

At the end of the financial year 2018-19, Total of 46,715 were approved members which indicates high degree of loyalty and patronage toward the functioning and principles of Baani as a Milk Producer Company. The ethos of Transparency, Honesty, Passion and Timeliness of Company's Value, Mission and Vision has built confidence and trust of the members in functioning of the Baani. The Company has ensured that competitive milk price is paid to the members in every 10-day cycle.

The Company is continuously endeavouring to make its operations more transparent, details of milk pouring are shared to members through a SMS via GPRS enabled DPMCUs installed at each village MPPs.

WAY FORWARD:

Our MPC is planning to expand the area of operations during the current FY by covering the existing MPG operations of Mother Dairy Fruits and Vegetables Private Limited (MDFVL) in 4 districts of Rajasthan. Such an expansion will help our MPC in increasing the business of the MPC and also in procuring more milk. In the long run, this will also help the MPC to reach out to more milk producers and become financially stronger.

QUALITY INITIATIVE:

Following initiative has been taken for improving quality of raw milk and milk products.

- MCCs and central lab are well equipped with testing facilities like RM, BR, Na, pH and all kind of adulterants to comply all statutory requirements.
- Antibiotics and aflatoxin testing facility provided at central lab.
- Infrastructure improvement of MCC Sherpur, Bhadaur, Lehragaga, Phagwala and Mansa has been done as per suggestion of NDDB Quality mark team.
- Hot water facility upgraded from electric geyser to 400L Solar water heating system to get adequate hot water for CIP and cleaning of raw milk storage tanks and cans at MCC Sherpur, Bhadaur, Sadiq, Jaito and Kot-Ise-Khan. It is a new initiative for renewable energy.
- Analytical, GMP and Food Safety training provided to MCC Staff. Numbers of training conducted 10 and 45 candidates were trained.
- SOPs of all functions, analytical testing of raw milk, testing of incoming material, quality plan of raw milk and incoming material, CIP and cleaning, calibration etc. has been provided.
- Total of 575 numbers of Clean Milk Production training were conducted and 18030 milk producers were trained.
- Mandatory FOSTAC training of 16 employees like QA executive, MCC In-charge and Chemists has been done and all participants passed their exam and awarded certificate by FSSAI.
- Mother Dairy has approved cow milk from MCC Malout. Cow Milk from MCC Phagwala, Sherpur, Bhadaur, Jaito, and Kot-Ise-Khan has already approved.

PES (Productivity Enhancement Services):

Baani Feed and Baani Min offers a complete nutrition and a balanced diet to the cattle, filled with natural ingredients and area specific essential nutrients required to improve their health, reproduction and milk yield. Baani Feed and Baani Min has shown substantial improvement in its sales volume to the tune of 4257.51 Metric ton and 90.80 Metric ton respectively during the year under review. Further sale volume of **Ration balancer** reached to 6.28 Metric ton.

Subclinical Mastitis Screening:

Mastitis and subclinical mastitis are the major issues with dairy farming. As Baani is committed to reduce the cost of milk production and deliver high quality milk to its customers, an initiative to make farmers aware about subclinical mastitis screening i.e. CMT (California Mastitis Test) was undertaken during the year 2018-19. More than 10,000 animals were screened with this test during the year under review.

Milk and Milk Products:

Total sales during the year was 49.65 lakh litres of PPM, 4.45 lakh kgs Curd, 3.78 lakh litres Lassi and 1.13 lakh kgs of Ghee. The Company foresees big potential in marketing of Milk and Milk products and plan to expand its sales operation in new areas of Punjab and adjoining states of Haryana & Himachal Pradesh. Emphasis was to enhance the product sales, for which concerted efforts were put in for branding, establishing Baani preferred outlets, advertisements, hiring qualified and suitable sales team.

During the year under review, the Company has also sold 949.75 lakhs kgs raw milk to institutional buyers.

PRODUCER INSTITUTION BUILDING (PIB):-

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

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

MPCs Core Design Principles:

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

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

Member Enrolment and Information Sharing with members:

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

Strengthening Member Relations:

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

Women Empowerment:

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: -

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

NDP-I

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

- A. Ration Balancing Programme (RBP)
- B. Village Based Milk Procurement System (VBMPS)

Ration Balancing Programme:

RBP programme was successful in providing animal nutrition advisory services to the milk producers at their doorstep with the help of Local Resource Persons (LRPs) to facilitate increase in milk yield, reducing production cost and also contributing to reduce methane emission.

Village Based Milk Procurement System:

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

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

Training & Capacity Building Programs:

Training of all stakeholders of Baani has remained the main focus area during the current year also. The training programs were organized for the existing members, potential members, women, school children, rural youths, MRGs and VCGs. Board of Directors were also imparted trainings in various areas to enhance their business skills. Major training programs conducted during the year 2018-19 are: -

S. No	Training Programmes	Nos.of Training Conducted	No of Participants Trained
1	Producer Awareness Programme	764	24024
2	Quality & Clean Milk Production	575	18030
3	Women Awareness Programme	404	11318
4	Rural Youth Awareness Programme	39	762
5	Rural School Children Awareness Programme	16	1151
6	Leadership Development Programme for MRG	2	40
7	MRG orientation Programme	48	827
8	VCG Orientation Programme	125	1789

MATERIAL CHANGES AFTER CLOSURE OF FINANCIAL YEAR: -

There is no material/substantial change after the closure of financial year ended 31.03.2019.

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 ₹ 8/- per equity share of the face value of ₹100/- each for the period ended March 31, 2019. This dividend is subject to approval of Members at the ensuing 6th Annual General Meeting and will be paid to those Members whose names appear in the Register of Members on 31.03.2019. The dividend for the financial year @ ₹ 8/- per equity share will absorb ₹ 0.94 Crore, including Dividend Distribution Tax of ₹ 0.16 Crore.

TRANSFER TO RESERVE: -

The Board proposes to transfer an amount of ₹ 4.41 Crores to the credit of General Reserve in terms of relevant provisions of the Articles of Association of the Company read with the Section 581ZI of the Companies Act 1956.

FINANCE: -

Cash and cash equivalents as at March 31, 2019 was ₹ 2504.51 lakhs. The company continues to focus on judicious management of its working capital, Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

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

DEPOSITS: -

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

SHARE CAPITAL AND MEMBERSHIP: -

As at March 31, 2019, the paid up share capital was ₹ 9.78 crores, subscribed by 46,715 members.

VOTING RIGHTS AND ATTENDANCE AT AGM: -

As at March 31, 2019, the paid up share capital was ₹ 9.78 Crore, comprising of 46,715 members on the register of members of the Company.

After 31 March 2019, Company has enrolled 5869 new members and the membership of 10,350 members have been cancelled/ surrendered due to non-fulfilment of membership criteria. Therefore, the total number of members as on the date of this report stands at 42,234 members who are entitled for attending the 6th Annual General Meeting.

Out of total 42,234 members as on date,

- 10,233 members have the rights to exercise vote on all resolutions to be moved at the 6th AGM (including voting on election of their respective class of Director) since they fulfil all the conditions set for their respective class.
- 4,356 members have the rights to exercise vote on all resolutions (except voting on election of their respective class of Director) to be moved at the 6th AGM since they failed to fulfil all conditions of their respective class though they completed minimum 200 days and 500 ltr of milk supply to company during the FY 2018-19.
- 27,645 members are entitled to attend 6th AGM but did not have the rights to exercise vote on any resolutions to be moved at the 6th AGM as they have not fulfilled the conditions of minimum 200 days and 500 ltr supply of milk to company.

New members, who were admitted as members of the Company post March 31, 2019, will not be entitled to dividend for FY 2018-19 as well as voting right at 6th AGM.

BOARD OF DIRECTORS: -

Articles 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 based on patronage were approved by the members at the first Annual General Meeting of the Company held on 31.10.2014.

Based on the analysis of the data w.r.t., fulfilment and non-fulfilment of patronage criteria by the members during FY 2018-19, it has been found that, out of 46,715 total members as on March 31, 2019, 18,236 members have fulfilled all the prescribed criteria of patronage of their respective class. Accordingly, out of these 18,236 members, 1,587 comprised of Class-A, 3,548 comprised of Class-B and 13,101 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 40.24%, 28.42% and 31.34% during FY 2018-19. 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 4 Directors for Class-A, 3 Directors for Class-B and 4 Directors for Class C respectively. The Company shall meet the requirement of Article 9.5 as under: -

Class-A Directors-

Due to resignation of Sh. Tarlochan Singh (DIN: 07915539), Class A director w.e.f. 28.06.2019, presently the Board has only one (1) Director representing Class-A, who not being longest in his office and hence shall not retire at the ensuing AGM.

As per the class representation based on the patronage criteria, the Board in its 25th meeting has declared two (2) vacancies in Class -A.

Class-B Directors-

At present the Board has four (4) Directors representing Class-B.

Sh. Gurpair Singh (DIN: 06868658), a class B Director is liable to retire by rotation in the forthcoming Annual General Meeting.

As per class representation based on the patronage criteria, no vacancy has been declared by the Board in its 25th meeting in Class -B.

Class-C Directors-

At present the Board has one (1) Director representing Class-C.

Sh. Gurtej Singh (DIN: 07455673) and Smt. Gurmeet Kaur (DIN: 06868692), Directors who did not fulfil the eligibility conditions set for their respective class, shall be liable to retire by rotation in the forthcoming Annual General Meeting of the Company.

As per the class representation based on the patronage criteria, Board in its 25th meeting has declared one (1) vacancy in Class -C.

Based on recommendation of Nominating Committee, the Board recommends the appointment of Smt. Beant Kaur (DIN: 08508130), Smt. Kanwaljit Kaur (DIN: 08507568) and Sh. Bhupinder Singh (DIN: 08507477) representing “Class A”, and “Class C” respectively to fill up the 2 vacancies of Class-A and 1 vacancy of Class C respectively. The statement containing name and qualifications of the Director seeking appointment is annexed to the Notice convening 6th AGM of the Company.

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

During the year under review, Sh. Sriram Singh (DIN :06895219), Executive Director, of NDDB Dairy Services (NDS), has been re-appointed as an Expert Director of the Company with effect from 25.11.2018 for a period of two years. Further Dr. Omveer Singh (DIN: 02702981), Managing Director of NDDB Dairy Services, has been appointed as an Expert Director of the Company with effect from 30.05.2019 in place of Sh. Ajay Kumar Khosla (DIN: 01854876) for a period of two

years. The Board would like to thank Sh. Ajay Kumar Khosla (DIN: 01854876) for his association as a director with the Company. Further Sh. Tarlochan Singh (DIN: 07915539) has also resigned from the Directorship of Company w.e.f. 28.06.2019.

TRAINING OF BOARD MEMBERS: -

During the report period, the directors have been imparted training in the business model of the Company and training in leadership making them aware of the responsibilities, duties and importance of their capacity building. Further the Board of Directors (BOD) of Baani Milk Producer Co. Ltd., Patiala visited Paayas Milk Producer Co. Ltd. for exposure visit from 12.02.2019 to 15.02.2019. During the exposure visit, CEO of Paayas MPC briefed the BODs on overview of MPC operations, followed by healthy discussion. In addition, visit to REIL's corporate office, MPP, MCC and Cattle Feed plant of Paayas MPC was also organized, which provided opportunity to learnings, while seeing the operations and interacting with members/ officers.

DIRECTORS' RESPONSIBILITY STATEMENT: -

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

- a) in the preparation of annual accounts, the applicable accounting standards have been followed by the Company;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2019 and of the profit of the Company for the period ended on that date.
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the directors have prepared the annual accounts on a going concern basis.

AUDITORS: -

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

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

AUDITOR'S REPORT: -

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

INTERNAL CONTROL SYSTEM AND AUDIT: -

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

HUMAN RESOURCE: -

Automation of HR functions using HR One software was the key achievement, which provides an end-to-end Human Resource Management System (HRMS). The most obvious benefit provided is in the realm of productivity of HR department. Implementing HR software has automated a huge number of HR functions, most notably payroll, time management and benefits administration.

Human Resource is an asset and has been instrumental in driving the Company's performance. Proper Polices, SOPs have been put in place, adhering to all Statutory Compliance has always been in fore front to ensure satisfaction of statutory bodies and auditors. Company provides healthy safe and friendly work environment to all employees.

Employee engagement is another area of interest of Baani, and importance of team building which cannot be over emphasized, a cricket tournament was also organized on 06 Nov 2018 at DMW Cricket ground among employees of the Company. The colourful event was eye-catching and enthusiastic participation of all was noticeable and it enhances the morale of all the employees of Company.

INFORMATION TECHNOLOGY: -

Baani Milk continued investing in automation technologies with addition of 275 GPRS enabled DPUs to improve efficiency, timeliness and transparency in the operations. Moreover, IT department optimized and automated several processes to achieve our objective of system dependent operations and minimizing human intervention which helped Baani Milk to enhance operational efficiency, timeliness and eliminate human errors.

In year 2018-19, Baani Milk also invested in Fixed Assets Management software to manage vast inventory at all the locations up to the MPP level with help of barcoding of each and every asset. The software will facilitate to keep record and track movement of all the assets.

Further, to conform to our values of Honesty and Transparency, Baani Milk has started sending Text messages to all the members about their milk pouring details of each shift. Members are also informed about their member code activation via text message. We also started sending text messages to Sahayaks having details of Milk received at MCC.

IT Department also enhanced and enforced Information Security Policies to strengthen internal controls and prevent unauthorized access to data, thereby ensuring appropriate protection, confidentiality and integrity of information assets.

PARTICULARS OF EMPLOYEES:-

During the year under report, none of the employees of the Company was in receipt of remuneration equal to or exceeding limit as prescribed under the Companies Act, 1956.

SAFETY AND HEALTH:-

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

CORPORATE SOCIAL RESPONSIBILITY (CSR):-

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

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

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

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

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

RELATED PARTY TRANSACTIONS/ RISK MANAGEMENT POLICY:-

All related party transactions that were entered into during the period ended on 31st March 2019 were on arm's length basis and were in the ordinary course of the business. The company framework encompasses practices relating to the identification, assessment, monitoring and mitigation of strategic, operational and external environment risk to achieving the Company's business objectives. A Whistle Blow Policy has also been adopted by Company.

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:-

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

MEETINGS: -

During the financial year 2018-19, four (4) meetings of Board of Directors of the Company were duly convened as per detail mentioned hereunder:

Board Meeting No.	Date of Board Meeting	Board Strength	No. of Directors Present
21 ST BM	29.06.2018	15	12
22 ND BM	09.08.2018	15	15
23 RD BM	05.12.2018	15	13
24 TH BM	05.03.2019	15	14

Further during the period under review, the Nomination Committee has met on 29.07.2018.

Further during the year under review, four (4) meetings of the Membership Related Committee were held on 07.06.2018, 09.07.2018, 09.11.2018 and 07.02.2019.

AWARDS:-

Baani had participated in the Industrial Category in Pashu Palan Mela arranged under the aegis of GADVASU on 15-16 Mar 2019. Unprecedented number of visitors, who had visited our stall - be the farmers, locals, eminent team members of GADVASU, Board of Directors of Baani MPC and Representative of other companies, have appreciated the presence of Baani as a producer company in Punjab and information provided about our company, role and business model, financial benefits and services provided to the farmer members associated with us. All the visitors had all the praise about the ambiance & layout of our stall and efforts in boosting Dairy Industry in Punjab.

The judgement committee of GADVASU for Stall and Interaction with visitors by the exhibitors has adjudged Baani's Stall at second position and presented us with a trophy.

ACKNOWLEDGMENT: -

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 places on record its appreciation for 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/-

Date: 29.07.2019

(Gagandeep Singh)

Place: Patiala

Chairman & Director

**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 2019, 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 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the financial statements of which we are the independent auditors.

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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance of Section 197(16) of the Act, as amended,

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order/CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. As required by Section 581ZG of the Part IXA of the Companies Act, 1956 (in terms of section 465 of the Companies Act, 2013, provisions of part IXA of the Companies Act are applicable to a producer company in a manner as if the Companies Act, 1956 has not been repealed), we give in the "Annexure C" a statement on the matters specified in that Section.

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

Place: Gurugram
Date : 29 July, 2019

Sd/-
Jitendra Agarwal
Partner
(Membership No. 87104)
UDIN: 19087104AAAACG7775

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, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Gurugram
Date : 29 July, 2019

Sd/-
Jitendra Agarwal
Partner
(Membership No. 87104)
UDIN: 19087104AAACG7775

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) In respect of its plant, property and equipment:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the plant, property and equipment.
 - b. The plant, property and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the plant, property and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 3(v) of the CARO 2016 is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any liability for Customs Duty.
 - b. There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable.
 - c. There are no dues of Income Tax, Custom Duty and Goods and Services Tax as on 31 March 2019 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loan from financial institutions and it has not issued any debentures.

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

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

Place: Gurugram
Date : 29 July, 2019

Sd/-
Jitendra Agarwal
Partner
(Membership No. 87104)
UDIN: 19087104AAACG7775

ANNEXURE C TO THE INDEPENDENT AUDITORS' REPORT

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

- i. The amount of debts due from sale of goods and services are as disclosed in note 17 to the financial statements. According to the information and explanations given to us no debts are considered as doubtful of recovery.
- ii. According to the information and explanations given to us, cash on hand as at year-end has been physically verified by the management and no discrepancies were noticed on such verification. According to the information and explanations given to us, the Company does not hold any investment securities.
- iii. The details of assets and liabilities as at 31 March, 2019 are as per the financial statements of the Company as at and for the year ended 31 March, 2019.
- iv. In our opinion and according to the information and explanations given to us, the Company has not done any transaction which appears to be contrary to the provisions of part IXA of the Companies Act, 1956.
- v. According to the information and explanations given to us, the Company has not granted any loan to its directors.
- vi. According to the information and explanations given to us, the Company has not given any donations or subscriptions during the year.

For S. B. BILLIMORIA & CO.

Chartered Accountants
(Registration No. 101496W)

Sd/-

Place: Gurugram
Date : 29 July, 2019

Jitendra Agarwal
Partner
(Membership No. 87104)
UDIN: 19087104AAACG7775

BAANI MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2019

	Note No.	As at 31 March,	As at 31 March,
		2019 Rupees	2018 Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	9,78,41,700	8,69,26,500
(b) Reserves and surplus	4	<u>13,11,76,988</u>	<u>8,60,50,945</u>
		<u>22,90,18,688</u>	<u>17,29,77,445</u>
2. Share application money pending allotment	20	1,06,83,200	86,06,700
3. Deferred grant	5	4,73,02,208	5,33,40,909
4. Non - current liabilities			
(a) Other long-term liabilities	6	2,97,29,071	2,83,26,312
(b) Long term provisions	7	<u>21,05,283</u>	<u>15,71,399</u>
		<u>3,18,34,354</u>	<u>2,98,97,711</u>
5. Current liabilities			
(a) Short term borrowings	8	43,66,09,913	76,68,07,197
(b) Trade payables	9	4,94,360	-
(i) Total outstanding dues of micro and small enterprises			
(ii) Total outstanding dues of creditors other than micro and small enterprises		19,33,82,244	16,45,22,305
(c) Other current liabilities	10	1,50,16,406	2,74,79,787
(d) Short - term provisions	11	<u>18,79,528</u>	<u>-</u>
		<u>64,73,82,451</u>	<u>95,88,09,289</u>
Total		96,62,20,901	1,22,37,22,058
B. ASSETS			
1. Non - current assets			
(a) Property, Plant & Equipment			
(i) Tangible assets	12	12,47,80,736	11,72,60,733
(ii) Intangible assets	12	52,83,988	1,66,65,496
(iii) Capital work in progress		<u>1,44,689</u>	<u>4,80,686</u>
		<u>13,02,09,413</u>	<u>13,44,06,915</u>
(b) Deferred tax assets	13	24,14,882	11,84,688
(c) Long term loans and advances	14	31,53,407	54,35,000
(d) Other non-current assets	15	<u>1,25,614</u>	<u>-</u>
		<u>13,59,03,316</u>	<u>14,10,26,603</u>
2. Current assets			
(a) Inventories	16	2,23,10,147	1,90,21,151
(b) Trade receivables	17	54,53,33,260	83,80,41,708
(c) Cash and cash equivalents	18	25,04,50,992	21,42,71,197
(d) Short - term loans and advances	19	74,85,902	49,53,077
(e) Other current assets	20	<u>47,37,284</u>	<u>64,08,322</u>
		<u>83,03,17,585</u>	<u>1,08,26,95,455</u>
Total		96,62,20,901	1,22,37,22,058

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner

Sd/-
Gagandeep Singh
Chairman

Sd/-
Manjeet Kaur
Director

Sd/-
Narinder Bahga
Chief Executive & Director

Place: Gurugram
Date: 29.07.2019

Place: Patiala
Date: 29.07.2019

Sd/-
Rajesh Saini
Senior Manager- Legal & CS

Sd/-
Punit Sharma
Senior Manager - Finance & Accounts

BAANI MILK PRODUCER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Note No.	Year ended 31 March, 2019	Year ended 31 March, 2018
		Rupees	Rupees
1. Revenue from operations	21	3,63,31,91,846	3,56,00,14,194
2. Other income	22	1,83,68,142	1,63,55,665
3. Total revenue (1+2)		3,65,15,59,988	3,57,63,69,859
4. EXPENSES			
(a) Purchases of stock in trade	23	3,27,58,15,605	3,23,61,27,748
(b) Changes in inventories of stock-in-trade	24	(44,51,833)	27,07,596
(c) Employee benefits expense	25	5,03,41,381	4,60,36,216
(d) Finance costs	26	4,31,94,634	4,58,67,432
(e) Depreciation and amortisation expense	12	1,79,99,806	1,27,74,370
(f) Other expenses	27	18,79,39,672	15,52,34,451
Total expenses		3,57,08,40,265	3,49,87,47,813
5. Profit before tax (3-4)		9,07,19,723	7,76,22,046
6. Tax expense:			
(a) Current tax		2,88,00,000	2,55,00,000
(b) Deferred tax charge		(12,30,194)	6,59,956
(c) Income tax of earlier years written back		(3,59,682)	(48,482)
Net tax expense		2,72,10,124	2,61,11,474
7. Profit for the year (5-6)		5,35,09,599	5,15,10,573
8. Earnings per equity share:	33		
(Nominal value Rs. 100 per share)			
(a) Basic		57.20	65.50
(b) Diluted		57.03	65.27

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

Sd/-
JITENDRA AGARWAL
Partner

Place: Gurugram
Date: 29.07.2019

Sd/-
Gagandeep Singh
Chairman

Sd/-
Rajesh Saini
Senior Manager-
Legal & CS

Place: Patiala
Date: 29.07.2019

Sd/-
Manjeet Kaur
Director

Sd/-
Punit Sharma
Senior Manager -
Finance & Accounts

Sd/-
Narinder Bahga
Chief Executive & Director

BAANI MILK PRODUCER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2019

	Year ended 31 March, 2019 Rupees	Year ended 31 March, 2018 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	8,07,19,723	7,76,22,046
Adjustments For :		
Finance costs	4,31,20,388	4,54,95,652
Interest income	(1,49,04,239)	(1,31,29,166)
Profit on sale of fixed assets	(5,51,479)	(5,22,635)
Provision for employee benefits	10,27,752	2,12,868
Depreciation and amortisation expense	1,79,99,806	1,27,74,370
Operating Profit before working capital changes	12,74,01,951	12,24,53,135
Adjustments for movement in working capital:		
(Increase)/decrease in inventories	(32,88,996)	3,83,959
(Increase)/decrease in trade receivables	29,27,08,448	(35,34,27,826)
(Increase)/decrease in long term loans and advances	(4,94,749)	25,095
(Increase)/decrease in short term loans and advances	(30,26,693)	55,16,079
(Increase)/decrease in other non-current assets	(1,25,614)	3,45,77,316
(Increase)/decrease in other current assets	53,495	(22,636)
Increase in trade payables	2,93,54,299	2,48,65,246
Increase in other current liabilities	(34,91,193)	1,19,49,925
Cash generated from operations	43,90,90,948	(15,36,79,707)
Net income tax (paid)	(2,37,84,448)	(2,25,31,208)
Net cash flow from/(used in) operating activities - (A)	41,53,06,500	(17,62,10,915)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Bank balances not considered as cash and cash equivalents	(3,95,56,789)	(3,67,62,074)
Capital expenditure on fixed assets (net of capital grant received)	(2,32,06,141)	(78,73,111)
Proceeds from sale of fixed assets	5,82,924	6,08,298
Interest received	1,65,21,782	1,01,89,464
Net cash flow (used in) investing activities - (B)	(4,56,58,223)	(3,38,37,424)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity share capital	22,18,500	50,20,700
Share application money received	1,06,83,200	86,96,700
Repayment of long term borrowings	-	(6,47,35,591)
Net increase/(decrease) in working capital borrowings	(33,01,97,284)	32,92,28,922
Dividend Paid including dividend tax	(93,03,060)	(65,58,821)
Finance costs paid	(4,64,26,626)	(4,52,61,664)
Net cash flow from financing activities - (C)	(37,30,25,270)	22,63,90,246
Net increase in Cash and cash equivalents (A+B+C)	(33,76,994)	1,63,41,906
Cash and cash equivalents at beginning of the year	1,80,20,553	16,78,647
Cash and Cash equivalents at the end of the year	1,46,43,559	1,80,20,553
Cash and cash equivalents comprises:		
Cash in hand	3,19,356	1,52,755
Balances with banks:		
in current accounts	1,43,24,203	1,78,67,798
Cash and cash equivalents as per Cash Flow Statement	1,46,43,559	1,80,20,553
Add: Bank balances not considered as Cash and cash equivalent	23,58,07,433	19,62,50,644
Cash and bank balances as per Balance Sheet (Note 19)	25,04,50,992	21,42,71,197

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.

Chartered Accountants

Sd/-
Jitendra Agarwal
Partner

Sd/-
Gagandeep Singh
Chairman

Sd/-
Manjeet Kaur
Director

Sd/-
Narinder Bahga
Chief Executive & Director

Sd/-
Rajesh Saini
Senior Manager- Legal & CS

Sd/-
Punit Sharma
Senior Manager - Finance & Accounts

Place: Gurugram
Date: 29.07.2019

Place: Patiala
Date: 29.07.2019

BAANI MILK PRODUCER COMPANY LIMITED**Notes forming part of the financial statements****1. Corporate information**

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

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

2. Significant accounting policies

The significant accounting policies are as follows:

a. Basis of accounting

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

b. Use of estimates

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

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

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

d. Cash flow statement

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

e. Revenue recognition

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

f. Other income

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

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

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

Intangible assets

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

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

h. Capital work-in-progress

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

i. Depreciation and amortisation

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

BAANI MILK PRODUCER COMPANY LIMITED

The useful life considered for charging depreciation is as follows:

Description	Useful life (in years)
Plant and equipment	10
Furniture and fixtures	10
Computers and software	3
Office equipment	10

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

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

j. Inventories

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

k. Grants

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

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

l. Employee benefits

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

a. Defined contribution plans

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

b. Defined benefit plans

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

c. Short-term employee benefits

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

d. Long-term employee benefits

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

m. Earnings per share

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

n. Taxes on income

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

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

BAANI MILK PRODUCER COMPANY LIMITED**d. Borrowing cost**

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

p. Impairment of assets

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

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

q. Provisions and contingencies

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

r. Leases

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

s. Material events

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

t. Operating Cycle

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

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

Note 3: Share Capital

	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
(a) Authorised share capital Equity Shares of Rs. 100 each	20,00,000	20,00,00,000	20,00,000	20,00,00,000
(b) Issued, subscribed and fully paid up share capital Equity Shares of Rs. 100 each	9,78,417	9,78,41,700	8,69,265	8,69,26,500

See notes (i) to (iii) below

Notes:

(i) Rights, preferences and restrictions attached to shares

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

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

	As at and for the year ended March 31, 2019		As at and for the year ended March 31, 2018	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
Shares outstanding at the beginning of the year	8,69,265	8,69,26,500	7,61,017	7,61,01,700
Shares issued during the year, (net of shares cancelled and reissued during the year)	1,09,152	1,09,15,200	1,08,248	1,08,24,800
Shares outstanding at the end of the year	9,78,417	9,78,41,700	8,69,265	8,69,26,500

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

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

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

	As at 31 March, 2019	As at 31 March, 2018
	Rupees	Rupees
Note 4: Reserves and surplus		
(a) General reserve		
Opening balance	7,76,67,389	3,45,40,376
Add :- Transferred from surplus in statement of Profit and Loss	4,40,73,331	4,31,27,013
Closing balance	<u>12,17,40,720</u>	<u>7,76,67,389</u>
(b) Surplus in Statement of Profit and Loss		
Opening balance	83,83,560	73,27,533
Profit for the year	5,35,09,599	5,15,10,573
Less:		
(i) Final limited return (dividend) to members for the year ended 31 March, 2018 (Rs. 8 per share)	69,54,120	60,88,136
(ii) Tax on above limited return (dividend)	14,29,440	12,39,397
(iii) Transferred to General reserve	<u>4,40,73,331</u>	<u>4,31,27,013</u>
Closing balance	94,36,268	83,83,560
	<u>13,11,76,988</u>	<u>8,60,50,949</u>
Note 5: Deferred grant		
(a) Opening balance	5,33,40,909	6,80,02,480
(b) Add: Capital grant utilised during the year (see note 35)	1,24,43,750	72,31,039
(c) Less: Assets disposed during the year (see note 12)	1,71,576	1,33,815
(d) Less: Depreciation pertaining to assets acquired from grant (see note 12)	1,84,62,054	2,18,52,554
(e) Add: Depreciation on disposal of assets (see note 12)	1,51,179	1,03,759
(f) Closing balance	<u>4,73,02,208</u>	<u>5,33,40,909</u>
Note 6: Other long-term liabilities		
(a) Trade/security deposits	2,97,29,071	2,83,25,312
	<u>2,97,29,071</u>	<u>2,83,26,312</u>
Note 7: Long term provisions		
(a) Provision for employee benefits:		
(i) For compensated absences (net of Leave encashment fund Rs.23,42,992; previous year Rs.12,55,917)	15,56,329	15,71,399
(ii) For gratuity (net of Gratuity fund Rs.41,83,086)	5,48,954	-
	<u>21,05,283</u>	<u>15,71,399</u>

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

	As at 31 March, 2019	As at 31 March, 2018
	Rupees	Rupees
Note 8: Short term borrowings		
(a) Secured Overdraft from Banks (secured against fixed deposit with banks)	6,48,27,588	7,36,63,061
(b) Unsecured Bills discounting from banks (guaranteed by Mother Dairy Fruit & Vegetable P Ltd)	37,17,82,325	69,31,44,135
	43,66,09,913	76,68,07,197
Note 9: Trade payables		
(a) Trade payables (dues of micro and small enterprises)	4,94,360	-
(b) Trade payables (other than acceptances) (see note 36)	19,33,82,244	16,45,22,305
	19,38,76,604	16,45,22,305
Note 10: Other current liabilities		
(a) Interest accrued but not due on borrowings	23,91,228	56,97,465
(b) Unclaimed/unpaid dividends	22,07,432	31,26,932
(c) Advances from customers	1,12,402	91,23,395
(d) Membership cancellation payable	47,33,673	35,05,695
(e) Grant received (net of utilization) (see note 33)	27,040	-
(f) Trade/security deposits	26,15,646	-
(g) Statutory dues (contribution to PF, withholding taxes, GST etc)	29,28,985	26,55,569
(h) Payable for purchase of fixed assets	-	33,70,730
	1,50,16,406	2,74,79,787
Note 11: Short term provisions		
(a) Provision of Income Tax (net of advance tax of Rs.2,69,90,775)	18,79,528	-
	18,79,528	-

Note 12: Property, Plant & Equipment

	Particulars	Gross block			Accumulated depreciation			Amount in Rupees	
		As at April 1, 2018	Additions during the year	Deletions during the year	As at 31 March, 2019	As at April 1, 2018	Depreciation charge for the year	On disposal	As at 31 March, 2019
(a) Tangible assets (owned)									
Plant and equipment	16,24,28,372 (15,78,95,151)	3,09,81,263 (49,57,615)	4,73,325 (4,24,745)	19,29,36,310 (16,24,28,171)	6,01,98,986 (4,79,52,744)	1,92,49,809 (1,25,81,503)	4,49,651 (3,47,276)	7,89,143 (6,01,94,001)	11,39,23,167 (10,23,29,370)
Furniture and fixtures	1,17,11,498 (1,16,56,265)	3,03,384 (37,223)	- (-)	1,20,15,082 (1,17,13,498)	55,00,471 (55,54,184)	7,02,536 (6,46,288)	- (-)	73,03,009 (66,00,472)	51,13,025 (51,13,026)
Office equipment	33,52,432 (27,94,476)	3,93,474 (5,57,526)	18,900 (-)	37,26,606 (33,52,032)	7,95,022 (5,12,396)	3,16,205 (2,82,628)	6,208 (-)	11,05,019 (7,95,024)	26,21,587 (25,57,008)
Computers	2,84,50,107 (2,56,42,325)	3,75,625 (29,53,62)	4,2,660 (2,84,50,307)	2,10,88,936 (2,82,55,369)	42,23,549 (82,55,137)	37,122 (1,07,529)	2,92,75,105 (2,10,88,977)	39,08,109 (73,51,329)	73,51,330 (1,22,00,957)
Total	20,99,44,709 (1,97,93,317)	3,70,53,748 (35,26,030)	5,34,885 (5,20,455)	23,74,03,070 (20,35,34,208)	6,85,83,416 (6,73,70,703)	2,44,91,901 (2,17,61,370)	4,92,981 (4,52,405)	11,26,82,335 (10,05,63,475)	12,47,80,736 (11,72,60,732)
Previous year									
(b) Intangible assets (other than self generated)									
Computer software	4,15,32,136 (3,07,23,247)	5,88,452 (48,08,899)	- (-)	4,21,20,588 (4,15,32,136)	2,48,66,640 (1,19,97,292)	1,19,69,959 (1,25,65,346)	- (-)	3,68,36,600 (2,94,06,660)	52,83,988 (1,00,03,493)
Total (b)	4,15,32,136 (3,07,23,247)	5,88,452 (48,08,899)	- (-)	4,21,20,588 (4,15,32,136)	2,48,66,640 (1,19,97,292)	1,19,69,959 (1,25,65,346)	- (-)	3,68,36,600 (2,94,06,660)	52,83,988 (1,00,03,493)
Total (A + B)	24,97,6345 (23,47,11,864)	3,26,42,198 (1,33,34,924)	5,34,885 (5,20,455)	27,95,83,6368 (24,74,76,344)	11,35,50,056 (7,93,67,995)	3,64,61,860 (3,46,36,024)	4,92,981 (4,52,405)	13,00,64,74 (11,35,50,115)	13,39,64,238 (13,35,26,223)
Previous year									

Notes:

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

Year ended 31-March-18
Tangibles
1,19,91,501
1,26,69,576
1,39,93,340
1,84,52,053
2,18,52,554
1,79,92,805
1,77,74,370

(III) 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	Gross block			Accumulated depreciation			Amount in Rupees	
		As at April 1, 2018	Additions during the year	Deletions	As at 31 March, 2019	As at April 1, 2018	Depreciation charge for the year	On disposal	As at 31 March, 2019
(a) Tangible assets (owned)									
Plant and equipment	4,73,70,128 (4,73,70,128)	1,24,43,750 (-)	1,33,686 (-)	5,06,80,192 (4,73,70,128)	1,70,30,405 (1,34,74,700)	39,37,975 (35,37,796)	1,27,002 (-)	2,08,41,466 (1,70,30,466)	3,88,38,724 (3,03,39,632)
Furniture and fixtures	40,05,455 (49,95,455)	- (-)	- (-)	49,95,455 (49,95,455)	46,25,450 (46,05,653)	15,807 (15,807)	- (-)	46,41,268 (46,25,460)	3,54,187 (3,69,991)
Office equipment	14,20,267 (14,20,267)	- (-)	18,900 (14,20,267)	14,01,367 (14,20,267)	3,30,441 (1,95,516)	1,34,553 (1,34,925)	6,211 (-)	4,58,784 (3,30,441)	10,89,826 (12,24,751)
Computers	2,17,42,078 (2,09,22,260)	18,900 (29,53,62)	1,33,615 (2,37,42,078)	1,71,89,177 (1,04,82,732)	1,7,46,7 (68,10,354)	1,7,46,7 (1,03,759)	2,08,41,466 (1,71,89,177)	6,55,75,751 (65,52,751)	6,55,75,751 (1,04,82,732)
Total (a)	7,75,77,928 (7,47,03,110)	1,24,43,750 (29,53,62)	1,71,576 (2,37,42,078)	9,98,00,101 (7,73,27,928)	2,91,75,774 (2,37,03,601)	77,73,645 (1,05,0,053)	1,51,170 (-)	4,67,98,91 (3,31,73,725)	3,83,52,202 (1,01,75,719)
(b) Intangible assets (other than self generated)									
Computer software	3,71,88,926 (3,29,11,520)	142,77,407 (-)	- (-)	3,71,88,926 (3,71,88,926)	2,22,00,221 (1,08,54,549)	1,06,90,408 (1,13,45,672)	- (-)	3,28,90,626 (2,22,00,221)	4,2,08,298 (1,49,60,703)
Total (b)	3,71,88,926 (3,29,11,520)	142,77,407 (-)	- (-)	3,71,88,926 (3,71,88,926)	2,22,00,221 (1,08,54,549)	1,06,90,408 (1,13,45,672)	- (-)	3,28,90,626 (2,22,00,221)	4,2,08,298 (1,49,60,703)
Previous year									
Total (A + B)	24,97,6345 (20,76,13,630)	3,26,42,198 (2,37,42,078)	5,34,885 (2,37,42,078)	27,95,83,6368 (21,31,039)	11,35,50,056 (11,47,15,854)	3,64,61,860 (2,18,67,554)	4,92,981 (1,51,172)	12,47,80,736 (5,13,40,908)	5,73,49,508 (6,25,12,692)
Previous year									

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

	As at 31 March, 2019 Rupees	As at 31 March, 2018 Rupees
Note 13: Deferred tax assets		
Tax effect of items constituting deferred tax assets:		
a. On difference between book balance and tax balance of fixed assets	14,77,338	3,32,319
b. Provision for compensated absences and gratuity	7,02,828	5,24,595
c. Disallowances under section 35D of the Income Tax Act, 1961	-	1,15,595
d. Others	2,34,716	2,12,178
	<u>24,14,882</u>	<u>11,84,688</u>
Note 14: Long term loans and advances (Unsecured, considered good)		
(a) Security deposits	13,51,729	9,13,420
(b) Advance income tax (Net of provision for tax Rs.5,26,55,174; previous year Rs.5,30,14,856)	16,92,804	44,69,145
(c) Prepaid expense	1,08,874	52,434
	<u>31,53,407</u>	<u>54,35,000</u>
Note 15: Other non-current assets		
(a) Fixed deposits with banks*	1,25,614	-
	<u>1,25,614</u>	<u>-</u>
*These comprises fixed deposits under lien against sale tax liability and having a maturity of more than 12 months from the Balance sheet date.		
Note 16: Inventories (At lower of cost and net realisable value)		
(a) Stock-in-trade Raw Milk (including in Transit- Rs.1,78,92,891/-, Previous Year Rs.1,34,34,903/-)	1,85,42,662	1,38,86,515
(b) Stock -in-trade - others	14,92,566	16,96,880
(c) Stores and spares	22,74,919	34,37,755
	<u>2,23,10,147</u>	<u>1,90,21,151</u>
Note 17: Trade receivables (Unsecured, considered good)		
(a) Outstanding for a period exceeding six months from the date they were due for payment	2,07,370	-
(b) Others	54,51,25,890	83,80,41,708
	<u>54,53,33,260</u>	<u>83,80,41,708</u>

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

	As at 31 March, 2019	As at 31 March, 2018
	Rupees	Rupees
Note 18: Cash and cash equivalents		
(a) Cash and cash equivalents		
(i) Cash in hand	3,19,356	1,52,755
(ii) Balance with banks:		
a) In current accounts	1,43,24,203	1,78,67,798
Cash and cash equivalents (as per AS 3 - Cash flow statement)	<u>1,46,43,559</u>	<u>1,80,20,553</u>
(b) Other bank balances		
(i) In deposit accounts		
- original maturity more than 3 months	3,60,00,001	9,38,51,663
(ii) Balances held as security against bank borrowings	19,76,00,000	9,92,72,049
(iii) In earmarked accounts		
- Unpaid dividend accounts	22,07,432	31,26,932
	<u>25,04,50,992</u>	<u>21,42,71,197</u>

Note:

(i) Fixed deposit amounting to Rs. 19,76,00,000 (previous year Rs. 9,92,72,049) have been pledged against bank overdraft facility (see note 8).

Note 19: Short - term loans and advances

(Unsecured, considered good)

(a) Advances to vendors	36,30,217	16,35,015
(b) Prepaid expenses	38,55,685	25,53,505
(c) Gratuity fund (net of liability Rs.Nil; previous year Rs.23,62,531)	-	4,93,868
(d) Grant receivable (see note 33)	-	2,70,689
	<u>74,85,902</u>	<u>49,53,077</u>

Note 20: Other current assets

(Unsecured, considered good)

(a) Interest accrued but not due on bank deposits	47,35,313	63,52,856
(b) Others	1,971	55,466
	<u>47,37,284</u>	<u>64,08,322</u>

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

Note 21: Revenue from operations

(a) Sale of products (refer note (i) below)

	Year ended 31 March, 2019	Year ended 31 March, 2018
	Rupees	Rupees
(a) Sale of products (refer note (i) below)	3,63,31,91,846	3,56,00,14,194
	3,63,31,91,846	3,56,00,14,194

Note:

Sale of products comprises:

(i) Traded goods

a. Raw milk	3,29,58,56,108	3,27,35,04,209
b. Processed milk and milk products	24,92,28,558	19,44,68,865
c. Cattle feed & Others	8,81,07,180	9,20,41,120
Total	3,63,31,91,846	3,56,00,14,194

Note 22: Other income

(a) Interest income

(i) On deposits with banks	1,49,04,239	1,31,29,166
(ii) On Income tax refund	2,37,510	3,63,018
(iii) On others	3,38,843	2,68,310

(b) Other non-operating income

(i) Membership fee	14,28,602	12,51,321
(ii) Profit on sale of fixed assets	5,61,479	5,22,635
(iii) Miscellaneous income	8,97,469	8,21,215

1,83,68,142	1,63,55,665
--------------------	--------------------

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

	Year ended 31 March, 2019	Year ended 31 March, 2018
	Rupees	Rupees
Note 23: Purchases of stock-in-trade		
(a) Raw milk	2,97,92,60,828	2,97,71,89,720
(b) Purchase of processed milk and milk products	21,60,82,122	17,92,75,223
(c) Cattle feed & Others	8,04,73,635	7,96,62,805
	<u>3,27,58,16,605</u>	<u>3,23,61,27,748</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	1,55,83,395	1,82,90,991
(b) Inventories at the end of the year	2,00,35,228	1,55,83,395
(c) Net (Increase)/decrease in Inventory	<u>(44,51,833)</u>	<u>27,07,596</u>
Note 25: Employee benefits expense		
(a) Salaries and wages	4,45,30,988	4,19,80,009
(b) Contribution to provident and other funds	52,18,612	35,87,320
(c) Staff welfare expenses	5,91,781	4,68,887
	<u>5,03,41,381</u>	<u>4,60,36,216</u>

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

Note 26: Finance costs

- (a) Interest expense on borrowings
- (b) Interest on delayed payment of income tax, VAT etc

Year ended 31 March, 2019	Year ended 31 March, 2018
Rupees	Rupees
4,31,20,388	4,54,95,652
74,246	3,71,780
<u>4,31,94,634</u>	<u>4,58,67,432</u>

Note 27: Other expenses

- (a) Consumption of stores and spares
- (b) Power and fuel
- (c) Rent including lease rent
- (d) Rates and taxes
- (e) Contractual and retainership expenses
- (f) Repair and maintenance - machinery
- (g) Repair and maintenance - others
- (h) Freight, forwarding and distribution expenses
- (i) Insurance charges
- (j) Legal and professional fees
- (k) Printing and stationery
- (l) Auditor's remuneration (refer note (i) below)
- (m) Travelling and conveyance
- (n) Communication expenses
- (o) Advertisement and publicity
- (p) Miscellaneous expenses

39,41,367	41,77,301
7,66,163	5,99,656
34,79,355	29,93,804
10,63,919	8,31,681
3,15,30,852	2,96,97,644
1,31,33,268	74,88,817
63,80,120	58,55,970
10,06,19,412	8,06,09,379
16,66,825	16,12,801
95,20,090	79,98,226
13,43,132	12,73,245
12,97,503	11,69,598
44,81,568	45,69,204
13,99,206	16,97,879
34,66,940	10,23,904
38,49,952	35,05,339
<u>18,79,39,672</u>	<u>15,52,34,451</u>

Note:

(i) Auditors' remuneration comprises:

- a. Statutory audit fee
- b. Tax audit fee
- c. Out of pocket expenses
- d. GST on above

9,50,000	8,70,000
1,25,000	1,10,000
24,579	13,198
1,97,924	1,76,400
<u>12,97,503</u>	<u>11,69,598</u>

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

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

	Particulars	As at 31 March, 2019 Rupees	As at 31 March, 2018 Rupees
		As at 31 March, 2019 Rupees	As at 31 March, 2018 Rupees
A. Contingent liabilities			
(a) Claims against the Company not acknowledged as debt		Nil	Nil
(b) Bank guarantees issued on behalf of the Company - Guarantee given to Sale Tax department		1,00,000	1,00,000

Note 29

The Company had received share application money of Rs.1,06,83,200 against which allotment has been made at the Board Meeting held on 30.05.2019.

Note 30

In respect of the year ended 31 March, 2019, the directors in their meeting dated 29th July, 2019 have proposed a final dividend of Rs.78,27,330/- (Rs.8 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. The total equity dividend and tax thereon amounts to Rs.78,27,336/- and Rs.16,08,932/- respectively.

Note 31: Employee benefit plans

Defined-contribution plans

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

The Company has recognised Rs. 30,58,200 (previous year Rs.28,85,393) for Provident Fund and Pension Fund contribution in the statement of profit and loss.

Defined-benefits plans

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

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

I. Change in defined benefit obligation

Present value of obligations at the beginning of the year	
Interest cost	23,62,531
Current service cost	1,81,915
Benefits paid	10,92,076
Actuarial (gain)/loss on obligation	5,16,561
Present value of obligations at the end of the year	41,83,086

31 March, 2019	31 March, 2018
Rupees	Rupees
23,62,531	17,12,898
1,81,915	1,28,467
10,92,076	8,06,803
-	-
5,16,561	(2,85,637)
41,83,086	23,62,531

II. Fair value of plan assets

Fair value of plan assets at the beginning of the year	
Expected return on plan assets	28,56,399
Contribution made	2,27,937
Fair Value adjustment of previous year	14,89,815
Withdrawals	(1,87,492)
Actuarial gain/(loss) on plan assets	(7,49,302)
Fair value of plan assets at the end of the year	36,34,133

31 March, 2019	31 March, 2018
Rupees	Rupees
28,56,399	20,04,090
2,27,937	1,08,104
14,89,815	11,78,461
(1,87,492)	-
(7,49,302)	(4,86,465)
(3,224)	52,209
36,34,133	28,56,399

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

III. Return on plan assets

Expected return on plan assets
 Actuarial gain/(loss) on plan assets
 Actual return on plan assets

31 March, 2019	31 March, 2018
Rupees	Rupees
2,27,937	1,08,104
(3,224)	52,209
2,24,713	1,60,313

III. Amount recognised in the Balance Sheet

Present value of defined benefit obligations
 Fair value of plan assets
 Net liability/(asset) recognised in the balance sheet

31 March, 2019	31 March, 2018
Rupees	Rupees
41,83,086	30,12,164
36,34,133	37,08,708
5,48,953	(6,96,544)

iv. Expenses recognised in the Statement of Profit and Loss

Current service costs
 Interest cost
 Expected return on plan assets
 Fair Value adjustment of previous year
 Net actuarial gain/(loss) recognized during the year
 Expense recognized in the Statement of Profit and Loss

31 March, 2019	31 March, 2018
Rupees	Rupees
10,92,076	8,06,803
1,81,915	1,28,467
(2,27,937)	(1,08,104)
1,87,492	-
5,19,788	(3,37,816)
17,83,334	4,89,320

v. Balance Sheet reconciliation

Net liability/(asset) at the beginning of the year
 Expense as above
 Contributions
 Withdrawals
Net liability/(asset) at the end of the year

31 March, 2019	31 March, 2018
Rupees	Rupees
(4,93,868)	(2,91,192)
17,83,334	4,89,320
14,89,815	11,78,461
(7,49,302)	(4,86,465)
5,48,953	(4,93,868)

vi. Principal actuarial assumptions

Discount rate

7.70% p.a.

Expected salary escalations

10.00% p.a.

Expected return on plan assets

4.60% p.a.

Attribution rate

15.00% p.a.

Remaining Working Life

24.22 Years

Mortality table used

IAL 2012-14

Ultimate

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

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

vii. Experience adjustment

31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Present value of obligation	23,62,531	17,12,898	14,26,534	4,13,039
Fair value of plan assets	28,56,399	20,04,090	7,81,906	-
Funded status	(4,93,868)	(2,91,192)	6,44,548	4,13,030
Gain/(loss) on obligations	2,85,637	10,79,187	3,63,602	(25,077)
Gain/(loss) on plan assets	52,209	4,586	-	-

Compensated absences:

Principle actuarial assumptions

31 March, 2019	31 March, 2018
Rupees	Rupees
7.64% p.a.	7.70% p.a.
11.00% p.a.	10.00% p.a.
7.11% p.a.	6.30% p.a.
15.00% p.a.	15.00% p.a.
25.1/ Years	24.22 Years
IAL 2012-14	IAL 2006-08
Ultimate	Ultimate

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

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

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

Note 32: Leasing arrangements

The Company has entered into two operating lease arrangements for office premises. The lease agreement is for a period of nine years & five years with a non-cancellable period of three years. The lease agreement provides for increase in lease payments by 5% every year. The lease rental expenses of Rs.34,79,355 (previous year Rs.29,93,804) 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, 2019 Rupees	As at March 31, 2018 Rupees
Payable not later than one year	22,24,196	16,42,091
Payable later than one year but not later than five years	77,94,929	74,31,499
Payable later than five years	-	3,35,323
	<u>1,00,19,125</u>	<u>94,08,913</u>

Note 33: Earnings per equity share

Particulars	Unit	Year ended March 31, 2019	Year ended March 31, 2018
Net profit after tax	Rs.	5,35,09,599	5,15,10,573
Weighted average number of equity shares outstanding during the year	Numbers	9,35,475	7,74,618
Nominal value per equity shares	Rupees	100	100
Basic earnings per share	Rupees	57.20	66.50
Equity shares used to compute diluted earnings per share	Numbers	9,38,297	7,77,271
Diluted earnings per share	Rupees	57.03	66.27

Note 34

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

A. Name of the related parties and nature of relationship

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

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

Nature of transactions	Amount In Rupees	
Nature of transactions	KMP	Total
Managerial remuneration:	53,94,515 (48,24,251)	53,94,515 (48,24,251)

Note: Figures in brackets relates to previous year

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

Note 35: Details of Government grants

Details of grants received from NDDB and its utilisation is as under:

	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
(a) Opening Balance	(2,70,689)	(31,09,626)
(a) Grant received during the year	3,47,93,185	3,92,26,205
(b) Utilised during the year		
(i) For capital assets	1,24,43,750	77,31,039
(ii) For revenue expenses	2,20,51,705	2,91,56,229
Total utilised (i) + (ii)	<u>3,44,95,455</u>	<u>3,53,87,268</u>
(c) Balance carried forward (a-b)	<u>27,040</u>	<u>(2,70,689)</u>

Note:-

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

Note 36

Micro , Small and Medium Enterprises as defined under MSMED Act

The status of the vendors under Micro, Small and Medium Enterprises Development Act 2006 is based on the certificate submitted by vendors about their coverage under the provisions of MSMED Act, 2006

	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
Amount remaining unpaid to suppliers under MSMED as at the end of the year		
- Principal Amount	4,94,060	-
- Interest Thereon	-	-
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	-	-
Interest actually paid under section 16 of MSMED	-	-
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	-	-
Interest accrued and remaining unpaid at the end of the year		
- Interest accrued during the year	-	-
- Interest remaining unpaid as at the end of the year	-	-
Interest remaining disallowable as deductible expenditure under the Income tax Act, 1961	-	-

Note 37

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 38

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

For and on behalf of the Board of Directors

Sd/-
Gagandeep Singh
Chairman

Sd/-
Manjeet Kaur
Director

Sd/-
Narinder Bahga
Chief Executive & Director

Sd/-
Rajesh Saini
Senior Manager- Legal & CS

Sd/-
Punit Sharma
Senior Manager - Finance & Accounts

Place: Patiala
Date: 29.07.2019

The Team Baani

Chief Executive

Narinder Singh Bahga

Executive Assistant to CEO

Mukesh Kumar

COMPANY SECRETARY & LEGAL

Rajesh Saini, Sr. Manager

Rohit Shyam Sharma, Sr. Executive

HR & ADMINISTRATION

Gagan Deep Sharma, Sr. Manager

Gurjinder Singh Gill, Dy. Manager

Harwinder Singh, Sr. Executive

Mandeep Kaur, Sr. Executive

PRODUCER INSTITUTION

BUILDING

Anokh Singh, Sr. Manager

Pragya Bharati, Dy. Manager

Rohit Kumar, Dy. Manager

Gurpreet Singh Grewal, Sr. Executive

Executive

Sonu Yadav, Sr. Executive

Raj Singh, Sr. Executive

Davinder Singh, Sr. Executive

Robin Garg, Sr. Executive

Gurpreet Kaushal, PIB Officer

Parveen, PIB Officer

Parminder Singh, PIB Officer

Gurpreet Singh, PIB Officer

Kuljeet Grover, PIB Officer

Kulvir Singh, PIB Officer

Mandeep Singh, PIB Officer

Pawandeep Singh, PIB Officer

FINANCE & ACCOUNTS

Punit Sharma, Sr. Manager

Pradeep Singhal, Assistant Manager

Sanjeev Kumar, Sr. Executive

Vikas Sharma, Sr. Executive

Dharminder Kumar, Executive

QUALITY ASSURANCE

Raman Tiwari, DGM

Kuldeep Singh, Sr. Executive

Lokendra Singh, Sr. Executive

Shriya, Sr. Executive

Amit Kumar, Assistant Manager

PURCHASE

Pankaj Singla, DGM

Dilip Kumar Nayak, Assistant Manager

Harpreet Singh, Sr. Executive

INFORMATION TECHNOLOGY

Hitendra Sharma, DGM

Ashok Kumar, Dy. Manager

Naresh Puri, Sr. Executive

Mayur Singla, Sr. Executive

Harjeet Singh, Executive

SALES & MARKETING

Arvinder Pal Singh Bhatia, Sr. Manager

Manish Kapila, Manager

Tarun Taneja, Assistant Manager

Shifali Singla, Assistant Manager

Jatinder Kumar, Sr. Executive

Kuldeep Singh, Sr. Executive

PROCUREMENT

Navdeep Kumar Dham, DGM

Krishnendu Mondal, Dy. Manager

Tarsem Sharma, Assistant Manager

Pardeep Kumar, Assistant Manager

Kulwinder Singh, Sr. Executive

Hardeep Singh, Sr. Executive

Gursir Singh, Sr. Executive

Bhavnesh Kumar, Assistant Manager

Navjot Singh, Area Incharge

Sarabjot Singh, Area Incharge

Lovish, Area Incharge

Jagdeep Singh, Area Incharge

Gurshinder Singh, Area Incharge

Simranjeet Singh, Area Incharge

Gurmukh Singh, Area Incharge

Vikas Saluja, Area Incharge

BUSINESS EXCELLENCE

Laxmee Kanta Sahoo, DGM

Manjinderpal Singh, Dy. Manager

Jagtar Singh, Assistant Manager

ANIMAL NUTRITION

Hardeep Singh Handa, Sr. Executive

Surendra Mohan, Technical Officer

Jaskaran Singh, Technical Officer

Nagesh Jindal, Technical Officer

Harpinder Singh, Technical Officer

Savtaj Singh, Technical Officer

Gurinderpal Dhaliwal, Technical Officer

Amarjeet Singh, Technical Officer

ਪੰਜਾਬ ਦੇ ਦੁੱਧ ਉਤਪਾਦਕਾਂ ਦੀ ਆਪਣੀ ਕੰਪਨੀ



BAANI MILK PRODUCER COMPANY LIMITED

CIN: U01403PB2014PTC038826

Registered Office: SCO No. 37-38, Urban Estate, Phase-II,
Rajpura Road, Patiala-147 002 (Punjab)

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

 **Baani**®