



# 8<sup>th</sup> Annual Report 2019-20



## Values

Honesty and Transparency  
Team Spirit  
Quality & Excellence at every Level  
Long Term Vision  
Innovation  
Passion

## Mission

Paayas Milk Producer Company is committed to increase the income of their members by reducing the cost of milk production and enhancing their milk business.



## Vision

Being committed to its mission, Paayas Milk Producer Company shall become one of the pioneer companies among world dairy enterprises and shall prove to be the first choice of its members, customers and employees.



We, at Paayas Milk Producer Company Limited, are committed to production and supply of safe and quality milk and milk products to our customers while continuing to optimise returns to the producer- members.

We strive to achieve our goals through:

- Developing a network of producer-members committed to Institutional norms, Quality and productivity.
- Efficient utilisation of resources, attention on reducing wastage and non value adding activities.
- Identifying and applying innovative practices and state-of-the-art technology.
- Developing empowered and motivated work force committed to quality and continuous improvement.
- Helping employees and producer-members to upgrade their skills.
- Complying with statutory and regulatory requirements.



## **CONTENTS**

## **Pg.No.**

<b>Corporate Information</b>	<b>1</b>
<b>The Year Gone By</b>	<b>5</b>
<b>Producer Institution Building</b>	<b>7</b>
<b>Dairy Value Chain</b>	<b>8</b>
<b>Quality Environment</b>	<b>9</b>
<b>Milk Procurement</b>	<b>11</b>
<b>Dairy Product Profile</b>	<b>13</b>
<b>Productivity Enhancement Services</b>	<b>15</b>
<b>Fodder Development</b>	<b>20</b>
<b>Model Dairy Farm &amp; Bio Gas Plant</b>	<b>23</b>
<b>Technological Advancement</b>	<b>25</b>
<b>Financial Indicators</b>	<b>28</b>
<b>Key Events</b>	<b>29</b>
<b>Directors' Report</b>	<b>41</b>
<b>Independent Auditors' Report</b>	<b>51</b>
<b>Balance Sheet</b>	<b>60</b>
<b>Statement of Profit and Loss</b>	<b>61</b>
<b>Cash Flow Statement</b>	<b>62</b>
<b>Notes Forming Part of the Financial</b>	
<b>Statements</b>	<b>63</b>



# 8th Annual General Meeting



# Corporate Information

(As on March 31, 2020)

## BOARD OF DIRECTORS

### Chairperson

Smt. Manju Jakhar

### Directors

Smt. Mamta Choudhary  
Smt. Geeta Devi Gurjar  
Shri Doongar Singh Rathor  
Shri Sed Mal Sharma  
Shri Jai Singh Rathore  
Shri Sukhpal Jat  
Shri Narayan Lal Gurjar  
Shri Ramcharan Jat  
Shri Sushil Kumar Vaishnav

### Expert Directors

Dr. Omveer Singh  
Dr. C. L. Dadhich  
Shri Sriram Singh

### Director & Chief Executive

Shri Ratan Kumar Singh

### Company Secretary

Shri Anup Gupta

### Chief Financial Officer

Shri Kapil Pachori

### Statutory Auditors

S.B. Billimoria & Co.  
Chartered Accountants, Gurugram

### Internal Auditors

Ernst&YoungLLP  
Chartered Accountants, Gurugram

### Bankers

State Bank of India, Jaipur  
HDFC Bank, Jaipur  
ICICI Bank, Jaipur  
BOB, Jaipur  
PNB, Jaipur

### Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.  
Plot No. NH 2, First Floor,  
Noble Heights, C-1, Block, Janakpuri,  
New Delhi-110058

### Registered Office

Paayas Milk Producer Company Ltd.  
(CIN:U01211RJ2012PTC038955)  
D-232,233,4th Floor, Atlantis Tower,  
Vaishali Nagar, Jaipur 302021, Rajasthan, India  
Phone No. 0141-2352736  
Website: [www.paayasmilk.com](http://www.paayasmilk.com)  
Email: [info@paayasmilk.com](mailto:info@paayasmilk.com)

## About Company

Rajasthan has the largest geographical area in India covering one-tenth of country's land area wherein just 5.7% of the country's population reside. The state of Rajasthan has extreme geo-climatic conditions. It had 48 drought years in 100 years for the century ending 2002. It has about 11 per cent of the country's land mass, but only 1 per cent of total surface water of the country is available in the state. Apart from water resource limitations, the weather is severe as the temperature ranges from as low as 3°C to as high as 49°C. Weather uncertainties and unfavorable climatic conditions lead to high level of fluctuation in crop productivity as well as agricultural production which result in wide fluctuation in Gross State Domestic Product (GSDP).

Animal Husbandry is a major economic activity of the rural Rajasthan, especially in the arid and semi-arid regions. The State faces frequent droughts which causes frequent crop failure as most of the agriculture is rain fed. Under rain-fed agriculture, dairying is the most reliable livelihood insurance for the poor in rural Rajasthan. Thus, Dairy sector provides sustainable year-round income to large number of farmers. The state is second highest in milk production in the country.

Importance of producer owned enterprises/producer companies is of greater significance in the current market economy to serve as countervailing force against







possible exploitation of specially small & marginal producers. Based on the earlier interaction National Dairy Development Board (NDDB) had with the Government of India (GOI), the Companies Act was amended incorporating provisions for incorporation of a Producer Company. Paayas Milk Producer Company Limited (Paayas) is the first of its kind promoted in the country by National Dairy Development Board Dairy Services (NDS) with the following objectives.

1. To carry on the business of pooling, purchasing, processing of milk and milk products primarily of the Members, and marketing of the same.
2. To provide or arrange to provide technical and managerial services in the areas of breeding, feed & fodder, veterinary services to increase milk production for the benefit of the Members.
3. To provide education, training and other activities, which may promote the principles of mutuality and mutual assistance amongst the Members.
4. To arrange, that the quality of milk received from the Members, meets with the standards laid down by the Company and the statutory authorities.
5. To extend various financial services to the Members

A business enterprise registered under the provisions of Part IX A of the Companies Act, Paayas is run on the basis of Mutual Assistance Principles- voluntary membership, voting rights independent of shareholding, an elected board, distribution of surplus on patronage basis, limited dividend, education of own members and co- operation with other organisations. The company aims to combine the philosophy and working style of the cooperative principles with the liberal regulatory framework of Company Law. The corporate structure provides It more autonomy, better professional management and governance etc.

To achieve the same, Paayas has adopted certain core design principles and appropriate practices as follows

1. Business only with members
2. Active user membership and their participation in business and governance - No Free Riders
3. Member equity in proportion to patronage - 'building skin in the game'
4. Patronage based member classes and member class representation on the Board to ensure inclusiveness in governance
5. Appropriate mechanism for member communication and grievance redressal.
6. Professionally managed business operations and continuous capacity building of all stakeholders.
7. Building an efficient value chain management for maximizing returns to members.
8. Leveraging technology for information and data management to ensure transparency and deliver need based services.

Paayas members get standard benefits of a fair and transparent system of milk collection, competitive price and timely credits to respective bank accounts, as well as incentives and patronage-linked bonuses. Besides, they are also provided with productivity enhancement services such as Balanced Cattle Feed, Rajasthan Specific Mineral Mixture, Ration Balancer, Quality Fodder Seed, Ration Balancing Program, Artificial Insemination at competitive price etc at their door step to enable them reduce cost of milk production. In addition, the company facilitates Group Mediclaim & Life Insurances for members.



## The Year Gone By

Within Institutional framework, Paayas continued building a robust milk procurement and productivity enhancement grid for milk producers with thrust on fairness and transparency in the dairy value chain and on reduction in cost of milk production. It also laid emphasis on quality, market development, brand building, information technology and capacity building with productive outcome.

From business perspective, Paayas achieved sizable growth, generating fresh milestones in domains such as turnover (INR 1727 Cr), milk procurement (880 TKgPD), producer payment to a consumer rupee (86 percent), balanced cattle feed distribution (42591 MT), quality fodder seed distribution (734 Quintals), milk marketing (96 TLPD), Ghee marketing (1076 MT), etc. to name a few. Besides, it intensified General Packet Radio Service (GPRS) at Milk Pooling Points to further the element of transparency and also undertook development of 8 Model Dairy Farms with the technical and the financial support from NDS and 6 Model Dairy Farms from own resources. Shaping up well within a short span, they are currently serving as excellent demonstration centres for interested milk producers who in turn are demanding setting up more such centres at their respective farms which the company is actively considering for an early implementation. As a step towards promoting renewable / clean energy, Bio Gas project was undertaken in collaboration with NDDDB. To meet growing cow milk demand, the company went for separate raw cow milk collection for which major infrastructure expansion both at village and at plant level was undertaken.

To further consumer's interest, we undertook fortification of polypack milk in collaboration with NDDDB & TATA Trusts.

The company continued creditworthiness assessment by Credit Analysis and Research (CARE) and landed with impressive AA-



## Producer Institution Building

A responsible member is the backbone of the company. Producer Institution Building interventions therefore are vital. The major PIB interventions remained as follows:

- Producers Awareness Programmes
- Women Awareness Programmes
- Rural Youth Awareness Programmes
- Clean Milk Production Programme
- Children Awareness Programme
- Samvaad

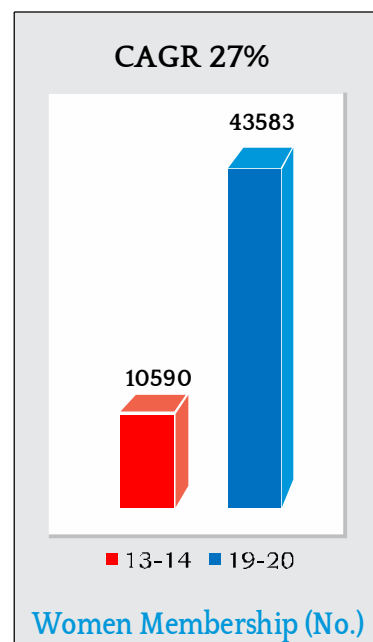
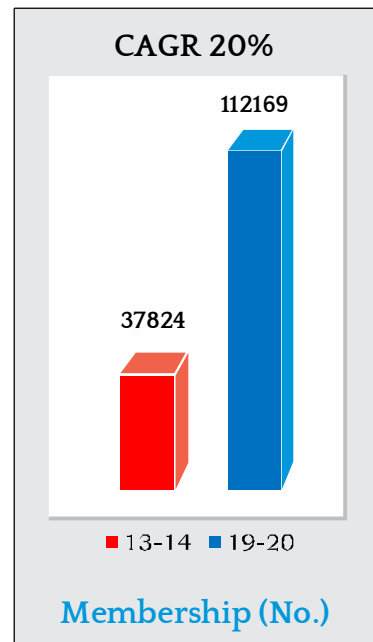
It was encouraging to observe a gradual rise in membership @ 20 percent CAGR with 100 percent members having matching share capital commensurate with their milk pouring, which is a mark of member's growing trust in the company. It was further heartening to note women membership rising even better @ 27 percent CAGR. Increasing women participation is an excellent omen for the company.

Village Contact Groups (VCG) and Member Relation Groups (MRG) are important links between the Company and the Members. Paayas organised formation of 2888 VCG and 227 MRG groups which have effectively been serving their respective functions.

The Company continued providing monthly information to its members to help them assess their performance and take a suitable course of action with regard to respective membership norms.

As a step towards resolving member's grievances, the Company has a Grievance Redressal Officer in place, who is responsible organizing redressal of member grievances in a systematic manner with proper record keeping.

The Company organizes workshops / seminars / visit for Board of Directors to institutions of eminence. This year they visited Saahaj Milk Producer Company Limited, Agra and attended 48th Dairy Industry Conference held at Jaipur. Besides, we organised a workshop on Developing Emotional Intelligence. They found them all fruitful.

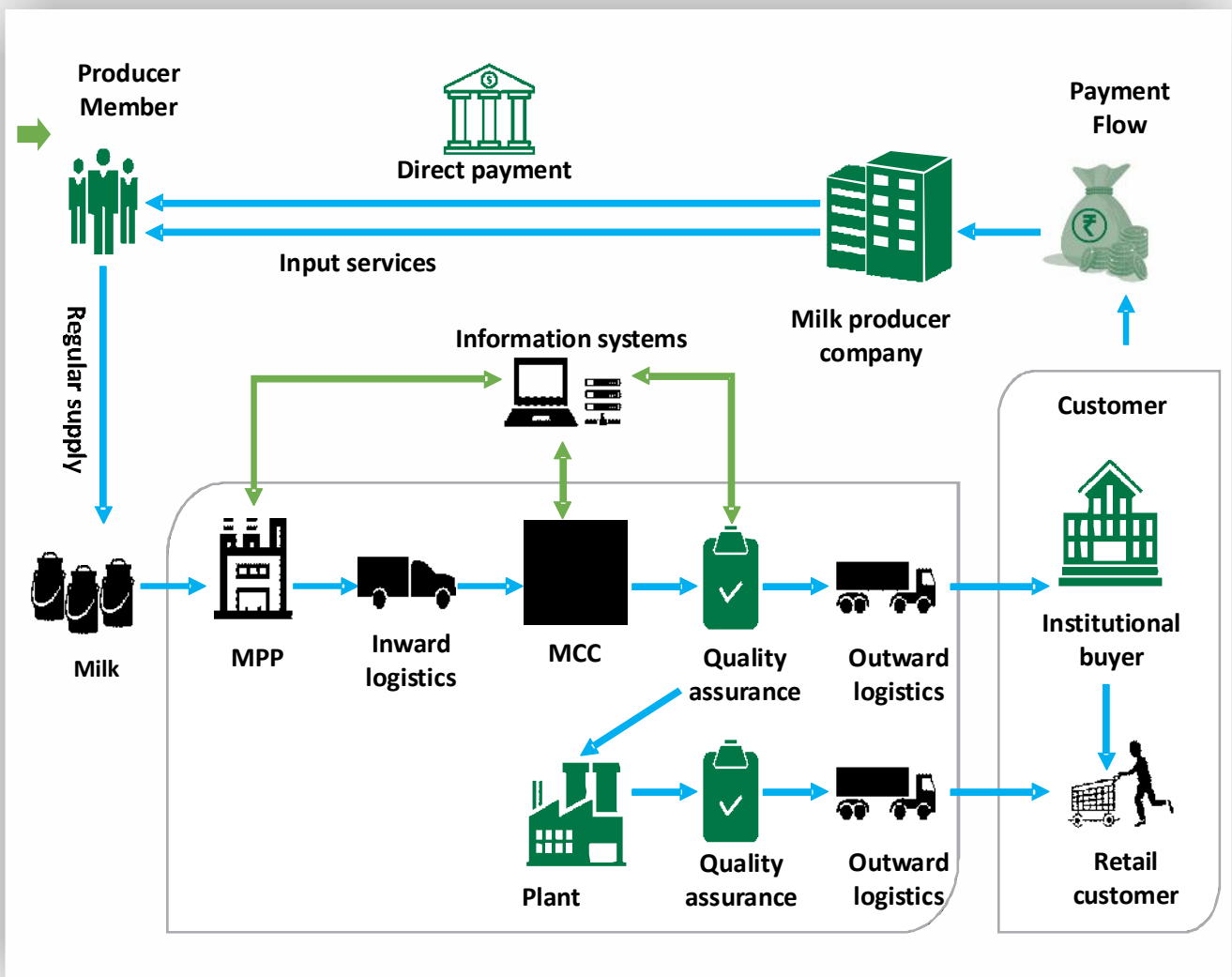


## Dairy Value Chain

The major interventions of the Company are as follows.

- Organised Awareness Programmes for milk producers to educate them about the Company and its various activities
- Ensured automation at Milk Pooling Point / Milk Chilling Centres with encrypted calibration
- Strengthened Productivity Enhancement measures
- Revamped Supply Chain to make it more quality oriented and cost effective
- Built additional processing capacity to accommodate increased Milk Volume
- Developed more strict acceptance norms by introducing additional milk quality checks
- Expanded market network to perk-up sale of milk and milk products

A diagram of Dairy Value Chain is depicted below.



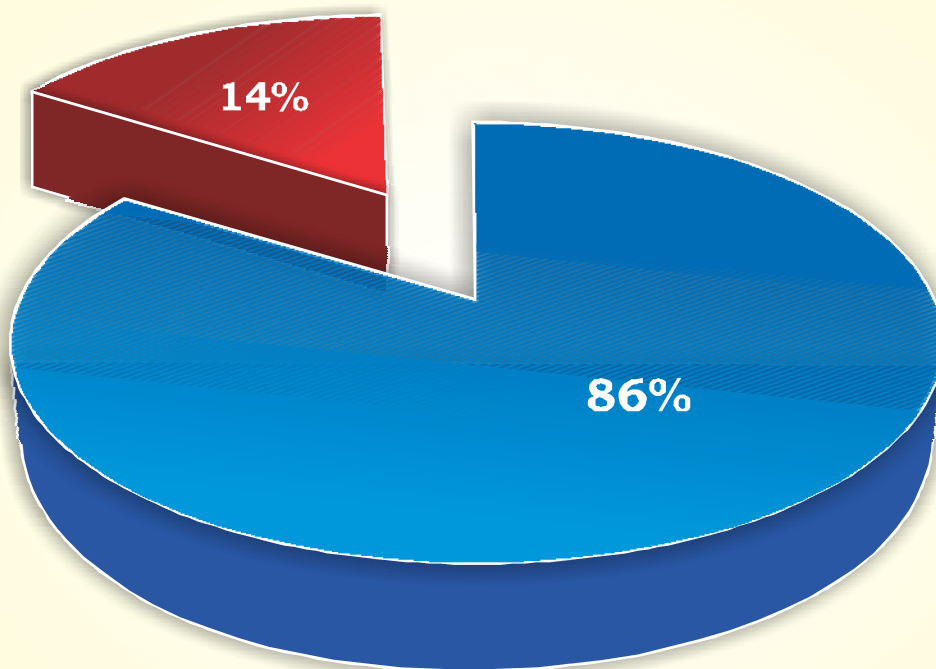
## Quality Environment

Quality is never an accident. It is rather the result of high intention, sincere effort, intelligent direction and skillful execution. Paayas has remained completely uncompromising on this front. To achieve quality leadership, a comprehensive Quality Plan along with well-defined SOP backed by adequate facilities and training modules for all the stake holders – farmers, sahayaks, transporters and members of staff remains in place. Adequately competent and trained manpower is available to carry out quality functions at various stages of dairy value chain. Refinements are being undertaken from time to time to keep things up-to-date. Paayas milk and milk products are widely appreciated leading to a sizable growth in their sale. The company gets periodic vetting from consumers on quality aspects and also organises independent analysis from reputed Analytical Laboratories.





Producer Share of a Consumer Rupee (2019-20)



■ Producer Payment

■ Others

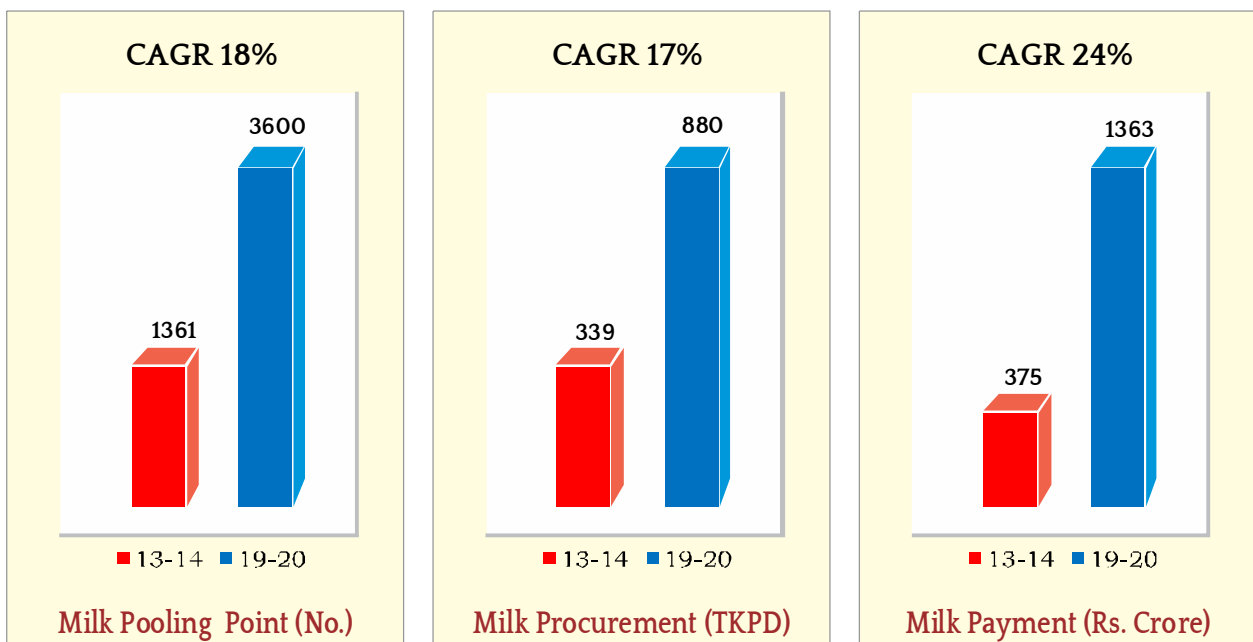


## Milk Procurement

The Company is currently operating in 8 districts of Rajasthan – Jaipur, Ajmer, Bhilwara, Pali, Nagour, Dausa, Tonk & Sikar. An overwhelming support from the producers enabled the Company add quickly new milk pooling points / new producer members, in existing as well as in new geographies ,to its Procurement Network. Each Milk Pooling Point and Chilling Centre is equipped with electronic weighing and testing system with General Packet Radio Service (GPRS) in built with Data Processor Milk Collection Unit (DPMCU), ensuring fairness and transparency at all the levels. The details of milk poured by producer members such as quantity, quality, per unit rate, total value of milk are made available to them on their respective mobile phones in form of an sms / App notification immediately post pouring. Likewise monthly information pertaining to members is placed on Milk Pooling Point notice board every month to enable them know their patronage. The payment for milk poured is made to the producer members only through their respective bank account. Each member stands informed post releasing payment by way of an sms.

The company has a rich haul of 3600 milk pooling points consisting of 112169 producer members delivering 880 thousand kg per day (an all-time high) thereby registering a CAGR of 18 percent & 17 percent respectively with a healthy procurement ratio of 1:1.53 between April – September & October – March , despite the year remaining very tough from procurement perspective. Payment of INR 1363 Crore was made to the members against supply of milk, entirely through their respective bank account which is an impressive 86 percent of a consumer rupee. Besides, the company proposed to pay 7 percent dividend to the members.

The Operations are SOP driven with periodic audits in place.





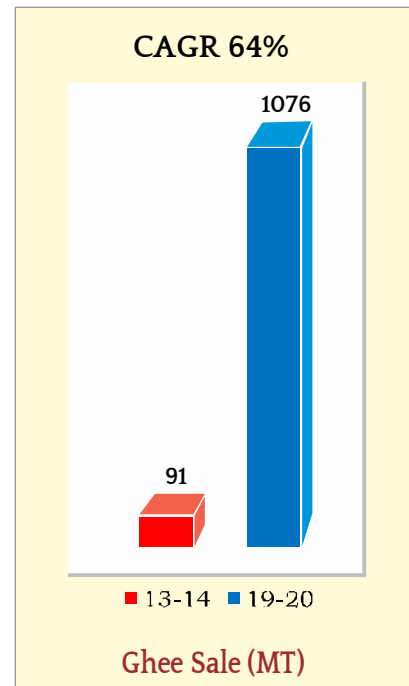
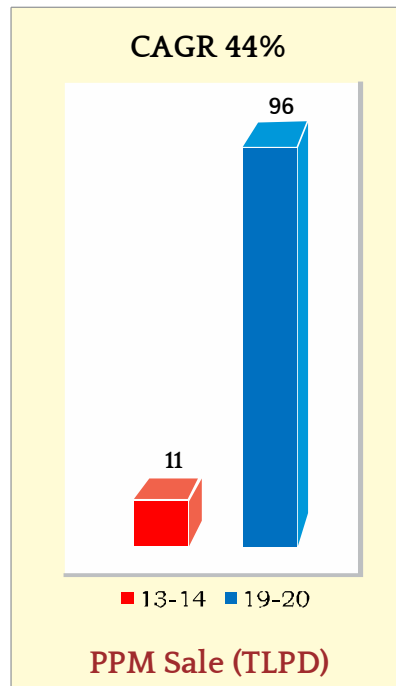
## Dairy Product Profile

The company markets Dairy Products under brand PAAYAS. The following type of milk and milk products are currently being manufactured and marketed.

Type	SKU
Double Toned Milk	200ml, 500ml, 1l, 6l
Toned Milk	500ml, 1l, 6l
Full Cream Milk	500ml, 1l, 6l
Homogenised Toned Milk	200ml, 500ml, 1l, 6l
Curd	85 gm , 200 gm
Butter Milk	400 ml
Spiced Butter Milk	200 ml
Ghee	500ml, 1l, 2l, 5l, 15 Kg

Only clean and wholesome milk procured from members is used to produce dairy products. Post catering to retail market, surplus milk is marketed to interested buyers. Emphasis has remained on quality & consistency, enabling the company create a place for itself in a fiercely competitive market dominated by major national & state level brands, in a relatively short term. The growth in Polypack milk and ghee sale remained encouraging and their respective sale grew to 96 TLPD & 1076 MT indicating a progression of 44 percent and 64 percent CAGR which is cheering for the young organisation.

As a step towards new product development on commercial scale, the company is in process of launching curd in 1 litre polypack, 5 litre Poly Pack & 5 litre jar and paneer in 100 g, 200g and 500 g packs.





## Productivity Enhancement Services

With a view to improve production & reproduction abilities of dairy animals leading to reduced production cost, the company offers several products & services as detailed below.

### Animal Nutrition Product

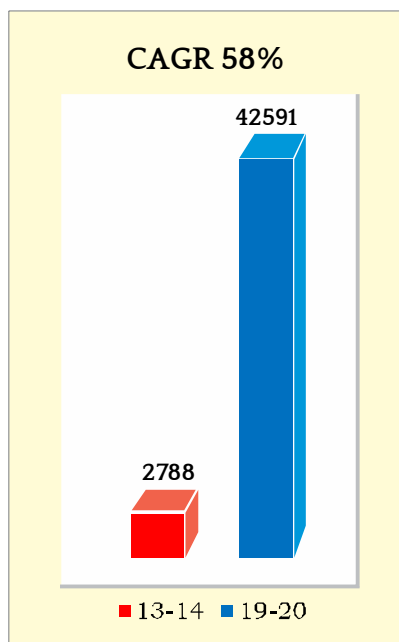
The Company markets animal nutritional products – Balance Cattle Feed and Rajasthan Specific Mineral Mixtures, Ration Balancer under brand name MUDRIKA. The nutritional products are manufactured according to Paayas quality specifications. They are got analyzed by reputed laboratories according to the testing protocol.

### Animal Feed

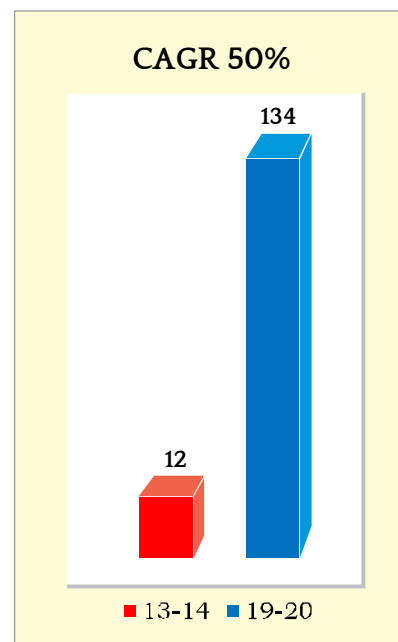
The Company continues making Quality Mudrika Balanced Cattle Feed for milk Producers. Cattle Feed is available in two variants – Mudrika Plain and Mudrika Gold. The Company distributed over 42000 Metric Ton balanced Cattle Feed among milk producer registering a noteworthy CAGR of 58 percent.

### Rajasthan Specific Mineral Mixture / Ration Balancer

Rajasthan Specific Mineral Mixture is available in chelated form. Ration Balancer is a special feed supplement which is beneficial for dairy animals to enhance optimum milk yield as per their capacity. Like Cattle Feed, the acceptability of Mudrika Mineral Mixture / ration balancer has also been growing steadily in course of time and has registered a CAGR of 50 percent.



**Cattle Feed (MT)**



**Mudrika Mineral Mixture & Ration Balancer (MT)**



## Ration Balancing Programme

The Objective is to create awareness amongst milk producers on optimization of animal feeding by efficient utilisation of locally available feed resources at the possible least cost. It is a service offered to all producers in our area of operation. It helps producers in improving the productivity and reproductive efficiency of dairy animals by re-appropriating the available feed resources and use of mineral mixture, and also helps in bringing down the cost of milk production.

Every animal enrolled for RBP advisory has to be tagged, in its ear, with a unique ID for its registration under Information Network for Animal Productivity & Health (INAPH).

Following are the key stages.

- 1) Registration of animals:** Beneficiary producers are selected based on their readiness towards RBP implementation on their animals. Animals are first tagged with an ear-tag having unique 12 digit number. Details of animal selected, viz. species, breed, age, milking-stage, calving number(s), last calving date and pregnancy status are captured. Besides animal's details, the owner's profile, viz.

Name, father's/husband's name, age, village, village institution, tehsil, district and state are also taken into note. After capturing all these information, the animal is registered in INAPH. Animal registration is one time activity.

- 2) **Evaluation of animals' nutrient status:** After registration of animal, information about animal's current feeding regime i.e. animal's daily feed intake, daily milk yield and milk fat percent are recorded. In addition, animal's body weight is also recorded. Basis milk yield & fat percent, body weight and the pregnancy status, the animal's nutrient requirement in terms of Crude Protein (CP), Total Digestible Nutrients (TDN), Calcium (Ca) & Phosphorous (P) is computed & assessed using INAPH. This information assists in understanding the deficits/excesses of various nutrients in the ration and the cost of milk production per kg of milk.
- 3) **Formulating least cost ration with locally available feed resources:** Depending on chemical composition of available feed resources and in accordance with the nutrient requirement of the animal, the INAPH software computes the least cost ration within the given limits. Such limits may include availability of fodder (green & dry) and/or compound cattle feed, affordability of producers to purchase feed ingredients, lactation stage and feed type offered etc. The least cost ration is derived to reduce the costs of feeding and/or enhance productivity of animals.
- 4) **Repeat Advice:** Considering the changing nutrient requirement of animals as per advancement of lactation & other physiological stages and altered availability of feed & fodder items, a RBP worker needs to generate a fresh advice based on changed scenario. Therefore an arrangement of repeat advice after every 3-4 weeks, for every RBP animal, steps 2) & 3) are followed.

Key Result Indicators	Achievement
Trained LRPs deployed (no.)	1528
Villages covered under RBP (no.)	2769
Animals covered under RBP (no.)	199727
Producers covered under RBP (no.)	129015
Reduction in feeding cost per kg of milk for animals covered (%)	10





## Artificial Insemination

The objectives are as follows:

- To provide quality AI services at producers door step using top genetics available in the country aimed at producing superior calves with higher productivity.
- To provide efficient service following SOP through well trained and qualified AI Technicians aimed at improving the conception rate and reducing the inter calving interval and increasing the productive life of the animal.
- To provide infertility management support to dairy producers aimed at reducing infertility problems in field and reducing 'inter calving period' thereby increasing the proportion of 'In milk' animals in a given year leading to increased milk production.
- To provide advisory services to producers with respect to animal health, animal breeding and animal nutrition for creating awareness about profitable dairy animal management
- To capture and maintain the breeding data of all the inseminated animals linked to unique identification number to determine 'reproductive efficiency' of bulls, cow and evaluate the qualitative performance of AI technicians, region or a state and to implement management changes based on objectively gathered data.

To carry out AI at village level, the Company selects AI Technicians from amongst the educated rural youth. After providing them training for couple of months in NDDB training centres and in field, they are allotted six villages to undertake AI operation. The Company carries out village meetings/AI Centre launches and uses suitable extension material to educate the producers about this activity.

### Key Achievements

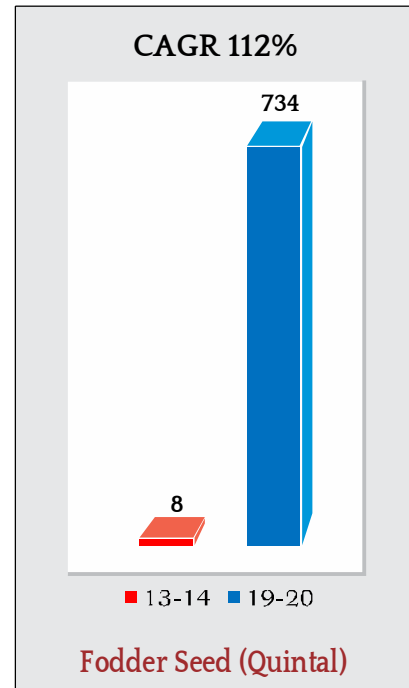
Key Result Indicators	Achievement
MAITs(no.)	450
Village Covered(no.)	3,993
AIs done Annually(lakh)	13.5
AI conception rate*(%)	45

\* Based on First AI follow up; 60% inseminated animals are followed up for pregnancy

## Fodder Development

The Objective is to promote conservation of green fodder and crop residues by demonstrating silage making, use of mowers and biomass storage silos. In Rajasthan, fodder availability is a challenge due to scarcity of water for irrigation. The way-out therefore remains to educate and train producers to optimize output from fodder or biomass yield per unit of acreage, preserve surplus fodder for lean periods, and to introduce modern harvesting and storage techniques to minimize losses and establish low cost technologies towards fodder conservation.

The Company undertook mechanization of harvesting, promotion of silage etc with inspiring outcome.



Key Result Indicators	Achievement
Mower (Manual & Auto) Demonstration (no.)	189
Village covered under demonstration (no.)	455
Producers seen demonstration (no.)	5291
Producers adopted use of mowers (no.)	199
Silage making Demonstration (no.)	372
Village covered under demonstration (no.)	547
Producers seen demonstration (no.)	7114
Producers adopted the technology (no.)	702
Biomass Storage Silo Construction (no.)	3
Farmer Training at Model Dairy Farm	1439



**Napier Grass**



**Lucerne**



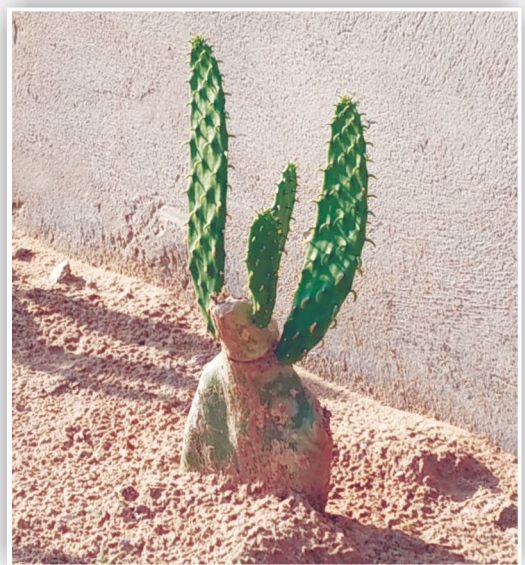
**Chinese Cabbage**



**Sorghum**

We Also undertook aggressive distribution of improved varieties of fodder seed such as sorghum, pearl millet, Lucerne, Oat etc, sourced from quality producers / suppliers, leading to the programme registering a positive CAGR of 112 percent.

Besides, demonstration of new fodder crops such as Chinese cabbage and thorn less cactus were conducted for farmers to encourage them adopt the programme suitably. We also procured stem slips of hybrid Napier grass from NDDB, Anand and distributed it among producer members.



**Thornless Cactus**



**Oat**



**Bajra Nutrifeed**



Model Dairy Farm



Bio Gas Plant

## Model Dairy Farm

The company successfully established 14 Model Dairy Farms in Jaipur, Sikar, Ajmer, Tonk & Bhilwara districts. The key interventions are as follows

- Cow Comfort - Housing & Heat Stress Management (Free Housing for Animals)
- Free Access to Drinking Water
- Controlling of Mastitis (California Mastitis Test (CMT) & Teat Dip)
- Deworming & Vaccination
- Calf & Heifer Care “Calf to First Calving”
- Preventive Health Care
- Heat Detection & Calving (Breeding Calendar)
- Silage Preparation
- Vermi-compost
- Azola Farming
- Milking Machine
- Soil, Water, Fodder and Manure Resource Management
- Assessment of Farm Economics through maintaining Farm Record Book

More than 1400 Producer Members were trained on above mentioned improved animal husbandry practices which the producers are finding very useful. More such model dairy farms are in pipe line.

## Bio Gas Plant

In collaboration with NDDB, the company, as a step towards encouraging clean / renewable energy, implemented Bio Gas project which the beneficiary found advantageous.



## Technological Advancement

The Company reaped sumptuous benefits as detailed below by adopting the following technology

### **Enterprise Resource Planning-SAP**

It aids in seamless integration of operations and improved reliability and processing speed. Some added benefits are as follows

- One system fulfilling all requirements with seamless integration of processes
- Synchronization between IMMS and SAP
- Milk Payment processing time reduced significantly
- Enabled Payment SMS to Individual Members.

The Company has also established a robust Data Centre Solution to host IT Infrastructure Component and Managed Services.

### **General Packet Radio Service (GPRS)**

It enables Milk Data transfer from MPP to Central Server in real Time & Milk Pricing & Member Data from Central Server to MPP

### **Mobile Technology**

Field force is the face of the Company while interacting with Members and Sahayak at the Village level. The Company continued empowering by providing them with a set of Mobile Tablets. This helps fetch the relevant information on regular basis to enable them discharge their responsibilities effectively.

### **Call Centre for Field Engineering Services**

A Call Centre with an appropriate SOP was established to support Field Engineering Services in managing Equipment Breakdown at MPP level in a systematic manner.

## Capacity Building

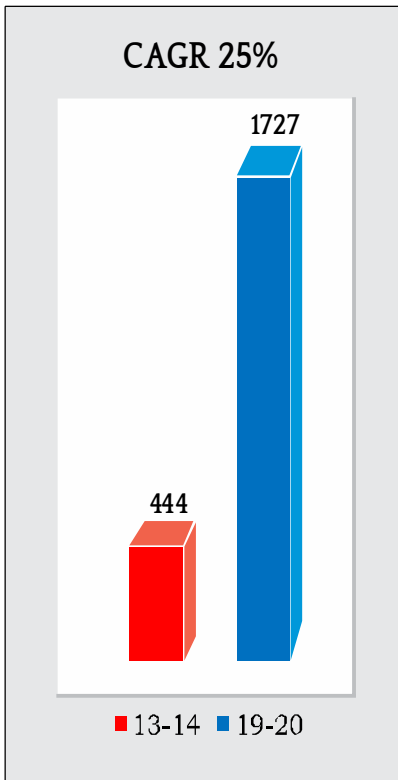
The capacity building remains one of the key thrust areas for the company. It undertook the following programs for different set of target groups to inculcate knowledge / skill improvement.

<b>Village Based Milk Procurement Systems</b>		
<b>Name of the Programme</b>	<b>Partakers</b>	<b>No. of participants</b>
Producer Awareness Programme	Milk Producers	89897
Awareness Programme on Quality & Clean Milk Production	Milk Producers	86171
Women's Awareness Programme	Women	28681
Rural Youth Awareness Programme	Rural Youth	7794
Awareness Programme / Competitions for Children	School Children	7735
MRG Orientation Programme	Members of MRG	22433
Business & Governance Strategy Workshop	Board of Directors	97
Exposure Visits	Board of Directors	106
Institution Building - Trainers' Training programme	IB Executives	328
Leadership Development Programme	Board of Directors	392
Training of MCC Operators on Operation & Maintenance	MCC Staff	177
Sahayak Orientation Programme	Sahayaks	12157
Sahayak Refresher Programme	Sahayaks	5171
Training on procurement, producer relation & QA	Facilitators	529
Training on procurement, producer relation & QA	Area Managers	84
Skill Development Programme	Office Assistants	74
Motivation Programme	Office Assistants	110
Team Building and Leadership Development	Office Assistants	104
Training Programme	QA Assistants	16
Training Programme	QA Chemists	257
<b>Sub Total</b>		<b>262313</b>

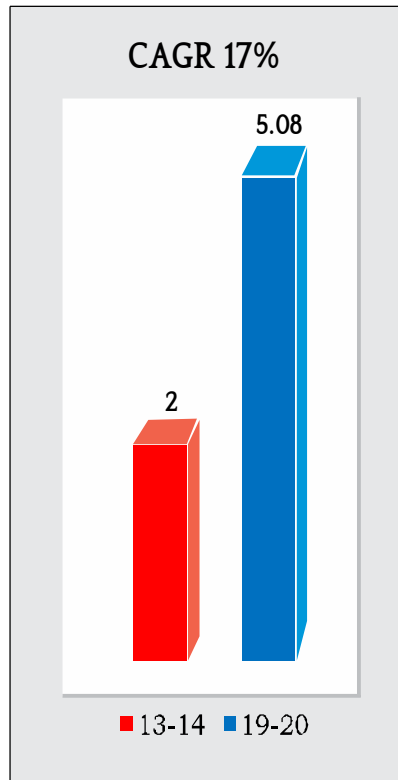


<b>Ration Balancing Programme</b>		
<b>Name of the Programme</b>	<b>Partakers</b>	<b>No. of participants</b>
LRP Basic Training	LRPs	1701
LRP Refresher Training	LRPs	802
Animal Nutritionist & Technical Officer Basic Training (at NDDB)	ANs & TOs	28
IT Officer Training on Software (at NDDB)	IT Officers	2
<b>Sub Total</b>		<b>2533</b>
<b>Fodder Development Programme</b>		
<b>Name of the Programme</b>	<b>Partakers</b>	<b>No. of participants</b>
Training on Fodder Production and Conservation (at NDDB)	FDOs	24
<b>Sub Total</b>		<b>24</b>
<b>Artificial Insemination Programme</b>		
<b>Name of the Programme</b>	<b>Partakers</b>	<b>No. of participants</b>
AI Basic Trainings for MAITs	MAITs	774
AI Field Trainings for MAITs	MAITs	626
Veterinary Executive & Breeding Specialist Training (at NDDB)	BSs & VEs	34
INAPH Training for MAITs	MAITs	715
<b>Sub Total</b>		<b>2149</b>
<b>General Training</b>		
<b>Name of the Programme</b>	<b>Partakers</b>	<b>No. of participants</b>
VCG Orientation Programme	Members of VCG	15977
Samvaad Programme	Members	76997
Training on Fire and Security	MCC incharge	45
Training on Health & Safety	Field team	28
Training on Stress Management	Office Assistants	54
Sales Training on improving productivity & effectiveness	Sales team	35
Training on Time Management	Assistants	25
Interpersonal Relations and Conflict Management	Sales & field team	106
<b>Sub Total</b>		<b>93267</b>
<b>Grand Total</b>		<b>360286</b>

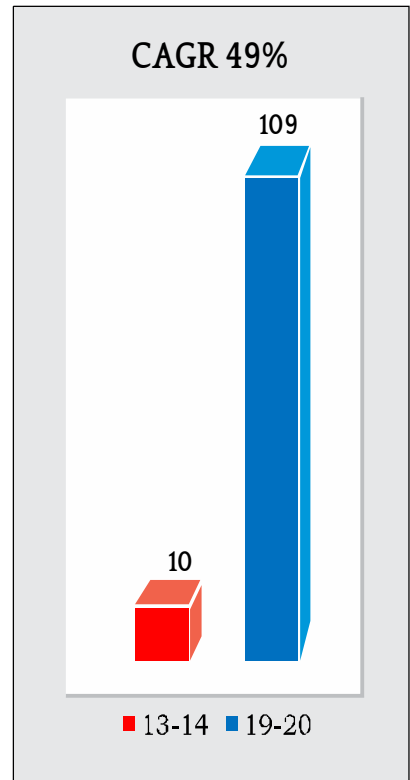
## Financial Indicators



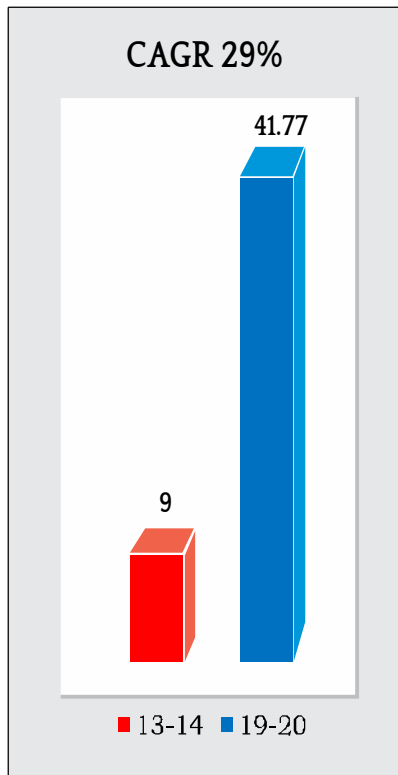
Turnover (Rs. Crore)



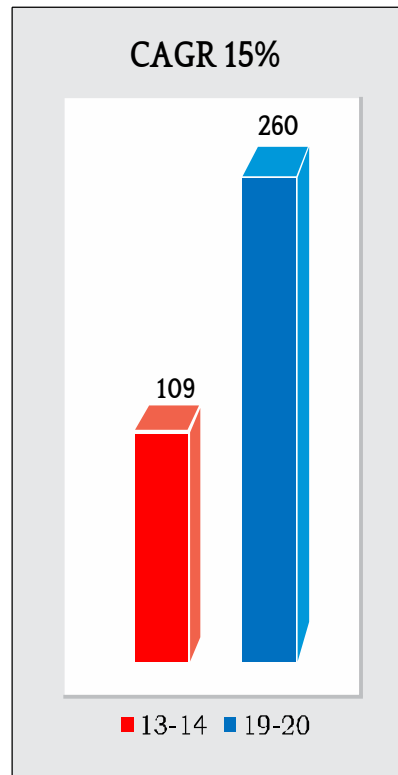
PAT (Rs. Crore)



Net Worth (Rs. Crore)



Paidup Share Capital (Rs. Crore)



Book Value/Share (Rs.)

## Key Events (2019-20)

### Visit of Ms V Radha, IFS, GOI and Ms Jyothi, DGM-NABARD



## Key Events (2019-20)

### Visit of Mr. Thomas R Carter



## Key Events (2019-20)

### Visit of Bapudham MPC Board



## Key Events (2019-20)

### Workshop on Developing Emotional Intelligence



## Key Events (2019-20)

### Visit of IIM Ahmedabad Faculty Members



## Key Events (2019-20)

### Launching of Fortified Milk





## Key Events (2019-20)

### Visit of Shri Unmesh Patil, Member of Parliament from Jalgaon



## Key Events (2019-20)

### Visit of Ms Siddika Mishu, World Bank Consultant



## Key Events (2019-20)

### Board Exposure Visit to Saahaj Milk Producer Co Ltd., Agra



## Key Events (2019-20)

### Saahaj Board Exposure Visit to Paayas



## Key Events (2019-20)

### Board visit to 48th Dairy Industry Conference, Jaipur



## Key Events (2019-20)

Training of CEOs of TATA & NRLM supported Milk Producer Companies at NDS, New Delhi



**PAAYAS MILK PRODUCER COMPANY LIMITED**  
**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting 8<sup>th</sup> Annual Report on the business and operations of the Company, together with the Audited Accounts for financial year ended March 31, 2020.

The Company was incorporated on May 19, 2012 as a Producer Company under the provisions of Part IXA of the Companies Act, 1956 in the State of Rajasthan to undertake the business of pooling, purchasing, processing of milk and milk products primarily of the Members, marketing of the same and to deal in activities that are part of or incidental to any activity related thereto.

### **Financial Results**

The summarized Financial Results are as under:

Particulars	For the year ended March 31, 2020 (Rs. in Crore)	For the year ended March 31, 2019 (Rs. in Crore)
Total Revenue	<b>1727.10</b>	1429.51
Total Cost including expenses	<b>1716.56</b>	1408.77
Profit/(Loss) before tax	<b>10.54</b>	20.74
Provision for Taxation	<b>5.46</b>	7.41
Profit/(Loss) after tax	<b>5.08</b>	13.33

It gives us pleasure to inform that, during the year under review, the Company achieved a turnover of Rs. 1727.10 Crore which is a record.

During the year under review, the total revenue from the operations increased to Rs. 1727.10 Crore, as against Rs. 1429.51 Crore in previous year registering a growth of 21 percent. The total cost including expenses increased to Rs. 1716.56 Crore as against Rs. 1408.77 Crore in previous year.

The Profit after Tax is Rs. 5.08 Crore as against Rs. 13.33 Crore in previous year registering a decrease of 62 percent due to prevailing market conditions.

### **Limited Return (Dividend)**

The Board of Directors are pleased to recommend limited return (dividend) at the rate of Rs. 7 per equity share absorbing Rs. 2.92 Crore. The limited return (dividend) will be paid to those members, whose names appear in the Register of Members of the Company as on March 31, 2020.

### **Transfer to General Reserve**

Pursuant to provisions of article no 11.10 of the Articles of Association of the Company read with Section 581 ZI of the Companies Act 1956, the Board proposes to transfer Rs. 2.16 Crore to the credit of General Reserve in the Balance Sheet.

## Operations

The Company is harvesting raw milk from 3,600 Milk Pooling Points located in 3302 villages of Rajasthan. During the period under review, the Company procured 31.25 Crore liter as against 30.37 Crore liter raw milk in previous year. Out of this, 3.35 Crore liter cow milk was separately procured for its bulk sale. The Company continues to pay competitive producer price to its members.

The company sells Poly Pack Milk (PPM) in different variants in the state of Rajasthan. During the period under review, total sales of Poly Pack Milk and Ghee remained 350 Lac Liter and 1076 MT respectively as against 306 Lac liter and 1160 MT respectively in previous year. The Company believes that it can further perk up sale of milk and milk products and it has therefore been expanding its network to reach more consumers.

## Visits

It is our pleasure to inform you that dignitaries from reputed organizations visited Paayas in a bid to learn from our experiences.

## Credit Rating

During the year under review, CARE Ratings Ltd. ("CARE") re-affirmed the "AA-" ("Double A Minus") rating. The rating is an opinion on the general creditworthiness of the Company.

## Product Portfolio

### Milk and Milk Products

The Company is committed to serving consumers with quality milk and milk products. It markets Poly Pack Milk in various SKU in Jaipur and in other parts of Rajasthan.

Variant	Type	Composition (%) (minimum)	SKU
<b>Fit N Fine</b>	Double Toned Milk	Fat: 1.5   SNF: 9.0	200ml, 500ml, 1l, 6l
<b>Tazza</b>	Toned Milk	Fat: 3.0   SNF: 8.5	500ml, 1l, 6l
<b>Gold</b>	Full Cream Milk	Fat: 6.0   SNF: 9.0	500ml, 1l, 6l
<b>Tea Special</b>	Homogenized Toned Milk	Fat: 3.0   SNF: 8.5	200ml, 500ml, 1l, 6l

The company also markets bulk milk to Mother Dairy and other interested buyers.

### Dahi

Paayas "Dahi" in 200 gm and 85 gm Pack is being sold in both rural & urban market.

### Buttermilk

Paayas Butter Milk in 400 ml pack & Spice Butter Milk in 200 ml Pack are being sold in both rural and urban market.



## Ghee

Paayas Ghee is being sold in various denominations of half litre Ceka Pack, 1 litre Ceka Pack, 2 litre Tin, 5 litre Tin and 15 kg Tin through rural and urban marketing channels.

## Product Development

Encouraged by the market response, the Company is in the process of enriching product basket.

## Cattle Feed

The Company sold 42591 MT Cattle Feed during 2019-20 under its own brand Mudrika in two variants - BIS Type II and Gold-High Energy. As compared to previous year the growth in sale is about 0.3 percent. During the past 5 years, cattle feed distribution has grown close to 3 times.

## Rajasthan Specific Mineral Mixture and Ration Balancer

Taking into account the specific need of minerals which are not available in Rajasthan soil, the Company organised to develop Rajasthan Specific Mineral Mixture and it has been providing the same to the producers at a competitive price under its own brand - Mudrika. The response from users has rather been encouraging, as a result of which the Company distributed about 93 MT mineral mixture and 41 MT Ration Balancer.

## Fodder Development

To ensure supply of fodder throughout the year, it is necessary to focus on increasing the productivity of available land under fodder cultivation, improve the efficiency of fodder utilization and minimize the fodder wastages / encourage fodder conservation. Under Fodder Development, activities such as Silage Demonstration, Fodder Crop (Thornless Cactus, Napier Grass) Demonstration and Quality Fodder Seed Supply are being undertaken.

The Company continued distributing quality fodder seeds including Lucerne, Oat, Sorghum, Hybrid Maize and Millet Seeds etc. at affordable rates among milk producers. The Company procured stem slips of hybrid Napier from NDDB, Anand and distributed to milk producers free of cost for green fodder availability round the year. A total of 734 quintal fodder seed was distributed during the period under review. In future, several other varieties of fodder such as Drum Sticks, Fodder Beet and Chinese Cabbage etc. are planned.

## Model Dairy Farm

The Company is providing assistance to its members for developing Model Dairy Farms. In FY 2019-20, Six (06) Model Dairy Farms were developed by Paayas out of its own resources. At present, total of 14 MDF are functioning in five districts (Jaipur, Sikar, Ajmer, Tonk & Bhilwara) of Rajasthan.

## Producer Institution Building (PIB)

PIB focuses primarily on educating and sensitizing members about their roles and responsibilities apart from spreading information about various activities and schemes of the Company.

Paayas in FY 2019-20 conducted awareness program in a broader spectrum where the producer awareness / women awareness and education about quality and clean milk production were merged into a single awareness program called “Samvad”. There were a total of 2151 “Samvad” programs conducted across 8 districts in which 52967 producers were educated about the members to come forward and actively participate in Dairy activities resulting in higher return with enhanced milk quality.

In addition, 1,012 rural youths were also trained under ‘Rural Youth Awareness Programme’ to encourage them understand the importance of dairying as an additional/alternative source of livelihood and motivate them to take this as a profession. Further under ‘Awareness Programme for School Children’, 850 school-going children were oriented on nutritional and quality aspects of milk and milk products. They were encouraged to consume adequate dairy products in order to keep them healthy.

Being a single tier Company with a large operational area and membership base, it is essential that some informal groups be created in order to strengthen relationship and bonding between the Company and its members for ensuring effective two-way communication. Keeping this in mind, 2,888 informal Village Contact Groups (VCGs) were created at village level which comprise of 10,336 member and 227 informal Member Relation Groups (MRGs) were created at milk route level which comprise of 2888 members. The Company also conducted ‘Leadership Development Programmes’ in which 42 members were trained with a view to groom them for leadership roles.

Moving further, Board members were given training on “Developing Emotional Intelligence” in Oct 2019.

As a part of exposure visit Directors went on an Exposure visit to Saahaj Milk Producer Company Ltd., Agra, they also participated in 48<sup>th</sup> Dairy Industry Conference held in Jaipur.

### **Ration Balancing Programme (RBP)**

RBP aims to improve production and reproduction of animals through adoption of scientific method of feeding with provision of technical inputs and services to milk producers at their doorstep, thereby improving milk production efficiency and economic return from dairying.

Paayas has provided RBP services from its own resources during the year 2019 - 20. RBP has helped in changing traditional feeding practices. The Company organized several mass awareness campaigns to educate producers.

### **Artificial Insemination Program**

The Company had implemented AI Services with an objective to deliver quality AI services through well trained qualified Mobile Artificial Insemination Technicians using top genetics at the doorstep of farmers in order to improve productivity of milch animals, reduce cost of milk production and maximize farmers’ income under NDP.

In FY 2019-20 Paayas continued this program from its own resources to deliver quality AI Service to the farmers at their doorstep. To facilitate efficient monitoring and field extension

support for breeding service, Mobile Artificial Insemination Technicians are working in 20 MCC area of Paayas operation. PES Executive manages each MCC Area. A Breeding Specialist provides technical and managerial support to all PES Executives.

During the period under review, the Company accomplished about 2,52,548 AI through 372 MAIT's.

#### **Quality Assurance:**

Quality remains a focus area. Our Milk chilling centers are equipped with essential Milk testing facilities. Testing equipment like Digital electronic balances, water baths, vortex shakers, Oven, R.M test equipment's, BR meters, Remi centrifuge machine, sodium analyzers & refrigerator etc. are in place to perform the quality tests in raw milk at centers. Additional Facility was created at chilling Centre's for cow milk reception, chilling, storage and dispatch separately so as to enable good quality raw cow milk supply to interested bulk buyers. System upgrades such as additional dock, lab expansion, additional storage facility at high pouring Chilling Centre & refrigeration capacity enhancement to preserve freshness of milk and setting up Model MCCs with state-of-the-art facilities viz. Auto CIP, Auto conveyor etc. were undertaken.

Various in house training programs for Chemists and MCC In charges were organized to upgrade skill.

#### **Directors**

Smt. Kamala Devi retired as a Director with effect from September 16, 2019. The Board would like to thank her for association and support as director with the Company.

Pursuant to the Article 9.6 and pursuant to Section 581ZA and other relevant articles of the Articles of Association of the Company and applicable provisions, of the Companies Act, 1956, Shri Sushil Kumar Vaishnav was appointed as Director of the Company with effect from September 16, 2019.

Shri Sriram Singh, was reappointed as an Expert Director of the Company with effect from June 26, 2020 for a period of two years.

Dr. Omveer Singh, resigned as an Expert Director with effect from September 28, 2020. The Board would like to thank him for his association and support as director with the Company.

Dr. Devanand Chakkingal Pathayapura, was appointed as an Expert Director of the Company with effect from October 26, 2020 for a period of two years.

#### **Composition of Board of Directors & reappointment of Directors:**

Article 9.4 of the Articles of Association of the Company deals with determination of criteria for categorising members into different classes based on their patronage and representation of such classes of members on the Board, to the extent possible, based on the patronage of members of respective class. The criteria for categorizing members into three different classes viz., Class-A, Class-B and Class-C based on patronage were approved at the seventh AGM of the Company.

Based on the analysis of the data w.r.t., fulfilment of patronage criteria by the members during FY 2019-2020, it has been found that, Class-A, Class-B and Class-C of members amongst themselves were respectively 7%, 17% and 76% during FY 2019-2020. Accordingly, the composition of the Board providing for representation of each class of members on the Board based on patronage of each class of members comes to 3 Directors for Class-A, 4 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:-**

At present the Board has 3 directors representing Class-A, therefore, there is no retirement/election in category of Class-A directors at the 9<sup>th</sup> AGM.

**Class-B Directors:-**

At present the Board has 2 Directors representing Class-B. Pursuant to Article 9.6 of the Articles of Association of the Company, Smt. Manju Jakhar Director of the Company, will retire at the ensuing AGM of the Company on completion of her second term. Based on the recommendation of Nominating Committee, the Board recommends the appointment of Smt. Mamta Choudhary “representing Class-B” in place of Smt. Manju Jakhar.

Based on the recommendation of Nominating Committee, the Board recommends the appointment of Shri Ladu Lal “representing Class-B” to fill up the vacancy of Class-B.

The statement containing name and qualification of the aforesaid Director seeking appointment are annexed to the Notice convening 9<sup>th</sup> AGM of the Company.

**Class-C Directors:-**

At present the Board has 5 Directors representing Class-C. Pursuant to Article 9.6 of the Articles of Association of the Company, Smt. Geeta Devi Gurjar, Director of the Company “representing Class- C” will retire at the ensuing AGM of the Company and being eligible, offers herself for re-appointment. Based on the recommendation of Nominating Committee, the Board recommends her re-appointment.

Pursuant to Article 9.6 of the Articles of Association of the Company, Shri Doongar Singh Rathor, Director of the Company, will retire at the ensuing AGM of the Company on completion of his second term. Based on patronage criteria for FY 2019-2020, the Board allotted the vacancy of Class C to Class B. However, the vacancy of Class-B could not be filled up for the time being.

The statement containing name and qualifications of the aforesaid Directors seeking re-appointment are annexed to the Notice convening 9<sup>th</sup> AGM of the Company.

**Membership/Voting Rights/ Share Capital**

As at March 31, 2020, the paid up share capital was Rs. 41.78 Crore, whereas 112169 members were appearing on the register of members of the Company. During the period under review, membership of 1338 members have been cancelled/ surrendered due to non-fulfilment of membership criteria.

After 31 March 2020, the Company has enrolled 728 new members and the membership of 1338 members have been cancelled/ surrendered due to non-fulfilment of membership criteria and other reasons. Therefore, the total number of members as on the date of this report stands at 111559 members.

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

#### **Voting Rights and attendance at AGM:**

Out of total 112169 members, 44016 members have voting rights on all the resolutions as set in Annual General Meeting notice and 13618 members, who have fulfilled basic condition for voting (i.e., pouring of milk for at least 200 days totalling to at least 500 litres in a previous financial year) but have not fulfilled one or more of the patronage criteria of their respective class during F.Y. 2019-2020, consequently they are not entitled to vote on the class based election of Directors. Further, 53197 members, who did not fulfil aforesaid basic condition for voting, lost their voting right at ensuing Annual General Meeting. Remaining 1338 members whose membership have been cancelled post 31.03.2020, they are not entitled to attend ensuing AGM.

728 new members, who were admitted as members of the Company post March 31, 2020, will not be entitled to dividend for FY 2019-2020 as well as voting right at 9<sup>th</sup> AGM.

#### **Directors Responsibility Statement**

In accordance with section 217 (2AA) of the Companies Act, 1956 the Board of Directors of the Company informs the members that:

- a) in the preparation of annual accounts, the applicable accounting standards along with proper explanation have been followed and that no material departures have been made from the same;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year and the profit of the company for that period;
- 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;
- d) the directors have prepared the annual accounts on a going concern basis.

#### **Internal Control System**

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. Pursuant to the Section 581ZF of the Companies Act, 1956, M/s. Ernst &

Young LLP, Chartered Accountants, has been appointed as Internal Auditors of the company who independently evaluate the adequacy of internal controls, and carry out the audit of accounts of the Company.

### **Auditors**

M/s S.B. Billimoria & Co., Chartered Accountants, Statutory Auditors retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their reappointment if made, would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

Your Directors recommend the re-appointment of M/s S.B. Billimoria & Co. as Statutory Auditors of the Company at the ensuing Annual General Meeting.

### **Deposits**

The Company has not accepted any fixed deposits during FY 2019-2020.

### **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 25th November 2015 and 9th March 2016. The clarification from MCA is yet to be received.

Further, under the Companies Amendment Act, 2020, the Part IX A of the Companies Act, 1956 has been incorporated in the Companies Act, 2013 as new chapter XXI A for Producer Companies, but the same is yet to be notified. Hence, post notification of new chapter XXI A for Producer Companies, the Compliance of CSR provisions will be initiated.

### **Disclosure under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013**

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace.

### **Particulars of Employees**

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

### **Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earning and out go.**

Particulars required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

- (i) Part A and B of the Rules pertaining to Conservation of energy and Technology absorption are presently not applicable to the Company.
- (ii) Foreign Exchange earnings and outgo: Earnings – Nil; Outgo – Nil.

### **Acknowledgement**

The Board of Directors wish to convey their appreciation to members, business associates for their support and contribution during the period under review. The Directors would also like to thank bankers, employees, both internal and statutory auditors for their continued support to the Company.

The Board of Directors gratefully acknowledge encouragement and support extended by National Dairy Development Board, NDDB Dairy Services and Mother Dairy Fruit & Vegetable Private Limited.

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

(Sd/-)  
**Manju Jakhar**  
**Chairperson & Director**

Place: Jaipur  
Date: 26.10.2020

## ANNEXURE 'A' TO DIRECTORS REPORT

<b>(i) Employed throughout the Financial Year</b>									
S N	Name	Designation/ nature of Duty	Qualifications	Exp (Yrs.)	Date of joining	Nature of employment	Gross Remuneration p.a. (in Rs.)	Age	Previous Employment / position held
1	Shri Ratan Kumar Singh	Director & Chief Executive	PGDRDM- (IRMA) B.Sc. (Dairy Technology)	38	01.06.2015	Permanent	70,75,329/-*	58	Mother Dairy Fruit & Vegetable Private Limited
<b>(ii) Employed for a part of the Financial Year</b>									
NIL									

\* includes performance linked incentive pertaining to FY 2019-20 approved by the Board in their meeting held on 14.08.2020.



## INDEPENDENT AUDITOR'S REPORT

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

#### Opinion

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

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

#### Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on 31 March, 2020 taken on record by the Board of Directors, none of

the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 26 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order/CARO 2016”) issued by the Central Government in terms of Section 143(11) of the Act, we give in the “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. As required by Section 581ZG of the Part IXA of the Companies Act, 1956 (in terms of section 465 of the Companies Act, 2013, provisions of part IXA of the Companies Act are applicable to a producer company in a manner as if the Companies Act, 1956 has not been repealed), we give in the “Annexure C” a statement on the matters specified in that Section.

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

Place: New Delhi  
Date: 14 August, 2020

Sd/-  
**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN: 20087104AAAAEB5704)

## **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 Paayas Milk Producer Company Limited (“the Company”) as of 31 March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditor’s Responsibility**

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

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

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

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

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

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

Place: New Delhi  
Date: 14 August, 2020

Sd/-  
**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN: 20087104AAAAEB5704)

## **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 property, plant and equipment:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.
  - b. The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us and the records examined by us, the Company has constructed buildings on land taken on lease and the lease agreements are in the name of the Company.
- (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, 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, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. The operations of the Company during the year did not give rise to any liability for Customs Duty and Excise Duty.
  - b. There are no undisputed amounts payable in respect of Provident Fund, Employee’s State Insurance, Income Tax, Customs Duty, Excise Duty, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

- c. There are no dues of Income Tax and Goods and Services Tax as on 31 March 2020 on account of disputes. The operations of the Company during the year did not give rise to any liability for Customs Duty and Excise Duty.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loan from government or financial institutions and it has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: New Delhi  
Date: 14 August, 2020

Sd/-  
**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN: 20087104AAAAEB5704)



## 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 15 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, the Company does not hold any cash in hand or investment securities.
- iii. The details of assets and liabilities as at 31 March, 2020 are as per the financial statements of the Company as at and for the year ended 31 March, 2020.
- iv. In our opinion and according to the information and explanations given to us, the Company has not done any transaction which appears to be contrary to the provisions of part IXA of the Companies Act, 1956.
- v. According to the information and explanations given to us, the Company has not granted any loan to its directors.
- vi. According to the information and explanations given to us, the Company has not given any donations or subscriptions during the year.

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

Place: New Delhi  
Date : 14 August, 2020

Sd/-  
**Jitendra Agarwal**  
Partner  
(Membership No. 87104)  
(UDIN: 20087104AAAAEB5704)

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

	Note No.	As at 31 March, 2020 Rupees	As at 31 March, 2019 Rupees
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	417,792,700	374,068,400
(b) Reserves and surplus	4	672,235,601	611,909,545
		1,090,028,301	985,977,945
<b>2. Share application money pending allotment</b>		16,948,800	19,516,650
<b>3. Deferred grant</b>	5	73,380,250	104,393,894
<b>4. Non - current liabilities</b>			
(a) Deferred tax liabilities (net)	6	-	363,575
(b) Other long-term liabilities	7	117,682,196	107,831,200
		117,682,196	108,194,775
<b>5. Current liabilities</b>			
(a) Short - term borrowings	8	898,207,709	941,049,494
(b) Trade payables	9		
(i) Total outstanding dues of micro and small enterprises		6,636,331	-
(ii) Total outstanding dues of creditors other than micro and small enterprises		690,468,011	701,839,773
(c) Other current liabilities	10	45,371,082	147,750,838
(d) Short - term provisions	11	21,429,576	-
		1,662,112,710	1,790,640,105
<b>Total</b>		<b>2,960,152,257</b>	<b>3,008,723,369</b>
<b>B. ASSETS</b>			
<b>1. Non - current assets</b>			
(a) Property, plant and equipment			
(i) Tangible assets	12a	196,249,769	242,792,230
(ii) Intangible assets	12b	942,188	15,964,540
(iii) Capital work-in-progress	12c	-	-
		197,191,957	258,756,770
(b) Deferred tax assets (net)	6	957,447	-
(c) Long - term loans and advances	13	26,201,468	22,579,580
		224,350,872	281,336,350
<b>2. Current assets</b>			
(a) Inventories	14	80,965,795	128,800,859
(b) Trade receivables	15	1,612,442,547	1,526,480,773
(c) Cash and cash equivalents	16	1,007,050,619	1,021,172,816
(d) Short - term loans and advances	17	12,858,557	28,392,285
(e) Other current assets	18	22,483,866	22,540,286
		2,735,801,385	2,727,387,019
<b>Total</b>		<b>2,960,152,257</b>	<b>3,008,723,369</b>

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

Sd/-  
**JITENDRA AGARWAL**  
Partner

Sd/-  
**Manju Jakhar**  
Director

Sd/-  
**Sukhpal Jat**  
Director

Sd/-  
**Ratan Kumar Singh**  
Director & Chief Executive

Sd/-  
**Anup Gupta**  
Company Secretary

Sd/-  
**Kapil Pachori**  
Assistant General Manager (Finance)

Place: New Delhi  
Date: 14 August, 2020

Place: Jaipur  
Date: 14 August, 2020

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

	Note No.	Year ended	Year ended
		31 March, 2020	31 March, 2019
		Rupees	Rupees
1. Revenue from operations	19	17,208,916,896	14,231,475,635
2. Other income	20	62,130,430	63,706,628
<b>3. Total revenue (1+2)</b>		<b>17,271,047,326</b>	<b>14,295,182,263</b>
<b>4. EXPENSES</b>			
(a) Purchases of traded goods	21	15,891,685,607	12,962,240,045
(b) Changes in inventories of finished goods & stock-in-trade	22	47,835,064	(2,509,258)
(c) Employee benefits expense	23	122,159,778	97,079,014
(d) Finance costs	24	31,711,264	33,848,434
(e) Depreciation and amortisation expense	12	30,972,716	35,889,748
(f) Other expenses	25	1,041,235,575	961,164,508
<b>Total expenses</b>		<b>17,165,600,005</b>	<b>14,087,712,491</b>
<b>5. Profit before tax (3-4)</b>		<b>105,447,321</b>	<b>207,469,772</b>
<b>6. Tax expense:</b>			
(a) Current tax		29,000,000	76,000,000
(b) Deferred tax charge/(credit)		(1,321,022)	(2,051,233)
(c) Provision pertaining to earlier years (see note 38)		26,893,397	184,276
Net tax expense		54,572,375	74,133,043
<b>7. Profit for the year (5-6)</b>		<b>50,874,946</b>	<b>133,336,729</b>
<b>8. Earnings per equity share:</b>	31		
(Nominal value Rs. 100 per share)			
(a) Basic		13.38	40.48
(b) Diluted		13.38	40.47

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

Sd/-  
**JITENDRA AGARWAL**  
Partner

Sd/-  
**Manju Jakhar**  
Director

Sd/-  
**Anup Gupta**  
Company Secretary

Sd/-  
**Sukhpal Jat**  
Director

Sd/-  
**Kapil Pachori**  
Assistant General Manager (Finance)

Sd/-  
**Ratan Kumar Singh**  
Director & Chief Executive

Place: New Delhi  
Date: 14 August, 2020

Place: Jaipur  
Date: 14 August, 2020

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

	Year ended 31 March, 2020 Rupees	Year ended 31 March, 2019 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	105,447,321	207,469,772
<b>Adjustments For :</b>		
Finance costs - interest expense on borrowings	31,692,511	33,845,682
Interest income	(50,795,146)	(48,354,984)
Depreciation and amortization expense	30,972,716	35,889,748
Profit on recovery/sale of property, plant and equipment	(2,871,762)	(2,685,496)
<b>Operating Profit before working capital changes</b>	<b>114,445,641</b>	<b>226,164,722</b>
<b>Adjustments for movement in working capital:</b>		
Decrease/(increase) in inventories	47,835,064	(2,509,258)
Decrease/(increase) in trade receivables	(85,961,774)	(90,965,630)
Decrease/(increase) in other current assets	-	64,728
Decrease/(increase) in long term loans and advances	(3,637,313)	(5,248,095)
Decrease/(increase) in short term loans and advances	15,533,728	16,598,643
(Decrease)/increase in other long term liabilities	9,850,996	5,308,187
(Decrease)/increase in trade payables	(4,735,431)	188,910,630
(Decrease)/increase in provisions	117,558	-
(Decrease)/increase in other current liabilities	(109,422,418)	101,751,637
<b>Cash generated from/(used in) operations</b>	<b>(15,973,949)</b>	<b>440,075,566</b>
Net income taxes (paid)/refund	(34,565,954)	(102,269,888)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(50,539,903)</b>	<b>337,805,678</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Decrease/(increase) in bank balances not considered as cash and cash equivalents	(449,150,094)	(13,191,134)
Capital expenditure on property, plant and equipment (net of capital grant received)	(705,798)	(4,470,198)
Interest received	50,851,567	35,680,166
Proceeds from recovery/sale of property, plant and equipment	3,156,012	2,860,949
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(395,848,313)</b>	<b>20,879,782</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of share capital	24,207,650	29,210,500
Share application money received	16,948,800	19,516,650
Proceeds from security premium	45,527,850	39,937,550
Net increase/(decrease) in working capital borrowings	(42,841,785)	(14,359,458)
Dividend Paid including dividend tax	(36,076,741)	(36,774,791)
Finance costs paid	(24,649,849)	(35,749,172)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(16,884,075)</b>	<b>1,781,279</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(463,272,291)</b>	<b>360,466,740</b>
Cash and cash equivalents at beginning of the year	798,514,421	438,047,681
<b>Cash and cash equivalents at the end of the year</b>	<b>335,242,130</b>	<b>798,514,421</b>
<b>Components of Cash and cash equivalents as at:</b>		
Balances with banks:		
in current accounts	40,702,194	212,344,762
in deposit accounts	294,539,936	586,169,659
Cash and cash equivalents as per Cash Flow Statement	<b>335,242,130</b>	<b>798,514,421</b>
Add: Bank balances not considered as Cash and cash equivalent	671,808,489	222,658,395
Cash and bank balances as per Balance Sheet (Note 16)	<b>1,007,050,619</b>	<b>1,021,172,816</b>

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

Sd/-  
**JITENDRA AGARWAL**  
Partner

Sd/-  
**Manju Jakhar**  
Director

Sd/-  
**Sukhpal Jat**  
Director

Sd/-  
**Ratan Kumar Singh**  
Director & Chief Executive

Sd/-  
**Anup Gupta**  
Company Secretary

Sd/-  
**Kapil Pachori**  
Assistant General Manager (Finance)

Place: New Delhi  
Date: 14 August, 2020

Place: Jaipur  
Date: 14 August, 2020

## PAAYAS MILK PRODUCER COMPANY LIMITED

### Notes forming part of the financial statements

#### 1. Corporate information

Paayas Milk Producer Company Limited (“the Company”) was incorporated on 19 May 2012 under Part IXA of the Companies Act, 1956.

The Company procures milk directly from milk producers through ‘Milk Pooling Points’ (MPP) in villages of Rajasthan and sells to various dairies. The Company also process raw milk for manufacture of ‘Polypack Milk’ (PPM) and Ghee. The Company also trades in cattle feed, dairy fresh and animal semen.

#### 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. Property, plant and equipment (Tangible/Intangible)**

**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 amortisation 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 amortisation 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/amortisation on tangible and intangible 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:

<b>Description</b>	<b>Useful life (in years)</b>
Building	10
Plant and equipment	10
Milk cans	4
Furniture and fixtures	15
Computers and software	3
Office equipment	10
Trade marks	5

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

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

**l. Employee benefits**

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

**a. Defined contribution plans**

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

**b. Defined benefit plans**

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

**c. Short-term employee benefits**

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

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

**Note 3: Share Capital**

	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
<b>(a) Authorised share capital</b>				
Equity Shares of Rs. 100 each	5,000,000	500,000,000	5,000,000	500,000,000
<b>(b) Issued, subscribed and fully Paid up share capital</b>				
Equity Shares of Rs. 100 each	4,177,927	417,792,700	3,740,684	374,068,400

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:**

	Year ended 31 March, 2020		Year ended 31 March, 2019	
	Number of shares	Amount Rupees	Number of shares	Amount Rupees
Shares outstanding at the beginning of the year	3,740,684	374,068,400	3,389,389	338,938,900
Shares issued during the year	910,557	91,055,700	857,941	85,794,100
Shares cancelled / surrendered during the year	(473,314)	(47,331,400)	(506,646)	(50,664,600)
Shares outstanding at the end of the year	<b>4,177,927</b>	<b>417,792,700</b>	<b>3,740,684</b>	<b>374,068,400</b>

(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.

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

	As at 31 March, 2020 Rupees	As at 31 March, 2019 Rupees
<b>Note 4: Reserves and surplus</b>		
<b>(a) General reserve</b>		
Opening balance	491,627,305	394,367,316
Add: Transferred from surplus in Statement of Profit and Loss	21,629,456	97,259,989
Closing balance	<u>513,256,762</u>	<u>491,627,305</u>
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening Balance	36,076,740	36,774,791
Add: Profit for the year	50,874,946	133,336,729
Less:		
Final limited return (dividend) to members for the year ended 31 March, 2019 (Rs.8/- per share)	29,925,472	30,504,501
Tax on above limited return (dividend)	6,151,269	6,270,290
Transferred to General Reserve	21,629,456	97,259,989
Closing balance	<u>29,245,489</u>	<u>36,076,740</u>
<b>(c) Security Premium</b>		
Opening balance	84,205,500	44,267,950
Add: Premium on shares issued during the year	45,527,850	39,937,550
Closing balance	<u>129,733,350</u>	<u>84,205,500</u>
	<b><u>672,235,601</u></b>	<b><u>611,909,545</u></b>
<b>Note 5: Deferred grant</b>		
Opening balance	104,393,894	161,962,132
Add: Capital grant utilised during the year (see note 32)	-	657,850
Less: Depreciation pertaining to assets acquired from capital grant (see note 12)	31,013,644	58,226,088
Closing balance	<u>73,380,250</u>	<u>104,393,894</u>
<b>Note 6: Deferred tax (assets)/liabilities</b>		
<b>(a) Tax effect of items constituting deferred tax (assets)/liabilities:</b>		
(i) On difference between book balance and tax balance of property, plant and equipment	(957,447)	363,575
	<u>(957,447)</u>	<u>363,575</u>
<b>Note 7: Other long-term liabilities</b>		
(a) Trade / security deposits received	117,682,196	107,831,200
	<b><u>117,682,196</u></b>	<b><u>107,831,200</u></b>

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

	As at 31 March, 2020 Rupees	As at 31 March, 2019 Rupees
<b>Note 8: Short - term borrowings</b>		
(a) Unsecured Loans		
(i) Bill discounting facility	898,207,709	941,049,494
	<b>898,207,709</b>	<b>941,049,494</b>
<b>Note 9: Trade payables</b>		
(a) Trade Payables (other than acceptances) (see note 34)	697,104,342	701,839,773
	<b>697,104,342</b>	<b>701,839,773</b>
<b>Note 10: Other current liabilities</b>		
(a) Membership cancellation payable	16,163,575	15,757,030
(b) Interest accrued but not due on borrowings	13,534,493	6,491,831
(c) Unclaimed/Unpaid dividends	5,888,097	5,818,528
(d) Statutory dues	5,769,877	5,616,867
(e) Advances from customers	3,876,058	15,687,254
(f) Payable to NDDDB - unutilised grant (See note 32)	138,983	98,379,329
	<b>45,371,082</b>	<b>147,750,838</b>
<b>Note 11: Short term provisions</b>		
(a) Provision for Gratuity (net of gratuity fund Rs. 1,53,69,100)	117,558	-
(b) Provision for income tax (net of tax paid of Rs. 3,45,70,761)	21,312,018	-
	<b>21,429,576</b>	<b>-</b>

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

**Note 12: Property, plant and equipment**

Particulars	Gross Block		Accumulated Depreciation/amortisation		Net Block			
	As at 01 April 2019	Additions Disposals	As at 31 March 2020	As at 01 April 2019	For the year ended March 2020	Eliminated on disposal of assets	As at 31 March 2020	As at 31 March 2019
<b>(a) Tangible assets (owned)</b>								
Buildings	7,204,318	-	7,204,318	5,038,768	303,067	-	5,341,835	1,862,483
(Previous year)	(7,204,318)	(-)	(7,204,318)	(4,735,701)	(303,067)	(-)	(5,038,768)	(2,165,550)
Plant and equipment	467,751,426	438,370	2,968,723	232,532,228	45,344,068	2,684,472	275,191,823	190,029,249
(Previous year)	(431,340,780)	(38,820,058)	(2,409,412)	(182,561,357)	(52,204,830)	(2,233,959)	(232,532,228)	(235,219,198)
Furniture and fixtures	23,130,321	-	104,952	21,746,424	126,104	104,952	21,767,575	1,257,793
(Previous year)	(23,278,629)	(20,650)	(168,958)	(21,768,628)	(146,754)	(168,958)	(21,746,424)	(1,383,897)
Office equipment	6,549,906	140,000	-	3,099,834	620,634	-	3,720,468	2,969,438
(Previous year)	(6,458,043)	(91,863)	(-)	(2,425,426)	(674,408)	(-)	(3,099,834)	(3,450,072)
Computers	81,482,304	127,428	165,944	80,908,791	570,136	165,944	81,312,984	130,805
(Previous year)	(81,579,801)	(63,720)	(161,217)	(81,482,304)	(5,890,954)	(161,217)	(80,908,791)	(6,400,747)
<b>Total (A)</b>	<b>586,118,275</b>	<b>705,798</b>	<b>3,239,619</b>	<b>583,584,454</b>	<b>343,326,045</b>	<b>2,955,368</b>	<b>387,334,686</b>	<b>196,249,769</b>
Previous year	(549,861,571)	(38,996,291)	(2,739,587)	(586,670,166)	(59,220,013)	(2,564,134)	(343,326,045)	(242,792,230)
<b>(b) Intangible assets (other than self generated)</b>								
Computer software	136,025,200	-	-	136,025,200	120,060,660	15,022,352	135,083,012	942,188
(Previous year)	(134,067,893)	(1,957,307)	(-)	(136,025,200)	(85,164,837)	(34,895,823)	(120,060,660)	(15,964,540)
Trade mark	90,000	-	-	90,000	90,000	-	90,000	-
(Previous year)	(90,000)	(-)	(-)	(90,000)	(-)	(-)	(90,000)	(-)
<b>Total (B)</b>	<b>136,115,200</b>	<b>-</b>	<b>-</b>	<b>136,115,200</b>	<b>120,150,660</b>	<b>15,022,352</b>	<b>135,173,012</b>	<b>942,188</b>
Previous year	(134,157,893)	(1,957,307)	(-)	(136,115,200)	(85,254,837)	(34,895,823)	(120,150,660)	(15,964,540)

Notes:

**(i) Depreciation and amortisation expense**

	Year ended 31 March, 2020		Year ended 31 March, 2019	
	Rupees	Rupees	Rupees	Rupees
Tangible assets	46,964,008	59,220,013		
Intangible assets	15,022,352	34,895,823		
Less: Depreciation pertaining to assets acquired on grant	31,013,644	58,226,088		
	<b>30,972,716</b>	<b>35,889,748</b>		

(ii) The details of assets purchased out of capital grant and included in the above schedule are given below (see note 32):

Assets	Gross Block		Accumulated Depreciation/amortisation		Net Block			
	As at 01 April 2019	Additions Disposals	As at 31 March 2020	As at 01 April 2019	For the year ended March 2020	Eliminated on disposal of assets	As at 31 March 2020	As at 31 March 2019
<b>Tangible assets:</b>								
Building	3,190,183	-	3,190,183	1,024,631	303,067	-	1,327,698	1,862,485
Plant and equipment	169,254,935	-	169,250,396	84,091,861	16,160,313	4,539	100,247,635	85,163,074
Office equipment	4,888,788	-	4,888,788	2,274,664	461,238	-	2,735,902	2,152,886
Furniture and fixtures	19,606,275	-	19,501,323	19,108,212	45,132	104,952	19,048,392	498,063
Computers	72,930,046	-	72,772,315	72,866,261	63,785	157,731	72,772,315	63,785
<b>Intangible assets:</b>								
Computer Software	130,233,393	-	130,233,393	116,194,830	13,980,109	-	130,174,939	14,038,563
<b>Total</b>	<b>400,103,619</b>	<b>-</b>	<b>399,836,397</b>	<b>295,560,457</b>	<b>31,013,645</b>	<b>267,222</b>	<b>326,306,879</b>	<b>104,543,163</b>

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

	As at 31 March, 2020	As at 31 March, 2019
	Rupees	Rupees
<b>Note 13: Long - term loans and advances</b> (Unsecured, considered good)		
(a) Security deposits	8,864,349	5,672,145
(b) Prepaid expenses	445,109	-
(c) Advance income tax (net of provisions of Rs. 28,36,26,612; previous year Rs. 25,40,26,612)	16,892,010	16,907,435
	<b>26,201,468</b>	<b>22,579,580</b>
<b>Note 14: Inventories</b> (At lower of cost and net realisable value)		
(a) Stock-in-trade	42,671,270	62,384,208
(b) Stock-in-trade (in transit)	38,294,525	66,416,651
	<b>80,965,795</b>	<b>128,800,859</b>
<b>Note 15: Trade receivables</b>		
(a) Outstanding for a period exceeding six months from the date they were due for payment - secured, considered good	1,470,413	840,465
(b) Others:		
(i) Secured, considered good	29,174,902	38,055,846
(ii) Unsecured, considered good	1,581,797,232	1,487,584,461
	<b>1,612,442,547</b>	<b>1,526,480,773</b>
	<b>As at 31 March, 2020</b>	<b>As at 31 March, 2019</b>
	Rupees	Rupees
<b>Note 16: Cash and cash equivalents</b>		
<b>(a) Cash and cash equivalents</b>		
(i) Balance with banks:		
a. In current accounts	40,702,194	212,344,762
b. In deposit accounts - original maturity of 3 months or less	294,539,936	586,169,659
Cash and cash equivalents as per AS 3 - Cash flow statement	<b>335,242,129</b>	<b>798,514,421</b>
<b>(b) Other bank balances</b>		
(i) In deposit accounts (original maturity more than 3 months)	641,801,064	194,264,316
(ii) Balances held as security against bank overdraft facility	24,119,328	22,575,551
(iii) In earmarked accounts - Unpaid dividend accounts	5,888,097	5,818,528
	<b>1,007,050,619</b>	<b>1,021,172,816</b>

**Note:**

- (i) Fixed deposit amounting to Rs. 2,41,19,328 (previous year Rs. 2,25,75,551) have been pledged against bank overdraft facility

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

	As at 31 March, 2020	As at 31 March, 2019
	Rupees	Rupees
<b>Note 17: Short - term loans and advances</b>		
(Unsecured, considered good)		
(a) Loans and advances to employees	4,740	20,202
(b) Gratuity Fund (previous year - net of liability Rs. 1,10,45,996)	-	1,473,519
(c) Leave Encashment fund (net of liability Rs. 1,17,45,317; previous year Rs. 77,68,975)	3,895,388	4,923,848
(d) Advances to vendors	246,615	1,670,998
(e) Prepaid expenses	6,423,604	5,141,007
(f) Balance with government authorities	2,288,210	13,796,111
(g) Grant receivable from NDDDB (see note 32)	-	1,366,600
	<b>12,858,557</b>	<b>28,392,285</b>
<b>Note 18: Other current assets</b>		
(Unsecured, considered good)		
(a) Interest accrued but not due on bank deposits	22,483,866	22,540,286
	<b>22,483,866</b>	<b>22,540,286</b>
	<b>Year ended 31 March, 2020</b>	<b>Year ended 31 March, 2019</b>
	Rupees	Rupees
<b>Note 19: Revenue from operations</b>		
(a) Sale of products		
(i) Gross sale	18,619,032,063	15,300,442,380
(ii) Less: sale to third party (milk processor) for repurchase (see note below (i) below)	1,410,115,166	1,068,966,745
(iii) Net sales	<b>17,208,916,896</b>	<b>14,231,475,635</b>
<b>Notes:</b>		
(i) This represents sales made to third party for processing and packaging of milk which is re-purchased from them for sale to customers.		
<b>Sale of products comprises:</b>		
(ii) <b>Traded goods</b>		
a. Raw milk	14,406,039,124	11,959,560,049
b. Poly pack milk	1,376,739,060	1,119,394,143
c. Other milk product	82,531,516	83,134,713
d. Ghee	398,560,837	343,709,053
e. Cattle feed	932,770,073	713,110,055
f. Semen	12,276,288	12,567,622
<b>Total</b>	<b>17,208,916,896</b>	<b>14,231,475,635</b>



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

	Year ended 31 March, 2020	Year ended 31 March, 2019
	Rupees	Rupees
<b>Note 20: Other income</b>		
(a) Interest income		
(i) On deposits with banks	50,795,146	48,354,984
(b) Other non-operating income		
(i) Membership fees	1,750,926	2,050,467
(ii) Liabilities no longer required written back	792,725	4,853,719
(iii) Profit on sale of property, plant and equipment	2,871,762	2,685,496
(iv) Miscellaneous income	5,919,871	5,761,962
	<b>62,130,430</b>	<b>63,706,628</b>
	Year ended 31 March, 2020	Year ended 31 March, 2019
	Rupees	Rupees
<b>Note 21: Purchases of traded goods</b>		
(a) Raw Milk	12,993,927,367	10,736,676,538
(b) Poly Pack Milk	1,429,090,067	1,043,827,706
(c) Ghee	442,290,720	398,186,301
(d) Cattle Feed	923,873,616	697,089,604
(e) Other milk product	79,255,446	74,474,016
(f) Semen	23,248,391	11,985,880
	<b>15,891,685,607</b>	<b>12,962,240,045</b>
<b>Note 22: Changes in inventories of finished goods and stock-in-trade</b>		
<b>Decrease/(increase) in inventories of finished goods and stock-in-trade</b>		
(a) Inventories at the beginning of the year		
Stock-in-trade	62,384,208	75,409,951
Stock-in-transit	66,416,651	50,881,651
	<b>128,800,859</b>	<b>126,291,602</b>
(b) Inventories at the end of the year		
Stock-in-trade	42,671,270	62,384,208
Stock-in-transit	38,294,525	66,416,651
	<b>80,965,795</b>	<b>128,800,859</b>
<b>Net decrease/(increase) in inventories</b>	<b>47,835,064</b>	<b>(2,509,258)</b>
<b>Note 23: Employee benefits expense</b>		
(a) Salaries and wages	107,045,331	83,339,808
(b) Contribution to provident and other funds	11,054,753	9,437,188
(c) Staff welfare expenses	4,059,694	4,302,018
	<b>122,159,778</b>	<b>97,079,014</b>

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

	Year ended 31 March, 2020	Year ended 31 March, 2019
	Rupees	Rupees
<b>Note 24: Finance costs</b>		
(a) Interest expense on borrowings	31,692,511	33,845,682
(b) Interest on delayed payment of statutory dues	18,753	2,752
	<b>31,711,264</b>	<b>33,848,434</b>
<b>Note 25: Other expenses</b>		
(a) Consumption of stores and spares	13,857,441	8,729,225
(b) Power and fuel	2,457,399	2,428,298
(c) Milk chilling charges	141,326,181	138,282,555
(d) Rent	7,051,676	6,757,193
(e) Repair and maintenance - buildings	4,639,517	5,634,113
(f) Repair and maintenance - machinery	73,348,393	46,536,759
(g) Repair and maintenance - others	1,403,255	1,255,345
(h) Advertisement and business promotion	40,481,877	43,646,377
(i) Freight, forwarding and distribution expenses	580,312,015	548,619,737
(j) Insurance charges	5,750,674	4,154,744
(k) Legal and professional fees	28,765,278	28,909,906
(l) Auditor's remuneration (refer note (i) below)	1,938,904	1,842,703
(m) Travelling and conveyance	17,065,374	14,897,616
(n) Training expenses	4,107,426	3,669,618
(o) Contractual and retainership expenses	85,149,391	76,714,657
(p) Communication expenses	18,488,867	15,421,455
(q) Miscellaneous expenses	15,091,905	13,664,207
	<b>1,041,235,575</b>	<b>961,164,508</b>
<b>Note:</b>		
<b>(i) Auditors' remuneration comprises:</b>		
a. Statutory audit fee	1,356,000	1,280,000
b. Tax audit fee	212,000	200,000
c. Reimbursement of expenses	75,139	81,613
d. Tax on above	295,765	281,090
	<b>1,938,904</b>	<b>1,842,703</b>

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

	As at 31 March, 2020	As at 31 March, 2019
	Rupees	Rupees
<b>Note 26: Contingent liabilities and commitments</b>		
<b>A. Contingent Liabilities</b>		
<b>(a) Claims against the Company not acknowledged as debt</b>		
(i) Staff claims under litigation	1,455,575	1,455,575
<b>(b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid Rs. nil)	-	-

**Note 27**

In respect of the year ended 31 March, 2020, the directors in their meeting dated 14 August, 2020 have proposed a final dividend of Rs. 2,92,45,489 (Rs.7 per share) to be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in the financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares.

**Note 28**

The Company has received share application money of Rs. 1,69,48,800 towards equity shares, against which allotment has been made at the Board meeting held on 25 June, 2020.

**Note 29: Employee benefit plans:**

**Defined contribution plan**

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. 7,292,593 (previous year Rs. 6,639,074) for Provident Fund and Pension Fund contribution in the statement of profit and loss.

**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). The gratuity scheme covers all regular employees. In the case of the gratuity scheme, the Company contributes to a trust administered by LIC of India and funds approved by Income Tax Authorities. 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.

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

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

<b>(i) Change in defined benefit obligation</b>	<b>31 March, 2020</b>	<b>31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Present value of obligations at the beginning of the year	11,045,996	7,855,495
Interest cost	829,855	595,020
Current service cost	2,916,100	2,209,521
Benefit Paid	(253,701)	(255,922)
Actuarial (gains)/losses on obligation	948,408	641,882
<b>Present value of obligations at the end of the year</b>	<b>15,486,658</b>	<b>11,045,996</b>
<b>(ii) Fair value of plan assets</b>	<b>31 March, 2020</b>	<b>31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Fair value of plan assets at the beginning of the year	12,519,515	8,320,938
Expected return on plan assets	1,059,387	783,455
Contributions	2,097,359	3,802,828
Benefit paid	(179,977)	(252,560)
Actuarial gains/(losses) on plan assets	(127,184)	(135,146)
<b>Fair value of plan assets at the end of the year</b>	<b>15,369,100</b>	<b>12,519,515</b>
<b>(iii) Return on plan assets</b>	<b>31 March, 2020</b>	<b>31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Expected return on plan assets	1,059,387	783,455
Actuarial gains/(losses)	(127,184)	(135,146)
<b>Actual return on plan assets</b>	<b>932,203</b>	<b>648,309</b>
<b>(iv) Amount recognised in the Balance Sheet</b>	<b>31 March, 2020</b>	<b>31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Present value of defined benefit obligations	15,486,658	11,045,996
Fair value of plan assets	15,369,100	12,519,515
<b>Net liability/(asset) recognised in the balance sheet</b>	<b>117,558</b>	<b>(1,473,519)</b>
<b>(v) Expenses recognised in the statement of profit and loss</b>	<b>31 March, 2020</b>	<b>31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Current service costs	2,916,100	2,209,521
Interest cost	829,855	595,020
Expected return on plan assets	(1,059,387)	(783,455)
Net actuarial (gain)/loss recognized during the year	1,075,592	777,028
<b>Expenses recognized in Statement of Profit and Loss</b>	<b>3,762,160</b>	<b>2,798,114</b>
<b>(vi) Balance Sheet reconciliation</b>	<b>31 March, 2020</b>	<b>31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Net liability/(asset) at the beginning of the year	(1,473,519)	(465,443)
Expenses as above	3,762,160	2,798,114
Contributions	(2,097,359)	(3,802,828)
<b>Net liability/(asset) at the end of the year</b>	<b>191,282</b>	<b>(1,470,157)</b>

The planned assets of the Company are managed by the trust and the Life Insurance Corporation of India (LIC) in terms of an insurance policy taken to fund obligations of the Company with respect to its gratuity plan. Information about the categories of plan assets with respect to its investment pattern for group gratuity fund is not available with the Company.

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

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.

<b>(vii) Principal actuarial assumptions</b>	<b>31 March, 2020</b>	<b>31 March, 2019</b>
Discount rate	6.76% p.a.	7.60% p.a.
Expected salary escalations	10.00% p.a.	10.00% p.a.
Expected return on plan assets	7.83% p.a.	7.76% p.a.
Attrition rate:		
Below 30 Years	3%	3%
Ages 31-44 Years	2%	2%
Ages 44 and Above	1%	1%
Mortality table used	IAL (2012-14) ultimate	IAL (2012-14) ultimate

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

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.

**(viii) Actuarial assumptions for compensated absences**

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

**(ix) Experience adjustment**

	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Present value of defined benefit obligations	15,486,658	11,045,996	7,855,495	6,025,647	3,782,730
Fair value of plan assets	15,369,100	12,519,515	8,320,938	6,264,923	4,436,814
Funded status	117,558	(1,473,519)	(465,443)	(239,276)	(654,084)
Gain/(loss) on obligations	(948,408)	(641,882)	335,559	(1,053,859)	(225,553)
Gain/(loss) on plan assets	(127,184)	(135,146)	(74,436)	(58,762)	(121,748)

**Note 30: Leasing arrangements**

The Company has entered into lease arrangements for office premises. The Company has recognised lease rental expenses of Rs. 70,51,676 (previous year Rs. 67,57,193) in the statement of profit and loss.

The lease for corporate office premises is for a period of eight years and eight months and is cancellable at the option of the lessee by giving six months notice. Agreement provides for increase in lease payments by 15% every three years. Lease for cluster office and bindyaka are for a period of six years and five years respectively with an annual increase in lease payments by 5%. For other office premises rent agreement is for the period of 11 months which can be cancelled only by lessee with the permission of lessor.

**Future minimum lease payment are:**

<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31 March, 2020</b>	<b>31 March, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Payable not later than one year	4,273,043	4,015,547
Payable later than one year but not later than five years	5,564,799	5,564,850
Payable later than five years	-	-
	<b>9,837,842</b>	<b>9,580,397</b>

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

**Note 31: Earnings Per Equity Share**

Particulars	Unit	Year ended	Year ended
		31 March, 2020	31 March, 2019
Net profit after tax	Rupees	50,874,946	133,336,729
Weighted average number of equity shares outstanding during the year	Numbers	3,800,924	3,294,226
Nominal value per Equity Shares	Rupees	100	100
Basic earnings per share	Rupees	13.38	40.48
Equity shares used to compute diluted earnings per share	Numbers	3,801,233	3,294,582
Diluted earnings per share	Rupees	13.38	40.47

**Note 32: Details of Government grants**

	Year ended	Year ended
	31 March, 2020	31 March, 2019
Details of grants received from NDDDB and its utilisation is as under:		
(a) Opening balance	(1,366,600)	(19,695,022)
(b) Received during the year	10,373,728	104,042,343
	9,007,128	84,347,321
(c) Utilised during the year		
(i) For capital assets:		
- For property, plant and equipment	-	657,850
(ii) For revenue expenses	8,868,146	85,056,071
Total utilised (i) + (ii)	8,868,146	85,713,921
(d) Balance carried forward (a+b-c)	138,982	(1,366,600)

**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 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:	Ratan Kumar Singh

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

Particulars	(Rupees)	
	KMP	Total
<b>Managerial remuneration:</b>		
Ratan Kumar Singh	6,255,175	6,255,175
	(5,566,478)	(5,566,478)

Figures in brackets represent previous year's figures

**Note 34:**

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

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	6,636,331	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

**Note 35:**

The Company is engaged in trading of milk and cattle feed, which is considered as 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 36:**

On 20 September, 2019, the Government of India vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Income tax at reduced rate of 22% instead of 30% effective 01 April, 2019 subject to certain conditions. The tax expenses for the year ended 31 March, 2020 have been provided for at reduced tax rate.

**Note 37:**

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

**Note 38:**

During the year, the Company has received a demand notice from Income tax authorities treating receipt and deposit of Specified Bank Notes amounting to Rs. 3,45,70,500 in the financial year 2016-17 (during the period from 9 November, 2016 to 30 December, 2016) as undisclosed income under section 68 of the Income-tax Act, 1961 and disallowing the delayed payment of provident fund amounting to Rs. 497,735. The tax liability and interest liability thereon amounts to Rs 2,68,77,967 and Rs. 78,72,361 respectively. The Company's Board of Directors decided to opt for the opportunity available under "Vivad Se Vishwas Scheme" pursuant to which the Company has made a provision for tax amounting to Rs. 2,68,77,967 in its book of account and made the initial payment of Rs. 63,90,100. In order to be eligible under the said scheme, the balance amount will have to be paid before 31 December, 2020.

**Note 39:**

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/-  
**Manju Jakhar**  
Director

Sd/-  
**Sukhpal Jat**  
Director

Sd/-  
**Ratan Kumar Singh**  
Director & Chief Executive

Sd/-  
**Anup Gupta**  
Company Secretary

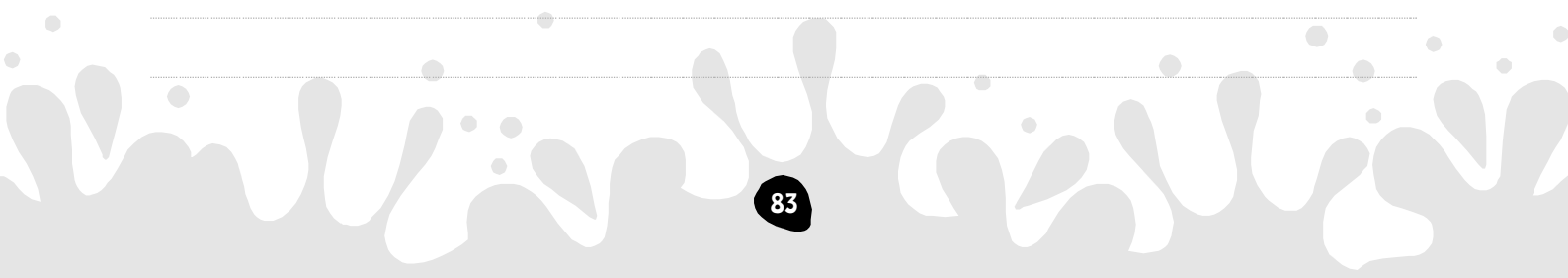
Sd/-  
**Kapil Pachori**  
Assistant General Manager (Finance)

Place: Jaipur  
Date: 14 August, 2020



## NOTES

A series of horizontal dotted lines for writing notes.







# PAAYAS®

पायस मिल्क प्रोड्यूसर कम्पनी

## राजस्थान का किसान लाया है वरदान





दूध खरा,  
सेहत भरा



**Paayas Milk Producer Company Limited**

Incorporated under Part IXA of the Companies Act, 1956 (No. 1 of 1956)

(Corporate Identity Number: U01211RJ2012PTC038955)

Registered Office: D-232,233, 4th Floor, Atlantis Tower,

Vaishali Nagar, Jaipur 302021, Rajasthan, India

Phone no. 0141-2352736

Website: [www.paayasmilk.com](http://www.paayasmilk.com) | Email: [info@paayasmilk.com](mailto:info@paayasmilk.com)