

DIRECTORS' REPORT

TO THE MEMBERS OF BAPUDHAM MILK PRODUCER COMPANY LIMITED

The Directors are pleased to present before you their report on the operations of the Company along with the Audited Accounts of Bapudham Milk Producer Company Limited ('Company') for the year ended 31st March 2018.

FINANCIAL RESULTS: -

The Company's financial performance, for the period ended March 31, 2018 is summarised below:

(Amount in ₹)

Particulars	For the year ended on 31 st March 2018 (Amount in Rs.)
Revenue From Operations	17,32,97,188
Other Income	9,75,302
Total Income	17,42,72,490
Expenditure including material cost	16,24,49,076
Profit/(loss) for the period before tax	1,18,23,314
Provision for Taxation	31,10,805
Profit/(loss) for the period after tax	87,12,608

STATEMENT OF THE COMPANY'S AFFAIRS:-

The Company during the period has achieved total turnover of Rs.17,42,72,490/-, comprising of operational revenues amounting to Rs.17,32,97,188/- and other income amounting to Rs. 9,75,302/-. The total expenses incurred during the period amounted to Rs.16,24,49,076/-. The Company has made profit of Rs.11,823,384/- during 2017-18.

The Company is proposed to distribute dividend of Rs.8 per shares to the shareholders. Company has transferred Rs.8,287,478/- in General Reserve.

REVIEW OF OPERATIONS:-

MILK PROCUREMENT:

The Company's milk procurement operations continue to remain extended to East Champaran, West Champaran and Gopalganj district of Bihar and cover therein 406 MPP of 333 villages as on 31st March 2018 under 15 BMC location (Bulk Milk Cooler)

having Chilling capacity of 50kl. During the year, the Company has procured 3870821/- litres of raw milk.

At the end of the financial year, out of a total of 15,814 members, 12021 have emerged as active members. The members have thus shown their confidence in the working of the Company. This healthy indicator reflects the onset of the growth saga of the Company, which will certainly reach higher peaks in years to come with the mutual assistance and support of more and more active members.

As regards procurement prices, the Company continues to pay competitive and remunerative prices to its members towards the milk being supplied by them.

The Company is continuously endeavouring to maximise the productivity by enhancing efficiencies and taking cost reduction measures like reduce the logistics cost, better supervision, quality checks and better logistic controls etc.

QUALITY INITIATIVE:

Quality Assurance Department of BMPCL has planned and designed a robust quality system through- out the Dairy Value Chain from milking to the customer for Milk production , process and related services.

A. Quality Assurance at DVC (existing set-up MPP –BMC-Processing- Disposal);

Production of fresh and Clean Milk

Clean milk production at village level is assured by providing training to the milk producers. Relevant SOPs are developed for collecting milk from farmers to Milk Pooling Point and for dispatching milk to BMCs/MCCs from this MPPs. Further appropriate trainings are provided to Sahayak and field staff for collecting good quality milk.

Education and training programs are put in place to achieve desired results. 10500 farmers out of 12021 are educated on Clean Milk Production.

Putting Quality Assurance is in Place

Raw milk from MPPs are received strictly as per SOPs at BMCs. BMCs are well equipped with testing facilities as per testing and analysis plan. Hands on trainings on analysis and operations are provided to the BMC staff (Chemist, BMC Incharge etc.)

The tests are designed to ensure that milk products meet requirement of customer as well FSSAI standards for Physical, Chemical, microbial and contaminants.

People involved in this area is periodically trained on milk quality aspects and legal requirement and also technical support is provided from time to time.

With an objective to improve quality of raw milk, more focus is given to cleaning and sanitization at BMC so that MBRT milk improves to the level of 100-120 minutes.

To comply the requirement of “Water and Air Prevention and Control of Pollution Act 1077 and 1981” respectively and governed by Central and State Pollution Control Board, we are planning to equip all the functional BMCs (5KL and above) with Effluent Treatment Plant (ETP)

Designing and developing hygienic Infrastructure: -

MILK POOLING POINT (MPP)

Milk pooling points are developed and equipped as per standard requirements in SOP.

Milk collection accessories such as DPMCU, Milk Analyzer, weighing balance, milk bucket, SS strainer etc. are provided at each MPP. Routine calibration of analyzers and weighing balances are performed as per calibration plan and SOP.

Milk is received at MPP as per the scheduled time and inward transport vehicle receiving this milk as per their scheduled timings.

Milk quality and quantity is assured by Sahayak to Transporter during this activity and records are maintained. Composite and dispatch report of milk received from farmers is generated and handed over to transporter by Sahayak thus accountability and traceability is maintained.

System also has been implemented for hand-over milk from MPP to transporter who in turn make the same milk reach within three hours at BMC (Bulk Milk Cooling) Unit.

Milk delivered to the BMC has to be tested for organoleptic quality and FAT /SNF testing is done with DPMCU (Data processing milk collection unit). Milk analysis including tests for adulteration, during pouring by pourer and during dispatch to BMC are governed by SOP to ensure good quality milk with traceability. All records/ information are maintained.

COOLING, PROCESSING AND DISPATCH OF MILK

Bulk Milk Cooler facilities have been developed as per standard approved layout with hygienic design. Selection of site also been finalized by QA and DVC team against the set criteria.

Up till now 15 BMCs from small to medium-sized are installed having capacities that range from 1000 to 5000 liters are also functional.

Milk received from MPP is cooled down as soon as possible below 4 °C after it arrives at the BMC in the morning and evening. This cooling requires considerable use of energy, suitable compressor system equipment and insulated storage tanks designed specifically for milk. There are several ways of satisfying these requirements and these should be examined, bearing in mind the need to minimize operating costs related to cooling.

Milk cooled at BMC is transported to Processing plant for pasteurization and further disposal to customer.

B. Quality aspects for new set-up BMC-MPP (Site Selection-Lay-out design-Construction-SOP-Capacity)

1. BMCS SITE SELECTION CRITERIA:

New BMCs are developed following strict norm / criteria that ensures BMCs are in a suitable locality, have good accessibility, near to State electricity grid, having good and potable quality of ground water, a good drainage system can be developed.

2. BMCs BUILDINGS ESTABLISHMENT CRITERIA

Considerable care is taken for construction of building through well designed layout for BMC that acts as an enabler to basic hygienic condition, GMP and GHP.

C Legal Regime and compliances - FSSAI, LEGAL METROLOGY- COMPLIANCE STATUS

QA Department ensures timely obtaining and renewal of FSSAI License for BMPCL and all functional BMC, Legal Metrology license for weighing balance.

PRODUCER INSTITUTION BUILDING (PIB):

PIB ensures implementation of membership enrolment activities of the Company. During the financial year, company enrolled 15814 members, out of which 12021 have emerged as active members. The members have thus shown their confidence in the working of the Company. This healthy indicator reflects the onset of the growth saga of the Company, which will certainly reach higher peaks in years to come with the mutual assistance and support of more and more active members.

PIB focuses on Educating and sensitizing members about their roles and responsibilities apart from spreading information about various activities and schemes of the Company. Bapudham conducted “Producer Awareness Programme” covering 10,500 Producers/members in One districts of Bihar. In addition, 10,500 producers/members were educated under ‘Awareness programme on Quality and Clean Milk Production’. Further, under ‘Women Awareness Programme’ 8,750 women milk producers were covered. Focus of these Educational/Awareness programs was to encourage members to come forward and actively participate in Dairy activities resulting in higher return with enhanced milk quality. These programmes helped in creating awareness about roles and responsibilities as members of the company.

The Company also conducted ‘Trainers Training Programme’ in which 40 members were trained with a view to undertake village level awareness programmes for producer members.

Moving further, “Business Orientation Workshop” was conducted for producer directors of the company. This workshop helped directors in understanding their roles and responsibilities and adopting the Values, Mission and Vision statements for the Company.

MPCs Core Design Principles:

Core Design Principles were strictly observed. Business dealings were restricted only with members. Active user membership & their participation in business and governance were encouraged. Majority of the active members have fulfilled the matching share capital contribution during the year.

Appropriate mechanism is being initiated for member communication and grievance redressal, professionally managed business operations and economy of a scale sufficient to ensure viability and self-sustenance at the earliest.

Training & Capacity Building Programs:

Major training programs conducted during the year 2017-18 were: -

Sl. No.	Programs Conducted	Nos. of Programs Conducted	Nos. of Participants Covered
1	IB Trainers Training Program	1	20
2	IB Orientation Program	1	20
3	Business Orientation Workshop for BoDs	1	5
4	Governance Strategy Workshop for BoDs	1	5
5	Producer Awareness Program	194	10500
6	Women Awareness Program	183	8750
7	Clean Milk Production	206	10500

MATERIAL CHANGES AFTER CLOSURE OF FINANCIAL YEAR:-

There is no material/substantial change after the closure of financial year ended 31.03.2018.

CHANGE IN NATURE OF BUSINESS:-

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

SHARE CAPITAL AND MEMBERSHIP:-

As at March 31, 2018, the paid up share capital was Rs.44,07,800/-.

VOTING RIGHTS AND ATTENDANCE AT Annual General Meeting (AGM):-

Since the company was operationalised on 2nd October, 2018 i.e. for 6 months during the financial year 2017-18 and hence the milk producers, who were members as on 20th August, 2018 shall be entitled to attend and vote at the AGM. Every member(s) shall have single vote only.

BOARD OF DIRECTORS:-

During the year under review, Shri Sandeep Kumar has been appointed as Chief Executive and Director of the Company with effect from 27th December, 2017 for a period of Five years.

During the year under review Shri Prabhunath Dubey, Shri Suresh Paswan and Shri Kundan Kumar have been appointed as Additional Directors of the Company.

In terms of Article 9.6 of the Articles of Association of the Company, Smt. Kumkum Kumari shall retire at the ensuing AGM and being eligible, offer herself for re-appointment.

During the year, Shri Santosh Kumar, Shri Ajay Kumar and Shri Vikram Kumar resigned from the directorship.

TRAINING OF BOARD MEMBERS:-

During the report period, the directors have been imparted training on business model of the Company and training on governance strategy.

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, 2018 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, Gurugram, Haryana, Chartered Accountants, (Firm Registration No. 101496W), retire at the ensuing second 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, Chartered Accountants, Gurugram, Haryana as the Auditors of the Company at the ensuing AGM.

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 by the external firm of Chartered Accountants viz., Ernst & Young LLP (E & Y), Chartered Accountants. E & Y, the Internal Auditors independently evaluate the adequacy of internal controls and carryout the audit.

HUMAN RESOURCE:-

People are the assets and have been instrumental in driving the Company's performance. Their passion, commitment, sense of ownership and team work has enabled the Company to achieve growth. The Company has always striven to offer a positive, supportive, open and high performance work culture and environment

where innovation is encouraged, performance is recognised and employees are motivated to realise their true potential.

Your Human Resources Department works for both the people who work for a company or organization and the department responsible for managing resources related to employees when notions such as motivation, organizational behaviour, and selection assessments began to take shape.

Human resource management involves overseeing all things related to managing an organization's human capital.

The Vision, Mission and Values (VMV) of the Company are being followed in true letter and spirit across all the levels of organization, for sustaining the long term growth of the Company.

INFORMATION TECHNOLOGY:-

The role of ICT in managing resources, enhancing efficiency and productivity, establishing effective ICT enabled processes for maintaining transparent transactions and access to business intelligence in the Producer Company becomes very important in the complexity of the value chain.

Various ICT projects have been initiated by Bapudham Milk Producer Company Limited to support business as part of their long term IT strategy.

ERP System

Bapudham Milk Producer Company Limited is in process of implementation of SAP ERP (Enterprise Resource Planning) system, platform for seamless integration of operations and information through Enterprise solutions. The project has already been started on dated 27th, February 2018.

ERP system would enable us to manage their operations and allow the different departments to seamlessly share information with each other. It would improve the product planning processes; have centralized data across functions for better efficiency, costs and inventory management system in place.

Data Centre

Data Center is an essential part to run ERP system more efficiently. It is planned to keep Data Center outside, run and managed by a professional data center company. Design, specifications of Data Center and their components and approval process has been completed.

Installation of servers in a data center would help seamlessly integrate the huge quantum of data collected from different sources and keep it secure. It would make data sharing flexible by helping in communication of data across different locations.

Milk Collection Application

Bapudham Milk Producer Company has implemented milk collection application for the milk collection & payment process.

Application has features to capture milk procurement data from MPP and BMC and consolidation data at central location to process member's payment, to calculate earnings and deductions etc. in the system.

The application has helped in automation at MPP - milk is collected only from registered members and data gets updated in DPU (Data Processing Unit) without manual intervention.

Automation at BMCs - RMRD (Raw Milk Reception at Dock) milk data gets updated automatically in computer system.

Application has helped in process of farmers payment and central data visibility for better decision making.

Other IT Infrastructure Projects

GPRS (General Packet Radio Service) - Implementation of GPRS at MPP is under process. This would lead to following advantages.

1. Enable Milk Data transfer from MPP to Central server in real time.
2. Enable to transfer Milk Pricing & Member Data from Central Server to MPP DPMCU

Website Development – Website development for Bapudham Milk Producer Company is under process. Company's Website would help in improving business credibility, enhance online presence etc.

Productivity enhancement services

Input Services Provided-

Bapudham MPC is providing quality animal nutrition inputs to its producer members under brand name “Bapudham Feed” at price competitive to other cattle feeds available in market. Presently, three products viz. 'Bapudham Feed (BIS Type II)' in 50kg bag (contains 1KG ASMM inside), 'Bapudham Min' “Bihar Specific Mineral Mixture” and “Oxfenvet” a Dewormer (bolous) have been made available through its network. Products are being outsourced through reputed suppliers after thorough scrutiny and under strict quality control of Bapudham MPC.

Specialty of Input Products-

As compared to other products available in market, “Bapudham Feed” and “Bapudham Min” are different. The Bapudham feed is Urea free. Urea, which is a cheaper source of nitrogen is being in commercial cattle feeds available in market at cheaper rates. Various researches shows adverse impact of urea feeding on reproduction ability of animals, leading to anestrus, repeat breeding and infertility. That's why our company provides some cattle feed with pure protein content (without Urea). Further, Bapudham Min is a chelated mineralAmino acid complex, which makes it readily absorbable in intestine of animals in comparison to other non-chelated mineral mixture products.

“Oxfenvet” (Dewormer) which contains Oxfendazole, (2200 mg in each Bolus) is a broad spectrum Benzimidazole anthelmintic. It's dosing in pregnant animals is recognized as safe.

Mode of Availability to Farmers-

This facility is available to “Bapudham MPCL” members under “Payment deduction from Milk Bill”, so there is no need to pay in cash. For members /non-members, “POS machine” facility is also available on BMCs where they can purchase various inputs by swapping their Debit/Credit cards. All three input facilities are available at all functional BMCs Areas.

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.,

SAFETY AND HEALTH:-

Your 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.

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.

MEETINGS:-

During the financial year 2017-18, Six (6) meetings of Board of Directors of the Company were duly convened and held on 02.05.2017, 08.06.2017, 05.07.2017, 21.09.2017, 27.12.2017 and 29.03.2018.

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.

ACKNOWLEDGEMENT: -

The Board of Directors would like to express their sincere thanks and appreciation for the contributions and support extended by the members of the Company, Government of Bihar, 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 NDDB Dairy Services 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

Date: 06.09.2018
Place: Motihari, Bihar

Kumkum Kumari
Chairman

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BAPUDHAM MILK PRODUCER COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **BAPUDHAM MILK PRODUCER COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

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 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its profit and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, 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 prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors of the Company as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under section 143(3)(i) of the Act is not applicable in view of the exemption available to the company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017.
 - g) 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") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" 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 "Annexure B" a statement on the matters specified in that Section.

For S. B. BILLIMORIA & CO.

Chartered Accountants

(Registration No. 101496W)

Jitendra Agarwal

Place: Gurugram

Partner

Date: 06 September, 2018

(Membership No. 87104)

ANNEXURE “A” 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 fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c. The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the period 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, and hence reporting under clause (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, Employee’s State Insurance, Income Tax, Sales Tax, Service Tax, Value Added 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 period did not give rise to any liability for Customs Duty and Excise Duty.

- b. There are no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable.
 - c. There are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31 March 2018 on account of disputes.
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- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loan from government or financial institutions and it has not issued any debentures.
 - (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion term loans have been applied by the Company during the year for the purposes for which they were raised.
 - (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the period.
 - (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 Order 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) The Company is registered under Chapter IXA of the Companies Act, 1956 and hence reporting under clause (xiv) of CARO 2016 is not applicable.
 - (xv) In our opinion and according to the information and explanations given to us, during the period 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

(Firm Registration No. 101496W)

(Jitendra Agarwal)

Place: Gurugram

Partner

Date: 06 September, 2018

(Membership No. 87104)

ANNEXURE “B” 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 period-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, 2018 are as per the financial statements of the Company as at and for the period ended 31 March, 2018.
- 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 period.

For S. B. BILLIMORIA & CO.

Chartered Accountants

(Firm Registration No. 101496W)

(Jitendra Agarwal)

Place: Gurugram

Partner

Date: 06 September, 2018

(Membership No. 87104)

BAPUDHAM MILK PRODUCER COMPANY LIMITED
BALANCE SHEET AS AT 31 MARCH, 2018

	<u>Note No.</u>	<u>As at 31 March, 2018</u> Rupees
A. EQUITY AND LIABILITIES		
1. Shareholders' Fund		
(a) Share capital	3	4,407,800
(b) Reserves and surplus	4	8,712,608
		<u>13,120,408</u>
2. Share application money pending allotment		1,368,200
3. Deferred grant	5	24,692,903
4. Non - Current Liabilities		
(a) Long - term borrowings	6	15,000,000
(b) Deferred tax liabilities (net)	7	110,805
(c) Long - term provisions	8	474,955
(d) Other long-term liabilities	9	4,652,174
		<u>20,237,935</u>
5. Current Liabilities		
(a) Short term borrowings	10	90,585,877
(b) Trade payables	11	
(i) Total outstanding dues of micro and small enterprises		-
(ii) Total outstanding dues of creditors other than micro and small enterprises		19,357,427
(c) Other current liabilities	12	99,283,615
(d) Short - term provisions	13	1,981,590
		<u>211,208,509</u>
Total		<u><u>270,627,955</u></u>
ASSETS		
B.		
1. Non - Current Assets		
(a) Fixed assets	14	
(i) Tangible assets		64,251,664
(ii) Intangible assets		1,233,437
(iii) Capital work-in-progress		29,827,514
		<u>95,312,615</u>
(b) Long - term loans and advances	15	23,600
		<u>95,336,215</u>
2. Current Assets		
(a) Inventories	16	6,504,435
(b) Trade receivables	17	116,989,290
(c) Cash and bank balances	18	50,960,802

(d)	Short - term loans and advances	19	664,319
(e)	Other current assets	20	172,894
			<u>175,291,740</u>
			<u>270,627,955</u>

Total

See accompanying notes forming part of the financial statements

In term of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.

Chartered Accountants

Kumkum Kumari
Director

Prabhunath Dubey
Director

JITENDRA AGARWAL

Partner

Sandeep Kumar
Director & Chief Executive

Shriman Narayan Pandey
Company Secretary

Place:Motihari

Date:6.09.2018

BAPUDHAM MILK PRODUCER COMPANY LIMITED
STATEMENT OF PROFIT & LOSS FOR THE PERIOD 12 APRIL, 2017 TO 31 MARCH, 2018

	Note No.	For the period ended 31 March, 2018
		Rupees
1. Revenue from operations	21	173,297,188
2. Other income	22	975,302
3. Total revenue (1+2)		174,272,490
4. EXPENSES		
(a) Purchases of stock in trade	23	140,114,296
(b) Changes in inventories of stock-in-trade	24	(6,041,897)
(c) Employee benefits expense	25	13,624,433
(d) Finance costs	26	1,067,784
(e) Depreciation & Amortization	14	2,768,010
(f) Other expenses	27	10,916,450
Total expenses		162,449,076
5. Profit before tax (3-4)		11,823,414
6. Tax expense:		

(a)	Current tax		3,000,000
(b)	Deferred tax charge	7	110,805
Net tax expense			3,110,805

7. Profit for the year (5-6)

8,712,608

8. Earnings per equity share:

31

(Nominal value Rs. 100 per share)

(a)	Basic	1,390.12
(b)	Diluted	1,381.60

See accompanying notes forming part of the financial statements

In term of our report attached

For and on behalf of the Board of Directors

For S.B. BILLIMORIA & CO.
Chartered Accountants

Kumkum Kumari
Director

Prabhunath Dubey
Director

JITENDRA AGARWAL
Partner

Sandeep Kumar
Director & Chief Executive

Shriman Narayan Pandey
Company Secretary

Place: Motihari

Date: 06.09.2018

BAPUDHAM MILK PRODUCER COMPANY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD 12 APRIL, 2017 TO 31 MARCH, 2018

	For the period ended 31 March, 2018
	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:	
Profit before tax	11,823,414
Adjustments For :	
Finance costs	912,978
Interest income	(195,090)
Interest on delayed payment of income tax	137,521
Provision for employee benefits	489,143
Depreciation and amortization expense	2,768,010
Operating Profit before working capital changes	15,935,975
Adjustments for movement in working capital:	
(Increase) in inventories	(6,504,435)
(Increase) in trade receivables	(116,989,290)
(Increase) in other current assets	(2,468)
(Increase) in long term loans and advances	(23,600)
(Increase) in short term loans and advances	(664,319)
Increase in other long term liabilities	4,652,174
Increase in trade payables	19,357,427
Increase in other current liabilities	34,173,563
Cash used in operations	(50,064,972)
Net income taxes (paid)/refund	(1,170,119)
Net cash flow from / (used in) operating activities (A)	(51,235,091)
B. CASH FLOW FROM INVESTING ACTIVITIES:	
(Increase) in bank balances not considered as cash and cash equivalents	(14,500,000)
Capital expenditure on fixed assets (net of capital grant received)	(9,190,648)

Interest received	24,663
Net cash flow from / (used in) investing activities (B)	(23,665,984)
C. CASH FLOW FROM FINANCING ACTIVITIES:	
Proceeds from issue of share capital	4,407,800
Share application money received	1,368,200
Proceeds from long term borrowings	15,000,000
Net increase/(decrease) in working capital borrowings	90,585,877
Net cash flow from / (used in) financing activities (C)	111,361,877
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	36,460,802
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at the end of the period	36,460,802
Components of Cash and cash equivalents as at:	
Balances with banks: in current accounts	36,460,802
Cash and cash equivalents as per Cash Flow Statement	36,460,802
Add: Bank balances not considered as Cash and cash equivalent	14,500,000
Cash and bank balances as per Balance Sheet (Note 18)	50,960,802
See accompanying notes forming part of the financial statements	
In term of our report attached	For and on behalf of the Board of Directors
For S.B. BILLIMORIA & CO. Chartered Accountants	
	Kumkum Kumari Director
	Prabhunath Dubey Director
JITENDRA AGARWAL Partner	
	Sandeep Kumar Director & Chief Executive
	Shriman Narayan Pandey Company Secretary
Place:	
Date:	

1. Notes forming part of the financial statements

1. Corporate information

Bapudham Milk Producer Company Limited ("the Company") was incorporated on 12 April, 2017 under Part IXA of the Companies Act, 1956.

The Company procures milk directly from milk producers through 'Milk Pooling Points' (MPP) in villages of Bihar and sells to various dairies. The Company also trades in cattle feed.

These financial statements have been prepared for the period 12 April, 2017 (date of incorporation of the Company) to 31 March, 2018. This being the first financial statements of the Company, there are no prior period comparatives.

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 accrual basis.

g. Fixed assets (Tangible/Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets 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 fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets 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.

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 fixed assets 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.

The useful life considered for charging depreciation is as follows:

Description	Useful life (in years)
Plant and equipment	10
Milk cans	4
Furniture and fixtures	10
Computers and software	3

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

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

j. Inventories

Inventories comprise raw materials and packing material, 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 fixed assets are treated as deferred grants which is recognised in the statement of profit and loss on a systematic and rational basis over the useful life of the asset, i.e., depreciation charge on assets procured from such grants is appropriated from Deferred Grant and recognized in the Statement of Profit and Loss by way of reduced depreciation charge.

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

l. Employee benefits

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

a. Defined contribution plans

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

b. Defined benefit plans

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

c. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the services. These 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.

o. Borrowing cost

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

p. Impairment of assets

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

BAPUDHAM MILK PRODUCER COMPANY LIMITED

Notes forming part of the financial statements

Note 3: Share Capital

	As at 31 March, 2018	
	Number of shares	Amount Rupees
(a) Authorised share capital Equity Shares of Rs. 100 each	500,000	50,000,000
(b) Issued, subscribed and fully Paid up share capital Equity Shares of Rs. 100 each	44,078	4,407,800

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 period:

**As at and for the period ended 31
March, 2018**

	Number of shares	Amount Rupees
Shares issued during the period	44,078	4,407,800
Shares outstanding at the end of the period	44,078	4,407,800

- (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.

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

	As at 31 March, 2018
	Rupees
Note 4: Reserves and surplus	
(a) General reserve	
Transferred from surplus in Statement of Profit and Loss	8,287,478
Closing balance	8,287,478
(b) Surplus in Statement of Profit and Loss	
Profit for the period	8,712,608
Transferred to General reserve	8,287,478
Closing balance	425,130
	8,712,608
Note 5: Deferred grant	
Capital Grant utilised during the period (see note 32)	24,907,076
Less: Depreciation pertaining to assets acquired from capital grant (see note 14)	214,173
Closing balance	24,692,903
Note 6: Long-term borrowings	
Unsecured	
(a) Term loan	
(i) from others	15,000,000
	15,000,000

The term loan of Rs. 10,50,00,000 is sanctioned by Mother Dairy Fruit & Vegetable Private Limited. The loan carries interest @7.50% per annum and is repayable in 8 annual installments within a period of 10 years with a moratorium period of 2 years on principal repayment from deemed date of release of loan i.e. the date of first disbursement.

Note 7: Deferred tax liabilities (net)

(a) Tax effect of items constituting deferred tax liabilities:	
(i) On difference between book balance and tax balance of fixed assets	978,235
(b) Tax effect of items constituting deferred tax assets:	
(i) Provision for compensated absences and gratuity	127,177
(ii) Disallowances under section 35D of the Income Tax Act	135,621
(iii) Others	604,632
	867,430
Net deferred tax (liability) / asset	(110,805)

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

Note 8: Long-term provisions

(a) Provision for employee benefits	
(i) For gratuity	175,387
(ii) For compensated balances	299,568
	474,955

Note 9: Other long-term liabilities

(a) Trade/security deposits received	4,652,174
	4,652,174

Note 10: Short-term borrowings

(a) Unsecured loan	
(i) Bill discounting facility	90,585,877
	90,585,877

Note 11: Trade payables

(a) Trade Payables (other than acceptances) (see note 34)	19,357,427
	19,357,427

Note 12: Other current liabilities

(a) Application money received for allotment of securities and due for refund	15,486
(b) Interest accrued but not due on borrowings	912,978
(c) Grant received (net of utilisation) (see note 32)	33,141,432
(d) Statutory dues (Contribution to PF, TDS, GST etc.)	1,016,645
(e) Payable for purchase of fixed assets	64,197,074
	99,283,615

Note 13: Short term provisions

(a) Provision for employee benefits	
(i) For gratuity	3,285
(ii) For compensated balances	10,903
(b) Provision for income tax (net of advance tax)	1,967,402
	1,981,590

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

Note 14: Fixed assets

**Amount in
Rupees**

	Particulars	Gross Block		Accumulated Depreciation / amortisation		Net Block
		Additions	As at 31 March, 2018	For the period	As at 31 March, 2018	As at 31 March, 2018
(a)	Tangible assets (owned)					
	Plant and equipment	62,964,046	62,964,046	2,460,873	2,460,873	60,503,173
	Furniture and fixtures	2,037,299	2,037,299	147,238	147,238	1,890,061
	Computers	2,110,009	2,110,009	251,579	251,579	1,858,430
	Total (A)	67,111,354	67,111,354	2,859,690	2,859,690	64,251,664
(b)	Intangible assets (other than self generated)					
	Computer software	1,355,929	1,355,929	122,492	122,492	1,233,437
	Total (B)	1,355,929	1,355,929	122,492	122,492	1,233,437

Notes:**(i) Depreciation and amortisation expense**

**Period
ended**

**31 March,
2018**

Rupees

Tangible assets	2,859,690	
Intangible assets	122,492	
Less: Depreciation pertaining to assets acquired on grant		214,173
	<u>2,768,010</u>	

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

Assets	Gross Block		Accumulated Depreciation / amortisation		Net Block
	Additions	As at 31 March, 2018	For the year	As at 31 March, 2018	As at 31 March, 2018
(a) Tangible assets : Plant and equipment	8,143,403	8,143,403	108,289	108,289	8,035,114
(b) Intangible assets : Computer Software	1,274,096	1,274,096	105,884	105,884	1,168,212
Total (a+b+c)	9,417,499	9,417,499	214,173	214,173	9,203,326

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

As at 31 March, 2018

Rupees

Note 15: Long - term loans and advances

(Unsecured, considered good)

(a) Security deposits	23,600
	<u>23,600</u>

Note 16: Inventories

(At lower of cost and net realisable value)

(a) Stock-in-trade	870,830
(b) Stock in trade (in transit) - Raw milk	5,171,067
(c) Stores and spares	462,538
	<u>6,504,435</u>

Note 17: Trade receivables

(Unsecured, considered good)

(a) Outstanding for a period less than six months from the date they were due for payment	116,989,290
	116,989,290
Note 18: Cash and bank balances	
(a) Cash and cash equivalents	
(i) Balance with banks:	
a. In current accounts	36,460,802
Cash and cash equivalents as per AS 3 - Cash flow statement	36,460,802
(b) Other bank balances	
(i) In deposit accounts (original maturity more than 3 months)	14,500,000
	50,960,802
Note 19: Short - term loans and advances (Unsecured, considered good)	
(a) Prepaid expenses	664,319
	664,319
Note 20: Other current assets (Unsecured, considered good)	
(a) Interest accrued but not due on bank deposits	170,426
(b) Other receivables	2,468
	172,894

BAPUDHAM MILK PRODUCER COMPANY LIMITED	
Notes forming part of the financial statements	
	Period ended 31 March, 2018
	Rupees
Note 21: Revenue from operations	
(a) Sale of products (see note below)	173,297,188
	173,297,188
Sale of products comprises:	
Traded goods	
a. Raw milk	172,507,973
b. Cattle feed	789,215
Total	173,297,188

Note 22: Other income

(a)	Interest income:	195,090
(i)	On deposits with bank	
(b)	Other non-operating income	
(i)	Membership fees	780,212
		975,302

BAPUDHAM MILK PRODUCER COMPANY LIMITED**Notes forming part of the financial statements****Period ended 31 March, 2018****Rupees****Note 23: Purchases of traded goods**

(a)	Raw Milk	138,527,422
(b)	Cattle feed	1,301,374
(c)	Others	285,500
		140,114,296

Note 24: Changes in inventories of stock-in-trade**Decrease / (increase) in inventories of stock-in-trade**

Inventories at the beginning of the period	-
Inventories at the end of the period	
Stock-in-trade	870,830
Stock-in-transit	5,171,067
	6,041,897

Net decrease / (increase) in inventories (6,041,897)**Note 25: Employee benefits expense**

(a)	Salaries and wages	12,743,624
(b)	Contribution to provident and other funds	628,895
(c)	Gratuity expenses	213,956
(d)	Staff welfare expenses	37,958
		13,624,433

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

Period ended March, 2018

Rupees

Note 26: Finance costs

(a) Interest expense:	
(i) On term loan	212,671
(ii) On bill discounting	700,307
 (b) Interest on delayed payment of statutory dues	 154,806
	1,067,784

Note 27: Other expenses

(a) Consumption of stores and spares		946,741
(b) Power and fuel		1,053,114
(c) Rent		624,147
(d) Labour charges		452,371
(e) Repair and maintenance - machinery		192,070
(f) Repair and maintenance - others		20,470
(g) Advertisement and business promotion	2,166,158	
(h) Freight, forwarding and distribution expenses		69,244
(i) Insurance charges	14,577	
(j) Legal and professional fees	640,874	
(k) Auditor's remuneration (refer note (i) below)	383,500	
(l) Travelling and conveyance	1,719,576	
(m) Communication expenses	330,239	
(n) Preliminary expenses	652,022	
(o) Miscellaneous expenses	1,651,347	
		10,916,450

Note:

(i) Auditors' remuneration comprises:

a. Statutory audit fee	250,000
b. Tax audit fee	75,000
c. GST on above	58,500
	383,500

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

**As at 31 March,
2018**
Rupees

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

A. Contingent Liabilities

(a) Claims against the Company not acknowledged as debt :

There are no claims against the Company acknowledged as debt as on 31 March, 2018

B. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)

27,158,532

Note 29: Employee benefit plans:

Defined contribution plan

The Company offers its employees defined contribution plan in the form of Provident Fund. Provident 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. The contributions are normally based on ascertain proportion of the employee's salary.

Defined benefit plan

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

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

(i) Change in defined benefit obligation

31 March, 2018

Rupees

Current service cost

213,956

Present value of obligations at the end of the period

213,956

(ii) Amount recognised in the Balance Sheet

31 March, 2018

Rupees

Present value of defined benefit obligations

213,956

Fair value of plan assets

-

Net liability/(asset) recognised in the balance sheet

213,956

(iii) Expenses recognised in the Statement of Profit and Loss

31 March, 2018

Rupees

Current service costs

213,956

Expenses recognized in Statement of Profit and Loss

213,956

(vi) Balance Sheet reconciliation

31 March, 2018

Rupees

Expenses as above

213,956

Contributions

-

Net liability / (asset) at the end of the period

213,956

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and expense.

(v) Principal actuarial assumptions

31 March, 2018

Discount rate

7.70% p.a.

Expected salary escalations

7.00% p.a.

Attrition rate:

Below 30 Years

3%

Ages 31-44 Years

2%

Ages 44 and Above

1%

Mortality table used

IAL (2006-08)
ultimate

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 estimate of future salary increase considered takes into account the inflation, seniority, promotions, increments and other relevant factors.

(vi) Actuarial assumptions for compensated absences

Actuarial assumptions used for valuation of liability for compensated absences is same as (v) above.

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

Note 30: Leasing arrangements

The Company has entered into lease arrangements for office premises. The lease is for a period of 5 years commencing from 1 January, 2018 to 31 December, 2018. The lease has lock-in period of 3 years. The lease agreement provides for increase in lease payments by 15% after three years. The other rent agreements are for the period of 11 months which can be cancelled by either of the parties. The Company has recognised lease rental expenses of Rs. 624,147 in the Statement of Profit and Loss.

Future minimum lease payment are:

Particulars	As at 31 March, 2018 Rupees
Payable not later than one year	1,118,074
Payable later than one year but not later than five years	1,956,629
	<u>3,074,702</u>

Note 31: Earnings Per Equity Share

Particulars	Unit	Period ended 31 March, 2018 Rupees
Net profit after tax	Rupees	8,712,608
Weighted average number of equity shares outstanding during the period	Numbers	6,268
Nominal value per Equity Shares	Rupees	100
Basic earnings per share	Rupees	1,390.12
Equity shares used to compute diluted earnings per share	Numbers	6,306
Diluted earnings per share	Rupees	1,381.60

Note 32: Details of Government grants

Details of grants received from NDDB and its utilisation is as under:	As at 31 March, 2018 Rupees
(a) Received during the year	62,263,000
	<u>62,263,000</u>

(b) Utilised during the year	
(i) For capital assets:	
- For fixed assets	9,417,499
- For assets under installation (CWIP)	15,489,577
	24,907,076
(i) For revenue expenses	4,214,492
Total utilised	29,121,568
(c)	
Balance carried forward (a-b)	33,141,432

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).

BAPUDHAM MILK PRODUCER COMPANY LIMITED
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Note 33: 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 Entity
Key Management Personnel (KMP):	Sandeep Kumar - Chief Executive (since 01 October, 2017)

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

Particulars	KMP (Rupees)
Managerial remuneration:	
Sandeep Kumar	897,552

Note 34:

According to the information available with the Management, on the basis of intimation received from suppliers, regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), there are no suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) therefore Company has no amounts due to Micro and Small Enterprises under the said Act.

Note 35:

The Company has received share application money of Rs. 13,68,200 towards equity shares, against which allotment has been made at the Board meeting held on 18 June, 2018.

Note 36:

The Company is engaged in trading of milk and cattle feed, which is considered as a single business segment. The Company operates in single geographical segment in India. The disclosures as required under Accounting Standard AS-17 on Segment reporting are not required as the Company deals in one business and geographical segment.

Note 37:

In respect of the period ended 31 March, 2018, the directors in their meeting dated 06 September, 2018 have proposed a final dividend of Rs. 352,624 (Re.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. 352,624 and Rs. 72,483 respectively.

Note 38:

These financial statements have been prepared for the period 12 April, 2017 (date of incorporation of the Company) to 31 March, 2018. This being the first financial statements of the Company, there are no prior period comparatives.

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

Kumkum Kumari

Director

**Prabhunath
Dubey**

Director

Sandeep Kumar
Director & Chief Executive

**Shriman Narayan
Pandey**
Company
Secretary

Place: Motihari

Date: 06.09.2018