

MILKFOOD LIMITED

Annual Report
for the year ended 31st March, 2012



milkfood

BOARD OF DIRECTORS

ASHA GADI
AMARJEET KAPOOR
SURESH ALIPURIA
KEWAL KRISHAN KOHLI

AUDITORS

Madan & Associates
Chartered Accountants
New Delhi

BANKERS

State Bank of Patiala
Canara Bank

REGISTERED OFFICE

Bahadurgarh
Distt. Patiala-147021
(Punjab)

WORKS

Bahadurgarh
Distt. Patiala-147021
(Punjab)

Village Agwanpur
Kanth Road,
Moradabad-244001
(Uttar Pradesh)

HEAD OFFICE

Bhandari House
91, Nehru Place
New Delhi-110019

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Directors' Report

TO THE MEMBERS

The Directors present their Thirty Ninth Report together with Audited Accounts of the Company for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

(Rs./Lacs)

Profit/(Loss) after charging all expenses before Depreciation	642.88
Deduct: Depreciation	494.90
Profit/(Loss) for the year	147.98
Current Tax	28.14
Wealth Tax	1.70
Deferred Tax	45.94
Adj for earlier year	6.69
Profit/(Loss) after Tax before discontinuing operation	65.51
Profit/(Loss) from discontinuing operation	(7.34)
Transferred to General Reserve	58.17

OPERATIONS

During the period under Report, the Company's sales and other income are Rs. 30,503 lacs and cash profit is Rs. 642.88 lacs as compared to last year's figures of Rs. 30,904 lacs and cash profit of Rs. 13.37 lacs respectively. After depreciation, the profit for the year is Rs. 147.98 lacs as compared to the loss of Rs. 454.51 lacs in the previous year.

DIVIDEND

The Board of Directors of your Company proposes to retain the profits for use in the business expansion programs. Accordingly, no dividend is recommended by the directors.

FIXED DEPOSITS

As on 31.03.2012, there were 32 unclaimed fixed deposits with Company amounting to Rs. 9,78,000/-, out of which 10 fixed deposits amounting to Rs. 2,80,000 have been renewed/refunded.

CONSOLIDATED ACCOUNTS

In accordance with the general circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Annual Accounts of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company to any member of the company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company and that of the subsidiary company. The Consolidated Financial Statements presented by the Company in this report include the financial results of its subsidiary company.

PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 form part of this Report. However, as per the provisions of section 219(1)(b)(iv), Report and Accounts are being sent to all the members of the Company excluding the statement of particulars of employees. Any member interested in obtaining a copy of the said statement may write to the Company at the Registered Office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in sub section (2AA) of Section 217 of the Companies Act, 1956, your Directors confirm that:-

- in the preparation of the annual accounts for the financial year ended 31st March, 2012 the applicable accounting standards have been followed;
- 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 of the profits of the Company for that year;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

- with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a separate Report on Corporate Governance and a Certificate from the Auditors of the Company regarding the compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

INFORMATION UNDER THE LISTING AGREEMENT WITH STOCK EXCHANGE

The shares of your Company are listed at the Bombay Stock Exchange Ltd. (BSE) vide Stock Code : 507621. Listing fees for the financial year 2012-13 has been paid.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed.

DIRECTORS

Mr. Suresh Alipuria and Mr. K.K. Kohli, Directors retire by rotation and, being eligible, offer themselves for re-election as the Directors of the Company. The Board recommends their re-appointment.

Brief resume of the above Directors, nature of their expertise in specific functional areas and name of companies in which they hold the Directorship and the Membership/Chairmanship of the Committees of the Board as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are annexed in the Corporate Governance Report.

Dr. Umesh N. Saxena, Managing Director, has resigned from the Directorship of the Company w.e.f. 1st May, 2011 on the completion of his term as the Managing Director.

The Board places on record its sincere appreciation for the useful services rendered by Dr. Umesh N. Saxena during his tenure of services with the Company.

Mr. Amarjeet Kapoor, Whole time Director ceased to act as the Whole time Director of the Company w.e.f. 1st June, 2011 but continues to act as the Non Executive Director of the Company.

AUDITORS

M/s. Madan & Associates, Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

COST AUDITORS

M/s. R. J. Goel & Co., Cost Accountants, Delhi have been appointed as Cost Auditors to carry out the audit of the Company's cost records for the financial year ending 31st March, 2013.

GENERAL

Your Directors wish to express their appreciation of the co-operation and support given by all employees and the bankers of the Company during the year.

The Notes forming part of the Accounts being self-explanatory, the comments made by the Statutory Auditors in their Report are not being dealt with separately.

For and on behalf of the Board

Place : New Delhi
Date : 14th August, 2012

Suresh Alipuria
Director

K.K. Kohli
Director

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company firmly believes that Corporate Governance is very much crucial to the very existence of a Company, as the implementation of Code on Corporate Governance goes a long way in attainment of the highest levels of transparency, accountability and equity in all facets of operations. Your Company is committed to the adoption of best Corporate Governance Practices.

BOARD OF DIRECTORS:

As on 31st March, 2012, the Board of Directors of the Company has four Members. None of the Directors are related to each other. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

None of the Directors of the Company is a member of more than ten Committees or Chairman of more than five Committees across all companies in which he is a Director.

During the financial year 2011-12, twelve Board meetings were held on 02.05.2011, 14.05.2011, 01.06.2011, 12.08.2011, 26.08.2011, 06.09.2011, 10.10.2011, 01.11.2011, 10.11.2011, 07.02.2012, 10.02.2012 and 03.03.2012.

Composition of Board of Directors as on 31st March, 2012 and other details are as under:

Name	Category	No. of Board Meetings attended	Whether previous AGM attended held on 30 th September, 2011	No. of Directorship held in other companies*	No. of Committee position held in other public limited companies as a Chairman	No. of Committee position held in other public limited companies as a Member
Mrs. Asha Gadi	Non – Executive Independent	12	No	1	Nil	Nil
Mr. Suresh Alipuria	Non – Executive Independent	12	Yes	6	Nil	Nil
Mr. Amarjeet Kapoor	Non – Executive	11	No	13	Nil	4
Mr. K. K. Kohli	Non – Executive Independent	12	No	15	Nil	4

*Directorship held in other companies by the Directors of the Company is on the basis of the information furnished by the Directors.

MANAGEMENT TEAM:

Management Team consists of the following Executives of the Company:

Mr. Sudhir Avasthi, Chief Executive Officer

Mr. Amar Baljeet Singh, Head, Patiala Plant

Mr. H.M. Sood, Head, Moradabad Plant.

AUDIT COMMITTEE:

The Audit Committee of the Company comprises of three Non Executive Independent Directors. The terms of reference, role and powers of the Audit Committee are as provided under Clause 49 of the Listing Agreement with the Stock Exchange.

The composition of the Audit Committee as on 31st March, 2012 is as follows:

Name	Designation
Mr. Suresh Alipuria	Chairman
Mr. K. K. Kohli	Member
Mrs. Asha Gadi	Member

Five meetings of the Audit Committee were held during the financial year. Attendance at meetings is as follows:

Date of Meetings	Mr. Suresh Alipuria	Mr. K. K. Kohli	Mrs. Asha Gadi
12.05.2011	Yes	Yes	Yes
10.08.2011	Yes	Yes	Yes
24.08.2011	Yes	Yes	Yes
08.11.2011	Yes	Yes	Yes
08.02.2012	Yes	Yes	Yes

The Audit Committee Meetings are also attended by Mr. Sudhir Avasthi, Chief Executive Officer as a Special Invitee.

The Chairman of the Audit Committee was present at the last AGM of the Company.

REMUNERATION COMMITTEE:

The Remuneration Committee consists of three Non Executive Independent Directors. The functioning and terms of reference of the Committee are as prescribed under the Listing Agreement with the Stock Exchange.

As on 31st March, 2012, the Remuneration Committee comprises of the following three Directors of the Company:

Name	Designation
Mr. Suresh Alipuria	Chairman
Mr. K. K. Kohli	Member
Mrs. Asha Gadi	Member

During the year under review, no meeting of the Remuneration Committee was held.

DETAILS OF REMUNERATION PAID TO DIRECTORS:

The aggregate value of remuneration and perquisites paid for the financial year ended 31st March, 2012 to Dr. Umesh N. Saxena, Managing Director and Mr. Amarjeet Kapoor, Whole time Director is as follows:

	*Dr. Umesh N. Saxena (Rs.)	**Mr. Amarjeet Kapoor (Rs.)
Basic Salary	4,00,000	30,000
Contribution to Provident Fund	48,000	—
Other Benefits & Allowances	1,17,660	—
Total	5,65,660	30,000

* Dr. Umesh N. Saxena has resigned from the Directorship of the Company w.e.f. 1st May, 2011.

** Mr. Amarjeet Kapoor ceased to be Whole time Director of the Company w.e.f. 1st June, 2011 and continues to be Non Executive Director of the Company.

The sitting fees paid to the Non Executive Directors of the Company for the financial year ended on 31st March, 2012 is as follows:

Name of Director	Sitting fees
Mrs. Asha Gadi	Rs. 4,000
Mr. Suresh Alipuria	Rs. 4,000
Mr. K.K. Kohli	Rs. 4,000
Mr. Amarjeet Kapoor	Rs. 3,000

Details of shareholding of Non-Executive Directors as on 31st March, 2012:

Name of The Director	No. of shares held
Mr. Suresh Alipuria	Nil
Mr. K K. Kohli	Nil
Mrs. Asha Gadi	Nil
Mr. Amarjeet Kapoor	4216

INVESTORS GRIEVANCE COMMITTEE:

The Investors Grievance Committee comprises of three Non Executive Independent Directors. The functioning and terms of reference of the Committee are as prescribed under and in due compliance with the Listing Agreement with the Stock Exchange with particular reference to transfer of shares, complaints of shareholders etc.

The composition of the Committee as on 31st March, 2012 is as follows:

Name	Designation
Mr. Suresh Alipuria	Chairman
Mr. K.K. Kohli	Member
Mrs. Asha Gadi	Member

The Committee held four meetings during the financial year. Attendance at meetings is as follows:

Date of Meetings	Mr. Suresh Alipuria	Mr. K.K. Kohli	Mrs. Asha Gadi
12.05.2011	Yes	Yes	Yes
10.08.2011	Yes	Yes	Yes
08.11.2011	Yes	Yes	Yes
08.02.2012	Yes	Yes	Yes

Ms. Amarjeet Kapoor, Director, acts as Secretary to the Committee and also as the Compliance Officer of the Company.

During the year under review no complaint has been received from the members of the Company.

ANNUAL GENERAL MEETINGS:

Location and time for the last three AGMs:

Year	Date	Venue	Time	No of Special resolutions Passed
2009	25.08.2009	Registered Office	10.30 a.m.	1
2010	29.09.2010	Registered Office	9.30 a.m.	Nil
2011	30.09.2011	Registered Office	9.30 a.m.	Nil

No resolution has been passed through Postal Ballot.

DISCLOSURE:

During the financial year 2011-12, the Company has entered upon related party transactions which have been disclosed in Note 1 under Schedule VIII to the Accounts.

There has not been any non compliance and no penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets during the financial year.

Code of Conduct:

The Company has adopted a Code of Conduct for Board Members and Senior Management Team of the Company. All Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect duly signed by Mr. Suresh Alipuria, Director of the Company is annexed. The Code of Conduct has been posted on the website of the Company.

MEANS OF COMMUNICATION:

The quarterly and yearly financial results of the Company are forwarded to the Bombay Stock Exchange where the shares of the Company are listed immediately upon the approval by the Board of Directors and quarterly results are published in a English daily and in a Punjabi daily as required under the Listing Agreement with the Stock Exchange.

Management Discussion and Analysis Report shall form part of the Annual Report.

GENERAL SHAREHOLDERS' INFORMATION:

Annual General Meeting (AGM):

Date & Time	: 26th September, 2012, 9.30 a.m.
Venue	: Registered Office
Book Closure Date	: 21st September, 2012 to 26th September, 2012 (both days inclusive)
Dividend	: Nil

Financial Calendar for 2012-2013: (Tentative)

Financial Results for	
First Quarter	: up to mid August, 2012
Second Quarter	: up to mid November, 2012
Third Quarter	: up to mid February, 2013
Fourth Quarter	: up to mid May, 2013

Market Price Data:

High and Low market price during each month in last financial year from April, 2011 to March, 2012 at Bombay Stock Exchange Limited (BSE) is as follows:

Month	High	Low	Month	High	Low
April,11	149.80	105.05	October,11	114.00	99.05
May,11	147.95	115.25	November,11	109.70	81.50
June,11	138.90	100.15	December,11	90.00	65.00
July,11	139.80	112.25	January,12	90.40	71.75
August,11	141.70	92.35	February,12	152.90	79.00
September,11	120.00	93.25	March, 12	114.20	95.00

Registrar and Share Transfer Agent:

M/s Alankit Assignments Ltd., 205-206, Anarkali Market, Jhandewalan Extn., New Delhi-110055 acts as Registrar and Share Transfer Agent of the Company.

However, keeping in view the convenience of shareholders documents relating to shares will continue to be received by the Company at the Head Office at 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.

Share transfer system:

The Company's Registrar M/s Alankit Assignments Ltd. have adequate infrastructure to process the share transfers. The requests received for the transfer of shares are processed within 15 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects. Demat requests are processed within 21 days from the date of receipt to give credit of the shares through the Depository.

Distribution of shareholding as on 31st March, 2012

Shareholding of nominal value of Rs.	No. of shareholders	No. of shares held	%age of total shareholding (Rounded off)
1-5000	4254	557735	11.41
5001-10000	193	142387	2.91
10001-20000	81	112539	2.30
20001-30000	10	24245	0.50
30001-40000	12	42805	0.88
40001-50000	3	13516	0.28
50001-100000	1	7000	0.14
100001 and above	12	3986213	81.58
Total	4566	* 4886440	100.00

Shareholding pattern as on 31st March, 2012:

Particulars	No. of shares held	%age of shares held (Rounded off)
Promoters	2448334	50.11
Mutual Funds	2600	00.05
Banks, Financial Institutions & Insurance Companies	500	00.01
FII's	187000	3.83
Corporate Bodies	1398117	28.61
Indian Public	844402	17.28
NRI's/OCBs	5487	00.11
Total	*4886440	100.00

*includes 2875 partly paid up equity shares.

Dematerialization of shares and liquidity:

As the members are aware, your Company's shares are tradable compulsory in electronic form and your Company has established the electronic connectivity with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

As on 31st March, 2012, 80.35% equity capital was held in dematerialized form and the rest in physical form.

Plant Locations:

Patiala Plant: P.O. Bahadurgarh, Distt. Patiala -147021, Punjab

Moradabad Plant: Village Mugapur, Urf Agwanpur, Kanth Road, Distt Moradabad (U.P.)

Address for correspondence:

Registered Office: P.O. Bahadurgarh, Distt. Patiala-147021, Punjab.

Head Office & Share Department: 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.

Investors' e-mail ID: investor_grievances_redressal@milkfoodltd.com, sectl@milkfoodltd.com

Information on Director seeking re-appointment at this Annual General Meeting:

(Pursuant to Clause 49 of the Listing Agreement)

Mr. Suresh Alipuria, Director, retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. He was appointed as a Director of the Company w.e.f. 27th March, 2006.

He is a qualified Chartered Accountant and has vast experience in the field of accounts, finance and banking. He holds the Directorship in the following companies:

- | | |
|--|-----------------------------------|
| 1. Industrial Containers & Closures Ltd. | 4. J. Ice Cream Pvt. Ltd. |
| 2. Jagatjit Spirits & Wine Ltd. | 5. J. and J. Ice Creams Pvt. Ltd. |
| 3. Parthasarathi Sanitarywares Pvt. Ltd. | 6. Sea Bird Securities Pvt. Ltd. |

Mr. K.K. Kohli, Director, retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. He was appointed as the Director of the Company w.e.f. 1st September, 2008. He is a qualified Company Secretary, Cost Accountant and is also holding the degree of LL.B. He has vast experience of around 25 years in the fields relating to corporate laws, cost accountancy and accounts.

He is member of Audit & Investors Grievance Committee in two companies.

Mr. K.K. Kohli holds the Directorship in the following companies:

- | | |
|--|---|
| 1. Double Durable Investments Ltd. | 9. Ayaan Properties Private Ltd. |
| 2. Quick Return Investment Co. Ltd. | 10. Anjani Estates Ltd. |
| 3. Industrial Containers & Closures Ltd. | 11. Jagatjit Spirits & Wine Ltd. |
| 4. Hybrid Holdings Pvt. Ltd. | 12. Hyderabad Distilleries and Wineries Pvt. Ltd. |
| 5. County Investments Pvt. Ltd. | 13. Fast Buck Investments and Trading Pvt. Ltd. |
| 6. Pickwick Holdings Pvt. Ltd. | 14. S.R.K. Investments Pvt. Ltd. |
| 7. Galaxy Pet Packaging Pvt. Ltd. | 15. JIL Trading Pvt. Ltd. |
| 8. L.P. Investments Ltd. | |

Declaration as required under Clause 49 of the Listing Agreement

I, Suresh Alipuria, Director, hereby declare that the Code of Conduct adopted by the Company for its Board and Senior Management Personnel has been duly complied by all Board Members and Senior Management personnel of the Company.

New Delhi
14th August, 2012

(Suresh Alipuria)
Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

Dairy industry is of crucial importance to India. India continues to be the world's largest producer of milk. But most of milk is consumed domestically and rural market consumes over half of the total milk produced. In the Indian dairy industry, there is highly trained and wide recourse of man power. Purchasing power of consumer has also increased. The dairy industry is recognized as one of the largest and most important in the food industry. This industry has tremendous scope for the growth.

The main aim of the Indian dairy industry is to enhance milk production and upgrade milk processing system by using innovative technologies.

Opportunities and Threats

The Indian dairy industry is predominantly controlled by the unorganized sector.

Although milk production has grown at a fast pace during the last three decades, still there is lack of availability of milk in the lean season because of the increasing consumption of milk products in domestic market.

Large number of unproductive animals, low genetic potency, poor nutrition and lack of services are the main factors for the low productivity.

The lack of proper infrastructure like cold storages and absence of a transparent milk pricing system are affecting retail consumption of milk and leading to escalating milk prices in the domestic market.

The lack of fodder, resulting in low yield from cattle, is another problem affecting the sector.

As the world is getting integrated into one market, quality certification is becoming essential in the market.

The private sector can play a vital role in reducing the cost of milk production by employing advanced techniques to enhance productivity, providing breeding facilities for cattle and by developing processing and marketing infrastructure.

The adoption of Good Manufacturing Practices would help produce milk products adapting to the international standards.

Internal Control System

The Company has structured the internal control system. The Company has paid the particular attention for proper maintenance of equipments to ensure that they are operated at the rated capacities. Company has taken the effective steps for the reduction of cost and to improve the quality of the product.

The integrated financial accounting system supported by inbuilt controls, ensures reliable and timely financial and operational reporting.

The management has taken the stringent steps to give better milk products to the consumer.

Establishment of milk collection centers and chilling centers has enhanced the life of raw milk and has minimized the wastage.

Segment wise /Product wise Reporting

The Company is operating in the single segment and engaged in the manufacture and sales of dairy products i.e. ghee, skimmed milk powder, whole milk powder, casein, whey powder and dairy whitener. Therefore, segment wise information has not been disclosed.

Financial Performance

Financial performance of the Company has been given separately in the Directors' Report.

Human Resources

The success of any organization depends on the quality, dedication, devotion, determination, discipline and dynamism of its employees. Company firmly believes that motivated employees are its major asset. The Company maintained a cordial relationship with its personnel during the year. The management places its sincere appreciations for the useful contribution made by its employees during the year.

Disclaimer Statement

Statements made in the Report describing the current industry structure, development are based on certain assumptions and expectations. The Company cannot guarantee that these assumptions and expectations are accurate.

for and on behalf of the Board

Place : New Delhi
Date : 14th August, 2012

Suresh Alipuria
Director

K.K. Kohli
Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Milkfood Limited

We have reviewed the implementation of Corporate Governance procedures by Milkfood Limited during the year ended March 31, 2012, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor any expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the company has generally complied with the conditions laid down in clause 49 of the listing agreements.

For MADAN & ASSOCIATES.
Chartered Accountants
Reg. No.: 000185 N

Place: New Delhi
Date : 14th August, 2012

M.K. Madan
(Proprietor)
Membership No. FCA 82214

Financial Highlights

(Rs. in lacs or as indicated)

PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
ASSETS										
Fixed Assets (Net Block)	8,831	8,225	8,389	8,715	8,525	8,636	5,441	3,434	1,386	1,118
Investments	426	426	2,026	2,026	1,226	426	426	450	453	434
Current Assets	10,647	7,498	7,999	4,719	5,574	5,088	6,051	3,193	4,276	2,353
TOTAL	19,904	16,149	18,414	15,460	15,325	14,150	11,918	7,077	6,115	3,905
LIABILITIES										
Loans,Current Liabilities and Provisions	16,725	13,029	14,776	11,453	11,636	10,635	8,882	4,371	3,436	1,327
NET WORTH	16,725	13,029	14,776	11,453	11,636	10,635	8,882	4,371	3,436	1,327
REPRESENTED BY										
Share Capital	489	489	489	489	489	489	489	489	489	489
Reserves & Surplus	2,690	2,632	3,149	3,518	3,200	3,026	2,547	2,217	2,190	2,089
TOTAL	3,179	3,121	3,638	4,007	3,689	3,515	3,036	2,706	2,679	2,578
OPERATING PERFORMANCE										
Revenue	30,503	30,900	30,994	24,309	32,829	31,260	20,627	19,152	19,027	16,435
Gross Profit Earnings	2,855	936	0	501	823	1,005	581	91	286	3
Profit/(Loss) before tax	148	(464)	(489)	128	470	728	415	8	201	(127)
Profit/(Loss) after tax	58	(517)	(369)	318	175	478	330	27	101	(88)
Earnings per Share (Rs.)	1.19	(10.58)	(7.55)	6.50	3.57	9.79	6.75	0.56	2.07	(1.80)
Dividend -Amount per Share (Rs.)	-	-	-	-	-	-	-	-	-	-
-Rate(%)	-	-	-	-	-	-	-	-	-	-
Book Value of Shares(Rs.)	65.06	63.87	74.45	81.99	75.49	71.92	62.13	55.37	54.83	52.76
GROSS EARNINGS										
As a percentage of Revenue	9.36	3.03	0.00	2.06	2.52	3.21	2.82	0.48	1.50	0.02
As a percentage of Fixed Assets	32.33	11.38	0.00	5.74	9.66	11.64	10.68	2.65	20.63	0.27
As a percentage of Capital Employed	89.81	29.98	0.00	12.49	22.32	28.60	19.14	3.36	10.68	0.12

Auditors' Report

TO THE MEMBERS OF MILKFOOD LIMITED

1. We have audited the attached Balance Sheet of Milkfood Limited as at 31st March, 2012 and also the statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books except that gratuity and leave encashment are accounted for on payment basis.
 - (iii) The Balance sheet, Profit and loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, Profit and loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3 C) of section 211 of the Companies Act, 1956 except that gratuity and leave encashment are accounted for on payment basis.
 - (v) On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and read with Note No.5.1 regarding advances from customers, Note No.11 A (1) regarding Title Deed of Moradabad Land, Note No.11 A (2) (1) regarding operations of Casein Plant and capitalization of interest and impairment of assets, Note No.11A(3) regarding assets held at Gurgaon, Note No.11(B)(1) regarding capital work in progress, Note No.12(1) regarding investment, regarding Note No.19 (1 to 4) on advances and subject to note No.6(1) regarding provision of gratuity amounting to Rs.196.59 lacs of which Rs. NIL relate to current year.
 - (a) in the case of the Balance sheet, of the state of affairs of the company as at 31st March 2012;
 - (b) in the case of the Profit and loss account, of the loss for the year ended on that date; and
 - (c) in the case of the Cash flow statement, of the cash flows for the year ended on that dategive a true and fair view in conformity with the accounting principles generally accepted in India;
 - (d) *We further report that had the remarks given by us in para (vi) above regarding non provision of gratuity been considered, the reserve and surplus would have been Rs.2493.89 lacs (against the reported figure of Rs.2690.48 Lacs). Non Current Liabilities would have been Rs.3585.93 lacs (as against reported figure of Rs.3389.34 Lacs).*

For Madan & Associates,
Chartered Accountants
Firm Registration No.: 000185 N

M.K. MADAN
(Proprietor)
Membership No. FCA 82214

Place : New Delhi
Dated : 14th August, 2012

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date to the members of Milkfood Limited on the accounts as at and for the year ended March 31, 2012.

1. (a) The Company has maintained list of fixed assets acquired by it. However the same is required to be updated substantially with regard to quantitative detail/location, identification etc.
(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. It has been certified by the plant heads that physical verification has been done but reconciliation of the same with book records is in progress. Adjustment entry if any shall be made on completion of exercise.
(c) In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed of by the company during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) on the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The company has not taken /granted loans to parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across, nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures and adjustments thereof except that internal control procedures in the case of advances to staff need to be strengthened.
5. In our opinion and according to explanations given to us and as certified the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. In our opinion and according to the information and explanations given to us, the transactions of purchases/ sales made with the parties in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. In our opinion and according to the information and explanations given to us and read with note no.4(5.3) of Note.1 the company has complied with the directives issued by the RBI and provisions of sections 58 A and 58 AA of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public. According to information and explanations given to us no order has been passed by the National Company Law Tribunal or Company Law Board or RBI or any Court or any other Tribunal relevant to sections 58A, 58AA or the other relevant provisions of the Act.
8. It has been informed to us that Company has inbuilt mechanism of internal checks and all the Plants have been visited by Internal Chartered Accountant to verify the operational systems and for safety of its Assets and other matters required by the Management. In our opinion the Internal Audit needs to be formalized and further strengthened in terms of scope, coverage and reporting.
9. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
10. (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees' state insurance,

income-tax, sales-tax, wealth tax, customs duty, excise-duty, cess and other statutory dues applicable to it with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of major dues of sales-tax, income-tax, customs duty, wealth tax, excise duty and cess as at March 31, 2012 which have not been deposited on account of a dispute, are as follows:-

Sl. No.	Name of Statute	Nature of Dues	Amount Rs./Lacs	Forum where dispute is pending
1.	Delhi Sales Tax Act, 1975	Penalty under Sales Tax (1982-83)	19.73	Appeal before Delhi High Court
2.	Delhi Sales Tax Act, 1975	Disallowance of ST-1 Forms 1983-84	37.02	Appeal before Delhi High Court.
		Stock Transfer etc. 1984-85	1.86	Appeal before Sales Tax Appellate Tribunal, Delhi.
3.	Income Tax act, 1961	Regular Demand under section 143 (3), 2007-08	8.34	Before CIT (Appeals) Delhi
4.	Income Tax Act 1961	Regular Demand u/s 143 (3) A.Y. 2008-09	12.31	Before CIT (Appeals) Delhi
5.	U.P. Vat Act	Regular Demand for Assessment Year 2008-09	1.29	Before Addl. Commissioner (Appeals), Moradabad.
6.	Wealth tax Act 1957	Regular Demand for Assessment Year 2006-07	0.84	Before CIT (Appeals)
7.	Income Tax act, 1961	Regular Demand for Assessment Year 2007-08	2.17	Application U/S 154 for rectification before Assessing officer.

11. The company has NIL accumulated losses as at March 31, 2012 and it has not incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/ societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, the company has applied term loans for the purposes for which the loans were obtained.
17. On Global examination of Balance Sheet, in our opinion, no short term funds raised have been used for long term purposes.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has not issued any debenture during the year, accordingly, no securities has been created.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For MADAN & ASSOCIATES,
Chartered Accountants
Reg. No.: 000185 N

M.K. MADAN
(Proprietor)

Membership No. FCA 82214

Place : New Delhi
Dated : 14th August, 2012

Balance Sheet

as at 31st March, 2012

Particulars	Note No.	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	48,853	48,853
(b) Reserves and surplus	3	269,048	263,232
		<u>317,901</u>	<u>312,085</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	336,838	415,167
(b) Deferred tax liabilities (net)	29	21,043	16,449
(c) Other long-term liabilities	5	338,934	190,936
(d) Long-term provisions	6	-	-
		<u>696,816</u>	<u>622,552</u>
3 Current liabilities			
(a) Short-term borrowings	7	381,485	242,299
(b) Trade payables	8	426,035	231,510
(c) Other current liabilities	9	167,951	242,133
(d) Short-term provisions	10	170	145
		<u>975,642</u>	<u>716,087</u>
TOTAL		<u>1,990,359</u>	<u>1,650,723</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11A	808,147	810,091
(ii) Capital work-in-progress	11B	74,992	12,373
		<u>883,140</u>	<u>822,465</u>
(b) Investments	12	42,640	42,640
(c) Long-term loans and advances	13	16,674	62,239
(d) Trade receivables	14	1,399	322
(e) Inventories	15	3,279	3,679
		<u>947,131</u>	<u>931,345</u>
2 Current assets			
(a) Inventories	16	816,541	428,723
(b) Trade receivables	17	50,004	72,373
(c) Cash and cash equivalents	18	18,126	17,401
(d) Short-term loans and advances	19	158,557	200,882
		<u>1,043,228</u>	<u>719,378</u>
TOTAL		<u>1,990,359</u>	<u>1,650,723</u>
Summary of significant accounting policies and additional notes to Accounts	1		
The accompanying notes 1 to 29 are integral part of the financial statements			

In terms of our report of even date

For & On behalf of the Board of Directors

For Madan & Associates
Chartered Accountants
Firm Registration No 000185N

M.K. MADAN
Proprietor
Membership No. 82214
Place : New Delhi
Date : 14th August, 2012

Rishbha Ahluwalia
Asstt. Co. Secretary

Sudhir Avasthi
C.E.O.

Asha Gadi
Amarjeet Kapoor
Suresh Alipuria
K.K. Kohli
Directors

Statement of Profit and Loss

for the year ended 31st March, 2012

Particulars	Note No.	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
1 Revenue from operations (gross)	20	3045949	3079398
Less: Excise duty		-	-
Revenue from operations (net)		3045949	3079398
2 Other income	21	4321	11018
3 Total revenue (1+2)		3050270	3090416
4 Expenses			
(a) Cost of Raw materials consumed	22A	2798997	2465762
(b) Changes in inventories of finished goods and work-in-progress	22B	(380285)	89677
(c) Employee benefits expenses	23	93562	92318
(d) Finance Cost	24	112223	125566
(e) Depreciation and amortisation expenses	25	49490	46788
(f) Other expenses	26	361525	316344
Total expenses		3035512	3136455
Profit before exceptional and extraordinary items		14758	(46039)
Exceptional Items	1B(iii)	(1059)	588
Profit before extraordinary items		13698	(45451)
Extraordinary Items	1B(iv)	1100	-
5 Profit before tax (3-4)		14798	(45451)
6 Tax expense:			
(a) Current tax		2814	-
(b) Adjustment for (excess) / short provision for earlier years		669	-
(c) Net current tax expense		3483	-
(d) Deferred tax		4594	5138
(e) Wealth tax		170	145
Total Tax		8248	5283
7 Profit/(loss) for the period from Continuing operation after tax (5-6)		6551	(50735)
8 Profit/(Loss) from discountinuing operation	27	(734)	(935)
9 Profit/(loss) for the period (7+8)		5817	(51669)
10 Earnings per share (of Rs 10/- each):			
Basic and Diluted - in Rs ‘	28	1.19	(10.57)
Summary of significant accounting policies and Additional Notes to Accounts	1		
The accompanying notes 1 to 29 are integral part of the financial statements			

In terms of our report of even date

For & On behalf of the Board of Directors

For Madan & Associates
Chartered Accountants
Firm Registration No 000185N

M.K. MADAN

Proprieter

Membership No. 82214

Place : New Delhi

Date : 14th August, 2012

Rishbha Ahluwalia
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K.K. Kohli
Directors

Cash Flow Statement

for the year ended 31st March, 2012

Particulars	For the Year Ended 31st March, 2012 (Rs. in thousand)	Note	For the Year Ended 31st March, 2011 (Rs. in thousand)
A. Cash flow from operating activities:			
Net profit before tax	12964		(46387)
Adjustments for :			
Depreciation and Amortisation expense	49824		47322
Finance costs	112223	1	125566
Provision for wealth Tax/Income Tax/Adjustment of earlier year	(3653)		(145)
Exchange fluctuation on foreign currency loan considered separately	-		(1,402)
Liabilities no longer required written back	(1067)		(3,604)
Insurance Claim Received	(1590)		(6403)
Interest Income	(1583)		(1011)
Miscellaneous Income	(81)		-
Operating profit before working capital changes	167037		113936
Changes in working capital			
Adjustments for (increase) / decrease in operating assets:			
Inventories	(387418)		82749
Trade receivables	21292		21247
Long term loans and advances	45566		(85325)
Short term loans and advances	42324	2	
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables	194525		
Other current liabilities	(74181)	2	(250798)
Other long term liabilities	147998		
Short term provisions	25		(14)
Cash Generated From Operations before extraordinary item	157167		(118205)
Exceptional items	1059		(588)
Extra Ordinary Items	1100		
Insurance Claim Received	1590		6403
Net cash flow from operating activities (A)	160917		(112390)
B. Cash flow from investing activities:			
Capital expenditure on fixed assets,	(50358)		(50966)
Capital work in progress	(62618)		18379
Proceeds from sale of fixed assets	1419		2276
Interest received	1583		1011
Sale of Investments	-		160000
Net cash flow used in investing activities (B)	(109975)		130700
C. Cash flow from financing activities:			
Short-term borrowings	139186		102486
Proceeds from fixed deposits	(3573)		(10214)
Proceeds from vehicle	758		(12707)
Proceeds from term loan	(65907)	2	(8665)
Proceeds from intercorporate Deposit & other deposit	(9606)		
Finance costs	(112223)		(125566)
Exchange fluctuation on foreign currency loan considered separately	-		1,402
Liabilities no longer required written back	1067		3,604
Miscellaneous Income	81		-
Net cash flow used in financing activities (C)	(50217)		(49659)
Net increase / (decrease) in cash & cash equivalents (A+B+C)	725		(31350)
Cash and cash equivalents at the beginning of the year	17401		48751
Cash and cash equivalents at the end of the year	18126		17401

Notes :

- Finance cost as per revised schedule vi has been shown as excluding interest income but including Bill discounting charges. Till last year interest income was shown (net of expenses) but excluding Bill discounting charges. Figures to that extent are regrouped.
- In the view of non applicability of bifurcation of assets /liabilities into current /non current for finance year 2009-10 figures have been regrouped on the basis of pre revised schedule vi.
- The above Cash flow statement has been prepared under the indirect method set out in accounting Standard 3 (Cash Flow Statement) issued by the institute of Chartered Accountant of India.
- Figures in bracket indicate cash out flows.
- Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

The accompanying notes 1 to 29 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors

For Madan & Associates
Chartered Accountants
Firm Registration No 000185N

M.K. MADAN

Proprietor

Membership No. 82214

Place : New Delhi

Date : 14th August, 2012

Rishbha Ahluwalia

Asstt. Co. Secretary

Sudhir Avasthi

C.E.O.

Asha Gadi

Amarjeet Kapoor

Suresh Alipuria

K.K. Kohli

Directors

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Accounts

The accounts have been prepared in accordance with historical cost convention, applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956 following accrual method of accounting except for gratuity and leave encashment which are being accounted for on payment basis.

All Assets and Liabilities have been classified as current or non current considering the operating cycle of 12 months.

1.2. Tangible Fixed Assets

Fixed assets are stated at cost. All direct expenses incurred for bringing the assets to their present location are debited to the respective assets. In regard to new projects expenditure incurred till the date of commencement of commercial productions are charged to the respective assets i.e. Building, Plant & Machinery proportionately. Replacement of various part of fixed assets/ substantial repair/renovation are also capitalized considering the benefit of enduring nature.

1.3. Depreciation on Tangible Fixed Assets

On Fixed Asset: On written down value as per prescribed rates in Schedule XIV of Companies Act 1956.

On Stores Items Capitalized: Estimated useful life of the asset.

On Assets Held for Disposal: Only in case the net realizable value of Assets is lower than the carrying amount.

1.4 Intangible Assets

In accordance with AS-26 - expenses incurred on development/defining the manufacturing process of any product to meet the required standards is recognized as Intangible Asset and is amortized over a period of 10 years.

1.5 Impairment of Assets:-

Assessment of indication of impairment of an assets is made at the year end and impairment loss, if any, is recognized.

1.6. Investments

Long Term Investments are stated at cost, less provision if any for diminution in the value of such investments, other than temporary.

1.7 Inventories

Inventories are valued on lower of weighted average cost or net realizable value. Valuation of intermediary products (Whey Powder) is estimated on the basis of net realizable value of the final product.

1.8 Retirement Benefits

Company follows AS-15 (revised) as detailed below:-

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Leave encashments are not carried forward on year to year basis and facility is granted to employees only in the year of determination of service. Therefore no provision of leave encashment is made on year to year basis.
- (c) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholtime employment of company. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs.10.00 lakh.

(e) Provident Fund:

The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

1.9 Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrips are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) Entitlements under Clean development mechanism (CDM) & voluntary Carbon standards (VCS) (2007) are accounted for income at the time of final registration with the approval authority of host country.

1.10 Deferred Tax

The tax expense consists of current tax and deferred tax. Provision for the current tax is based on tax liability computed in accordance with relevant provisions of the Income Tax Act. Provisions for deferred tax are made for all timing differences arising between taxable incomes and accounting income at Income Tax rates that have been enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only if there is convincing evidence that they will be realised in future against future taxable income. The carrying amounts of Deferred Tax Asset are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

1.11 Borrowing Costs

Interest and other cost that are directly attributable to the acquisition, construction or production of a qualifying asset (including trial run) and for product development (under AS-26) within the meaning of Accounting Standard-16 are capitalized as part of the cost of that asset till the assets are ready for intended use or for producing on commercial scale/sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.12 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on estimated rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account. At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account.

(B) ADDITIONAL NOTES TO ACCOUNTS

i. Contingent liabilities:

Claims not acknowledged as debts Rs.594.43 lacs net of tax u/s 115 JB Rs.475.50 Lacs. (Previous year Rs.766.56 lacs net of tax Rs.613.98 lacs).

ii. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs.211.82 lacs (Previous year Rs. 58.87 lacs).

iii. Exceptional items represents Profit/(Loss) on sale of vehicles.

iv. Extra ordinary items represent miscellaneous income arising on account of recovery made from contractual obligations of earlier years.

v. Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	(Rs. in thousand)	(Rs. in thousand)
Professional fees	266	252
Books, Periodicals Subscription	5	5
Commission	45	280
Travelling	-	960
Total	316	1,497

vi. Details of Raw Material, Stores & Spares Consumed during the year.

Indigenous	For the year ended 31 March, 2012	
	(Rs. in thousand)	%
Raw materials and components	2798997 (2465762)	100 (100)
Stores and spare parts	16893 (16299)	100 (100)
Total	2815890 (2482061)	

Note: Figures in brackets represent previous year's figures.

(vii) Earnings in foreign exchange

	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	(Rs. in thousand)	(Rs. in thousand)
Export of goods calculated on FOB basis	0.00	245179
Total	0.00	245179

(viii) **Related Party Disclosers:**

A. Details of related parties with whom the Company had transactions during the year.

Description of relationship	Names of related parties
(a) Enterprises over which KMP is able to exercise significant influence	Jagatjit Industries Ltd. (Associate Concern) MFL Trading Private Ltd (Wholly Owned Subsidiary)
(b) Key Management Personnel (Directors and their relatives)	Mr. Umesh N. Saxena (Up to 30.04.2011) Ms Asha Gadi Mr. Suresh Alipuria Mr. Amarjeet Kapoor Mr. K. K. Kohli Mr. Nitin Saxena (Son of Mr. Umesh N. Saxsena) Mr. Udit Saxena (Son of Mr. Umesh N. Saxsena)

Note:- Related parties have been identified by the Management

B. Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

Particulars	With Persons Mentioned in Note 1(B)(viii)(a)	With Persons Mentioned in Note 1(B)(viii)(b)	Total
	(Rs. in thousand)	(Rs. in thousand)	(Rs. in thousand)
Electricity Expenses Paid	905	-	905
	(814)	-	(814)
Telephone Expenses Paid	-	-	-
	(50)	-	(50)
Rent paid	397	-	397
	(397)	-	(397)
Interest Paid	1,673	69	1,742
	-	(790)	(790)
Amount received for Services	8,508	-	8,508
	(9,449)	-	(9,449)
Reimbursement of Expenses	166	-	166
	(671)	-	(671)
Sitting Fees	-	15	15
	-	(6)	(6)
Managerial Remuneration	-	611	611
	-	(8113)	(8,113)
Investments	-	-	-
	(100)	-	(100)
Sale of assets	-	-	-
	(706)	-	(706)
Purchases	-	-	-
	(7,195)	-	(7,195)
Sales	980	-	980
	(42,258)	-	(42,258)
Deposit Received	-	-	-
	-	(5,000)	(5,000)
Outstanding Payables, net of Receivable	(785)	4,983	4,198
	(5,407)	(4,985)	(10,392)

Note:- Figures in bracket relates to the previous year

No amounts have been written off / provided for or written back during the year in respect of amounts receivable from or payable to related parties.

Notes Forming part of the financial statements

Note 2 Share Capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	(Rs. in thousand)	Number of shares	(Rs. in thousand)
(a) Authorised				
Equity shares of Rs.10 each	7,500,000	75000	7,500,000	75000
Cumulative redeemable Preference shares of Rs. 100 each	50,000	5000	50,000	5000
	7,550,000	80000	7,550,000	80000
(b) Issued				
Equity shares of Rs. 10 each fully paid up	4,887,890	48879	4,887,890	48879
(c) Subscribed and Paid up				
Equity shares of Rs.10 each	4,886,440	48865	4,886,440	48865
Less: Calls in Arrears	1,840	19	1,840	19
	4,884,600	48847	4,884,600	48847
Add Amount paid on Forfeited Shares	700	7	700	7
Total	4885300	48853	4885300	48853

2.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :

Particulars	Opening Balance	Fresh issue	Redemption	Closing Balance
	Equity shares			Equity shares
Year ended 31 March, 2012				
- Number of shares	4,885,300	-	-	4,885,300
- Amount (Rs in thousand)	48,853	-	-	48,853
				0
Year ended 31 March, 2011				0
- Number of shares	4,885,300	-	-	4,885,300
- Amount (Rs in thousand)	48,853	-	-	48,853

2.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% of shares held	Number of shares held	% of shares held
	Equity shares		Equity shares	
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%
Ms Roshni Jaiswal	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	565,861	11.58%
Sudha Commercial Co. Ltd.	489,103	10.01%	-	-

Note 3 Reserves and surplus

Particulars	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Capital redemption reserve		
At the beginning and at the end of the year	1	1
(b) Securities Premium Reserve		
At the beginning and at the end of the year	66988	66988
(c) Other Reserve: General reserve		
At the beginning of the year	196243	247912
Add: Transferred from Surplus in Statement of Profit and Loss	5817	(51669)
At the end of the year	202059	196243
Total	269048	263232

Notes Forming part of the financial statements

Note 4 Long-term borrowings

Particulars	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Term loans - Secured		
From banks	91,740	155,043
From others	1,560	3,406
(b) Term Loans - Unsecured -Others	243,539	256,718
Total	336,838	415,167

Details of terms of repayment for the long-term borrowings and security provided

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Term Loans From Banks: Secured			
Rupee loan from Canara Bank and State Bank of Patiala	1	87500	153407
Vehicle loans from ICICI	2 & 2.1	4240	1636
Total		91740	155043
From Others:			
BMW financial services	2.2	1560	-
Kotak Mahindra Prime Ltd	2.3	-	3406
Total		1560	3406
From Others-Unsecured :			
Religare Finvest Limited	3	157123	166729
Inter Corporate Deposits	4	50000	50000
Public Deposits	5	36416	39989
Total		243539	256718

Notes:-

1 Term Loans From Banks:

- (1.1) Rupee Loan from Canara Bank of Rs.1500 lacs at interest rate of 15.50% p.a is payable in quarterly instalments as follows:-
 - (a) Rs. 62.50 lacs from September 2011 to June 2012
 - (b) Rs. 125.00 lacs from September 2012 to June 2013
 - (c) Rs. 187.50 lacs from September 2013 to June 2014.
- (1.2) Rupees Loan from State Bank of Patiala are repayable in equated monthly instalments of Rs.35.90 lacs and Rs. 8.50 lacs upto a period of 5 years from the date of respective loan. Loan is repayable by 30th August, 2012 and carry interest of 15.25% & 15.75% p.a.
- (1.3) Cash Credit and Term Loans sanctioned by state Bank of Patiala/Canara Bank are secured by first and exclusive charge on all present and future current assets and fixed assets including Plant & Machinery/ immovable properties situated at Bahadurgarh & Moradabad together with all Building and structures thereon, equitable mortgage of Land & Building at Gurgaon in the Name of Ispace Developers Pvt Ltd and exclusive charge on company's Brand "MILKFOOD". The State bank of Patiala has also extended supply line of credit to the extent of Rs. 8 crore against which company has created a charge on its immovable assets.
2. Vehicle loans are secured against hypothecation of respective vehicles.
 - (2.1) Term Loans (Vehicle) from ICICI Bank are repayable in monthly instalments of varied amount and repayable by February 2015 and carry interest rate of 6.66% to 12% p.a based upon terms & conditions of respective Loans.
 - (2.2) Vehicle loan from BMW Financial Services is payable in 5 years monthly instalments and is repayable by September 2016 and carry interest rate of 12% p.a.
 - (2.3) Vehicle Loans (thirty three in number) from Kotak Mahindra Prime Ltd are repayable in monthly instalments of varied amount and are repayable by March 2013 and carry different rates of interest.
3. Loan from Religare Finvest limited carry floating rate of Interest of 15.5 to 16% (in respect of loan of Rs.7.00 crores & of Rs.15.00 crores). Loan of Rs.7 crores is repayable in equated monthly instalment of Rs. 10,45,176/- and repayable by 1.11.2021. Similarly loan of Rs.15 crore is payable in Equal monthly instalements of Rs.16,50,461/- is repayable by 1st March 2021.
4. Intercorporate Deposits are repayable by September 2014 and carry interest @ 12% p.a. on net basis.

Notes Forming part of the financial statements

5. Public Deposits:-

(5.1) Public deposits are repayable as under:

- (a) Rs. 4,31,40,000 Payable by March 2013 and carry interest of 10-11.50%
- (b) Rs .3,64,16,000 Payable by march 2014 & 2015 and carry interest of 10-11.5%

(5.2) Public deposits guaranteed by Directors Rs.1,26,58,000/-

(5.3) Public deposits matured but unclaimed amount to Rs 9.78 lacs (Previous Year 5.38 lacs).

Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Others:			
(i) Trade / security deposits received		254549	119192
(ii) Trade Payable /advance from customers	1	83895	71330
(iii) Others		490	415
Total		338934	190936

Note:-

- Includes Advance from Customers to the extent of Rs.800 lacs (previous year Rs. 700 lacs) which in the opinion of management are of long term nature.

Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Provision for employee benefits:			
(i) Retirement Benefits	1	0.00	0.00
(ii) Other Employee Benefits		0.00	0.00
(b) Provision - Others:			
(i) Provision for tax (net of advance tax)		0.00	0.00
Total		0.00	0.00

Note:-

- No provision for Gratuity liability as on 31st March, 2012 amounting to Rs.196.59 lacs (Previous year Rs. 220.57 lacs) calculated in accordance with actuarial valuation as per AS-15 (Revised), of which (Rs.23.98 lacs) relates to current year (Previous year Rs.35.85 lacs) has been made in these accounts.

Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) From Bank - Secured			
Cash Credit	1	381485	242299
Total		381485	242299

Note:-

- Refer note no. 1.3 of note 4.

Notes Forming part of the financial statements

Note 8 Trade payables

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Trade payables	1	426,035	231,510
Total		426,035	231,510

Note:-

- As per information available with the company there is no amount due to any party under Micro, Small and Medium Enterprises Development Act, 2007.

Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Current maturities of Long Term Debts *		125,960	195,545
(b) Interest accrued but not due on Public Deposits	6	6,114	8,117
(c) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)		11,297	11,326
(ii) Advances from customers		17,853	15,500
(iii) Trade / security deposits received		52	1,591
(iv) Others Bill, Staff Advance and advance against sale of vehicle		6,675	10,055
Total		167,951	242,133

Current maturities of Long Term Debts *

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) From Bank - Secured			
Term Loan	1	66,252	72,968
Vehicle loans	2	3,218	1,538
(b) Vehicle loans Others			
BMW financial services	3	338	-
Kotak Mahindra Prime Ltd	4	3,406	11,000
(c) From Others Unsecured			
Intercompany Deposits		-	11,000
Religare Finvest Limited	5	9,606	44,154
Public Deposits	6	43,140	54,884
Total		125,960	195,545

Note:-

- Refer Note No 1.3 of Note 4
- Refer Note No 2.1 of Note 4
- Refer Note No 2.2 of Note 4
- Refer Note No 2.3 of Note 4
- Refer Note No 3 of Note 4
- Refer Note No 5 of Note 4

Note 10 Short-term provisions

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Provision - Others:			
(i) Provision for wealth tax		170	145
Total		170	145

Notes Forming part of the financial statements

FIXED ASSETS

NOTE 11 A

TANGIBLE/INTANGIBLE ASSETS

(Rs. in thousand)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2011	Additions	Deductions	31.03.2012	01.04.2011	For the Year	On Deduction	31.03.2012	31.03.2012	UP TO 31.03.2011
Freehold Land Refer Note 1	31,387	-	-	31,387	-	-	-	-	31,387	31,387
Buildings	170,792	3,563	-	174,354	42,534	5,849	-	48,382	125,972	128,258
Plant & Machinery Refer Note 2 & 3	944,470	34,845	-	979,315	321,496	39,777	-	361,273	618,042	622,975
Furniture, Fixtures and Equipments Refer Note 3	13,003	279	-	13,281	10,341	161	-	10,502	2,779	2,663
Vehicles	42,248	11,672	5,456	48,463	17,438	4,036	2,978	18,496	29,967	24,810
Total	1,201,900	50,359	5,456	1,246,801	391,808	49,824	2,978	438,653	808,147	810,092
Previous Year	1,156,178	51,012	5,290	1,201,900	348,028	47,322	3,543	391,807		

Notes:-

- Land purchased at Moradabad includes Land valued at Rs.85.09 lacs (previous year Rs.85.09 lacs) for which agreement to purchase has been entered and steps are being taken to register the land in the name of the company. The company is in full control and possession of the land and the same is used for the business purposes.
- Operations of Casein Plant (Patiala) remained suspended during the year under Audit due to ban on export of casein, which has been partially lifted with condition of obtaining licence from DGFT. Company is in the process of making an application for obtaining licence. Total carrying amount of fixed assets including intangible assets is Rs. 3632 lacs (Previous Year Rs. 3787 Lacs) as at close of the year. Interest of Rs. 75.41 lacs has been debited to Plant & Machinery Casein Plant. In pursuance of requirement of AS-28 Company is in the process of computing the projections of cash flow and present value, considering the global economic scenario. Management has utilized portion of Assets of Casein plant for its dairy business considering the facts as stated. Management is of view that there is no impairment of Assets within the meaning of AS-28 and hence no provision as such is made during the year.
 - Includes intangible assets of Rs. 59677 (thousands) written down value of Rs. 41207 (thousand). In accordance with AS-26 – expenses incurred on development/defining the manufacturing process of any product to meet the required standards is recognized as Intangible Asset and is amortized over a period of 10 years. The amount amortized during the year is Rs.59.67 lacs (Previous Year Rs. 59.67 Lacs).
- Assets at Gurgaon:
Plant and Machinery and furniture and fixtures held for disposal have been depreciated at the rates prescribed under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs.17.75 lacs (Previous year Rs. 21.09 lacs).

Note 11B Capital Work in Progress

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Building	1	48187	194
Chilling Centre		153	-
Drier & Seprator		-	1033
Mac Boiler		-	168
Machinery		26647	9914
Computers		7	35
Capital advance		-	1030
Total		74992	12374

Note:-

- Includes Rs. 47993 thousands capitalised during the year in respect of expenses incurred in earlier years through erstwhile subsidiary company. No depreciation has been charged during the year under audit.

Notes Forming part of the financial statements

Note 12 Investment

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Investment in Equity Shares - Unquoted			
MFL Trading Pvt. Ltd 10000 equity shares of 10 each (Wholly Owned Subsidiary Company)		100	100
Investment in Preference Shares - Unquoted			
Grand Regency Hospitalities Pvt. Ltd (425000 3% Preference Shares of Rs 100 each fully paid)	1	42500	42500
National Saving Certificates	2	40	40
TOTAL		42640	42640

Notes:-

- In the earlier years company had invested Rs. 425 lacs in the preference share capital of M/s Grand Regency Hospitalities (P) Ltd. The investee company had stopped the business due to termination of lease of premises. More than 50% of net worth of investee company is eroded due to losses. However Company is of the view that there is no need for creating any provision for diminution in the value of investments considering the estimated fair value of the Brand of investee company.
- Pledged with Government Authorities towards fulfilment of statutory obligations.

Note 13 Long-term loans and advances

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Suppliers advances Unsecured, considered good		1376	649
(b) Security deposits Unsecured, considered good		8662	8791
(c) Loans and advances to employees Unsecured, considered good		1272	667
(d) Carbon Credit Receivable	1	-	32000
(e) Input Tax credit	2	765	206
(f) Prepaid expenses		4599	5190
(g) Deposit with Punjab state Electricity Board	3	-	5927
(h) Sales Tax Authorities	4	-	8731
(i) Others		-	79
Total		16674	62239

Notes:-

- Refer Note 19(4).
- Is receivable in three financial years i.e by 2014-15
- Refer Note No. 19(2).
- Refer Note No. 19(3).

Notes Forming part of the financial statements

Note 14 Trade receivables Non current

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Trade receivables outstanding for a period exceeding 12 months from the date they were due for payment			
Unsecured, considered good		1321	264
Secured, considered good		79	58
Total		1399	322

Note 15 Non Current Inventories (At lower of cost and net realizable value)

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Stores and Spares	1	3279	3679
TOTAL		3279	3679

Note:-

1. Refer Note 30 (Discontinued Operations)

Note 16 Inventories (At lower of cost and net realizable value)

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Raw materials		1793	1965
(b) Work-in-progress			
- Dairy Products		18654	19561
(c) Finished goods			
- Dairy Products	1	754832	373639
(d) Stores and spares		30376	24238
(e) Packing materials		10674	9320
(f) Others		212	-
Total		816541	428723

Note:-

1. (a) Stocks on consignment of Rs.24.83 lacs (Rs.200 lacs) remains unconfirmed at the year end.
(b) Closing stocks includes stock of Whey Powder (By-product) of Rs. 68.87 lacs (previous year Rs. 425 lacs). Net realizable value of Rs.100/- per kg is estimated by the Management on the basis of net realizable value of the final product.

Note 17 Trade receivables

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Unsecured, considered good		221	822
Other Trade receivables			
Unsecured, considered good		49212	70081
Secured, considered good		571	1470
Total		50004	72373

Notes Forming part of the financial statements

Note 18 Cash and cash equivalents

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Cash on hand		278	1358
(b) Cheques, drafts on hand		-	-
(c) Balances with banks			
(i) In current accounts		1825	2088
(ii) In deposit accounts		8515	8515
(iii) Margin accounts		7508	5440
Total		18126	17401

Note 19 Short-term loans and advances

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Security deposits			
Unsecured, considered good		201	654
(b) Loans and advances to employees			
Unsecured, considered good		8,310	39,253
(c) Prepaid expenses - Unsecured, considered good		5,728	7,178
(d) Interest Receivable		1,773	861
(e) Export Incentive Receivable		-	1,448
(f) Supplier advances - Unsecured, considered good	1	42,310	92,135
(g) Balances with government authorities			
Unsecured, considered good			
(i) Input Tax Credit		191	172
(ii) Deposit with Punjab State Electricity Board	2	5927	-
(iii) Sales Tax Authorities	3	9,249	428
(iv) Income Tax recoverable		1,865	2,537
(h) Carbon Credit Receivable	4	81,800	49,800
(i) Insurance Claim Receivable		1,203	6,416
Total		158,557	200,882

Notes:-

- Loans & Advances include Rs. 2.00 crores paid by the company to the respondents on the directions of Hon'ble Supreme Court for admitting the Special Leave Petition against the order of high Court of Patna confirming the payment of Rs. 3,28,35,000/-. As the matter is subjudice no amount has been charged to Statement of Profit & Loss .
- Loans and advances includes Rs. 59.27 lacs deposited in earlier years against the demand raised by the Punjab State Electricity Board. Identical matter in third party case is pending before the Supreme Court hearing of which is fixed in the last week of October, 2012. Company is reasonably hopeful that the matter will be decided against PSEB and Company will be entitled to refund from PSEB. Therefore amount is retained as recoverable till the matter is finally decided by the Supreme Court. Keeping in view the facts as stated the amount is expected to be realized with in 12 months.
- Balance with sales tax authorities is considered to be realizable within a period of 12 months as it is pending appeals will be decided in favour of company with in 12 months of reporting date.
- Under United Nation Framework Convention on Climate Change (UNFCCC) Company's project for 1.60MW Bundled Rice Husk Based co-generation plant at factory premises Patiala & Moradabad has been approved by the Host Country. As per certificate of consultant 69683 VCS Per Year have been approved and same have been registered with VCS Registry NYSE BLUE. Similarly the CDM project of company has been registered w.e.f 14.02.2012 with UNFCCC after due validation process Carbon reduction (CER's) are 69692 per annum and applicable till 23.02.2022. Further consultant has certified that on conservative basis company must realise a minimum of Rs. 818 lacs by sale of carbon credits that company has earned for two calender years 2009-10 and for a period up to 31.05.2011.

Notes Forming part of the financial statements

Note 20 Revenue from operations

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Sale of products	1	3044759	3011272
Other operating revenues	2	1189	68126
Revenue from operations (Gross)		3045949	3079398
<u>Less:</u>			
Excise duty		-	-
Revenue from operations (net)		3045949	3079398

1

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	2151036	1710011
- Milk Powder	890588	1173179
- Whey Powder	3135	1890
- Casein	-	126192
Total - Sale of products	3044759	3011272

2

Other operating revenues comprises:		
Sale of scrap	1189	7263
Export incentives	-	11064
Carbon Credits	-	49800
Total - Other operating revenues	1189	68126

Notes Forming part of the financial statements

Note 21 Other Income

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Interest income	1	1,583	1,011
Other non-operating income	2	2,739	10,007
Total		4,321	11,018

1

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Interest income comprises :		
Interest from banks on:		
-Deposits	883	256
-Margin money	601	755
-Others	2	-
Interest on Income tax refund	96	-
Total - Interest income	1,583	1,011

2

Other non-operating income comprises:		
Insurance Claim received	1,590	6,403
Liabilities / provisions no longer required written back	1,067	22
Others	81	3,582
Total - Other non-operating income	2,739	10,007

Note 22 A. Cost of Material Consumed

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Material consumed comprises:		
Milk	1990433	2161146
Ghee	800473	291936
Others	8092	12680
Total	2798997	2465762

Note 22 B. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
<u>Inventories at the end of the year:</u>		
Finished goods	754832	373639
Work-in-progress	18654	19561
	773486	393201
<u>Inventories at the beginning of the year:</u>		
Finished goods	373639	464873
Work-in-progress	19561	18005
	393201	482878
Net (increase) / decrease	(380285)	89677

Notes Forming part of the financial statements

Note 23 Employee benefits expense

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Salaries, wages and other Benefits	85410	84260
Contributions to provident funds	3886	4192
Staff welfare expenses	4266	3867
Total	93562	92318

Note 24 Finance costs

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
(a) Interest expense on:		
(i) Borrowings	104686	120248
(ii) Others		
- Interest on delayed / deferred payment of income tax	276	35
- Bill discounting Charges	49	-
(b) Other borrowing costs (Bank and other financing charges)	7213	5282
Total	112223	125566

Note 25 Depreciation

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Depreciation expense			
Tangible Assets		43522	40820
Intangible Assets		5968	5968
Total		49490	46788

Note 25 A Depreciation on Gurgaon Assets

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Depreciation expense			
Tangible Assets		334	535
Total		334	535

Notes Forming part of the financial statements

Note 26 Other expenses

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
(a)			
-Consumption of stores and spare parts		16893	16299
-Power and Fuel		170774	133002
-Repairs - Building		1816	296
- Machinery		7599	6594
-Packing		85303	77128
(b)			
-Rent		1470	892
-Rates and taxes		1038	1309
-Insurance		5213	6097
-Miscellaneous expenses		29732	28545
Payments to the auditors	1	1553	1545
(c)			
-Freight & Forwarding Expenses		33075	37200
-Commission		7059	7440
Total		361525	316344

Note:-1

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Auditors Remuneration and expenses		
- Audit fee	1213	1213
- Tax audit fees	110	113
- Fees for other services	44	33
-Reimbursement of expenses	185	186
Total	1553	1545

Notes Forming part of the financial statements

Note 27 Statement of Profit and Loss from discontinued operation for the year ended 31 March, 2012

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
1 Revenue from operations (gross)		-	-
Total revenue		-	-
2 Expenses			
(a) Depreciation and amortisation expense		334	535
(b) Other expenses	1	400	400
Total expenses		734	935
Profit before exceptional and extraordinary items		(734)	(935)
Exceptional Items		-	-
Profit before extraordinary items		(734)	(935)
Extraordinary Items		-	-
3 Profit/(Loss) from discontinuing operation		(734)	(935)

Note:-

1. A sum of Rs.4.00 lacs has been charged to Statement of Profit and Loss on account of reduction in estimated realizable value in respect of general stores of Rs.32.79 lacs (previous year Rs.36.79 lacs)

Note 28 Disclosures under Accounting Standards

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Earnings per share			
Basic and diluted			
Net profit for the year (Rs. In thousand)		5817	(51669)
Weighted average number of equity shares (Nos.)		4886440	4886440
Par value per share (In Rs.)		10	10
Earnings per share - Basic and diluted in Rs.		1.19	(10.57)

Note 29 Disclosures under Accounting Standards

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Components of deferred tax balances		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	110792	102950
Others	-	-
Tax effect of items constituting deferred tax liability	110792	102950
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.12	89749	86501
Disallowances under Section 43B of the Income Tax Act, 1961	-	-
Others	-	-
Tax effect of items constituting deferred tax assets	89749	86501
Deferred tax liability (net)	21043	16449

Auditors' Report

The Board of Directors
Milkfood Limited,
5th Floor, Bhandari House, 91 Nehru Place,
New Delhi-110 019

We have examined the attached Consolidated Balance Sheet of Milkfood Limited and its subsidiary as at 31st March, 2012, the Consolidated Statement of Profit & Loss and also the Consolidated Cash Flow Statement for the year ended 31st March 2012.

The Financial statement is the responsibility of Milkfood Limited's management. Our responsibility is to express an opinion on these financial statements based on our Audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with the identified financial reporting framework and are free from material mis-statements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also include assessing the accounting principles used in significant estimates made by management, as well as evaluating the overall financial statements. We believe our audit provides a reasonable basis of our opinion.

We did not audit the financial statement of the subsidiary company included in the consolidated Financial Statements which constitute total assets of Rs.89362.00 as at 31st March, 2012, total revenue of Rs. NIL net loss of Rs.5494.00 and net fund outflow amounting to Rs.5494.00 for the year then ended. These financial statements and other financial information have been furnished to us and our opinion on the consolidated financial statement to the extent they have been derived from such Financial Statement is based solely on the report of such Auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Milkfood Limited and its subsidiary included in the Consolidated Financial Statements.

Based on our audit and to the best of our information and according to explanation given to us read with notes on accounts, we are of the opinion that:

- (a) The Consolidated Balance Sheet gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of Milkfood Limited and its subsidiary as at 31st March, 2012.
- (b) The Consolidated Statement of Profit & Loss gives a true and fair view of the consolidated results of operations of Milkfood Limited, and its subsidiary for the year ended on that date; and
- (c) In case of Consolidated Cash Flow Statement, on the consolidated cash flow of the company and its subsidiary for the year then ended.

For Madan & Associates,
Chartered Accountants
Reg. No.: 000185 N

M.K. Madan
(Proprietor)
FCA 82214

Place: New Delhi
Dated: 14th August, 2012

Consolidated Balance Sheet

as at 31st March, 2012

Particulars	Note No.	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	48,853	48,853
(b) Reserves and surplus	3	269,033	263,222
		<u>317,886</u>	<u>312,075</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	336,838	415,167
(b) Deferred tax liabilities (net)	29	21,043	16,449
(c) Other long-term liabilities	5	338,934	190,936
(d) Long-term provisions	6	-	-
		<u>696,815</u>	<u>622,552</u>
3 Current liabilities			
(a) Short-term borrowings	7	381,485	242,299
(b) Trade payables	8	426,035	231,511
(c) Other current liabilities	9	167,957	242,135
(d) Short-term provisions	10	170	145
		<u>975,647</u>	<u>716,090</u>
TOTAL		<u>1,990,348</u>	<u>1,650,717</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11A	808,147	810,093
(ii) Capital work-in-progress	11B	74,992	12,374
		<u>883,139</u>	<u>822,467</u>
(b) Investments	12	42,540	42,540
(c) Long-term loans and advances	13	16,674	62,239
(d) Trade receivables	14	1,399	322
(e) Inventories	15	3,279	3,679
		<u>947,031</u>	<u>931,247</u>
2 Current assets			
(a) Inventories	16	816,541	428,723
(b) Trade receivables	17	50,004	72,373
(c) Cash and cash equivalents	18	18,215	17,492
(d) Short-term loans and advances	19	158,557	200,882
		<u>1,043,317</u>	<u>719,470</u>
TOTAL		<u>1,990,348</u>	<u>1,650,717</u>
Summary of significant accounting policies and additional notes to Accounts	1		
The accompanying notes 1 to 29 are integral part of the financial statements			

In terms of our report of even date

For & On behalf of the Board of Directors

For Madan & Associates
Chartered Accountants
Firm Registration No 000185N

M.K. MADAN
Proprietor
Membership No. 82214
Place : New Delhi
Date : 14th August, 2012

Rishbha Ahluwalia
Asstt. Co. Secretary

Sudhir Avasthi
C.E.O.

Asha Gadi
Amarjeet Kapoor
Suresh Alipuria
K.K. Kohli
Directors

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2012

Particulars	Note No.	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
1 Revenue from operations (gross)	20	3045949	3079398
Less: Excise duty		-	-
Revenue from operations (net)		3045949	3079398
2 Other income	21	4321	11018
3 Total revenue (1+2)		3050270	3090416
4 Expenses			
(a) Cost of Raw materials consumed	22A	2798997	2465762
(b) Changes in inventories of finished goods and work-in-progress	22B	(380285)	89677
(c) Employee benefits expenses	23	93562	92318
(d) Finance Cost	24	112223	125566
(e) Depreciation and amortisation expenses	25	49490	46788
(f) Other expenses	26	361531	316355
Total expenses		3035518	3136466
Profit before exceptional and extraordinary items		14752	(46050)
Exceptional Items	1B(iii)	(1059)	588
Profit before extraordinary items		13693	(45462)
Extraordinary Items	1B(iv)	1100	-
5 Profit before tax (3-4)		14793	(45462)
6 Tax expense:			
(a) Current tax		2814	-
(b) Adjustment for (excess) / short provision for earlier years		669	-
(c) Net current tax expense		3483	-
(d) Deferred tax		4594	5138
(e) Wealth tax		170	145
Total Tax		8248	5283
7 Profit/(loss) for the period from Continuing operation after tax (5-6)		6545	(50745)
8 Profit/(Loss) from discountinuing operation	27	(734)	(935)
9 Profit/(loss) for the period (7+8)		5811	(51681)
10 Earnings per share (of Rs. 10/- each):			
Basic and Diluted - in Rs.	28	1.19	(10.58)
Summary of significant accounting policies and Additional Notes to Accounts	1		
The accompanying notes 1 to 29 are integral part of the financial statements			

In terms of our report of even date

For & On behalf of the Board of Directors

For Madan & Associates
Chartered Accountants
Firm Registration No 000185N

M.K. MADAN

Proprieter

Membership No. 82214

Place : New Delhi

Date : 14th August, 2012

Rishbha Ahluwalia
Asstt. Co. Secretary

Sudhir Avasthi
C.E.O.

Asha Gadi
Amarjeet Kapoor
Suresh Alipuria
K.K. Kohli
Directors

Consolidated Cash Flow Statement

for the year ended 31st March, 2012

Particulars	For the Year Ended 31st March, 2012 (Rs. in thousand)	Note	For the Year Ended 31st March, 2011 (Rs. in thousand)
A. Cash flow from operating activities:			
Net profit before tax	12959		(46397)
Adjustments for :			
Depreciation and Amortisation expense	49824		47322
Finance costs	112223	1	125566
Provision for wealth Tax/Income Tax/Adjustment of earlier year	(3653)		(145)
Adjustment of account of transfer of fixed assets from CWIP etc.	-		47882
Exchange fluctuation on foreign currency loan considered separately	-		(1,402)
Liabilities no longer required written back	(1067)		(3,604)
Insurance Claim Received	(1590)		(6403)
Interest Income	(1583)		(1011)
Miscellaneous Income	(81)		-
Operating profit before working capital changes	167031		161808
Changes in working capital			
Adjustments for (increase) / decrease in operating assets:			
Inventories	(387417)		82749
Trade receivables	21292		21247
Long term loans and advances	45566	2	(119537)
Short term loans and advances	42324		
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables	194524	2	(251596)
Other current liabilities	(74178)		
Other long term liabilities	147998		
Short term provisions	25		
Cash Generated From Operations before extraordinary item	157165		(105329)
Exceptional items	1059		(588)
Extra Ordinary Items	1100		-
Insurance Claim Received	1590		6403
Net cash flow from operating activities (A)	160914		(99514)
B. Cash flow from investing activities:			
Capital expenditure on fixed assets,	(50358)		(50966)
Capital work in progress	(62618)		18379
Proceeds from sale of fixed assets	1419		42460
Interest received	1583		1011
Net cash flow used in investing activities (B)	(109975)		10884
C. Cash flow from financing activities:			
Short-term borrowings	139186		102486
Proceeds from fixed deposits	(3573)		(10214)
Proceeds from vehicle	758		(12707)
Proceeds from term loan	(65907)		58791
Proceeds from intercorporate Deposit & other deposit	(9606)	2	(80455)
Proceeds from Other long term liabilities			
Finance costs	(112223)		(125566)
Exchange fluctuation on foreign currency loan considered separately			1,402
Liabilities no longer required written back	1067		3,604
Miscellaneous Income	81		
Net cash flow used in financing activities (C)	(50217)		(62658)
Net increase / (decrease) in cash & cash equivalents (A+B+C)	723		(31290)
Cash and cash equivalents at the beginning of the year	17492		48782
Cash and cash equivalents at the end of the year	18215		17492

Notes:-

- Finance cost as per revised schedule vi has been shown as excluding interest income but including Bill discounting charges. Till last year interest income was shown (net of expenses) but excluding Bill discounting charges. Figures to that extent are regrouped.
 - In the view of non applicability of bifurcation of assets /liabilities into current /non current for finance year 2009-10 figures have been regrouped on the basis of pre revised schedule VI
 - The above Cash flow statement has been prepared under the indirect method set out in accounting Standard 3 (Cash Flow Statement) issued by the institute of Chartered Accountant of India.
 - Figures in bracket indicate cash out flows.
 - Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.
- The accompanying notes 1 to 29 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors

For Madan & Associates
Chartered Accountants
Firm Registration No 000185N

M.K. MADAN

Proprietor

Membership No. 82214

Place : New Delhi

Date : 14th August, 2012

Rishbha Ahluwalia
Asstt. Co. Secretary

Sudhir Avasthi
C.E.O.

Asha Gadi
Amarjeet Kapoor
Suresh Alipuria
K.K. Kohli
Directors

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Accounts

The accounts have been prepared in accordance with historical cost convention, applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956 following accrual method of accounting except for gratuity and leave encashment which are being accounted for on payment basis.

All assets and Liabilities have been classified as current or non current considering the operating cycle of 12 months.

1.2 Tangible Fixed Assets

Fixed assets are stated at cost. All direct expenses incurred for bringing the assets to their present location are debited to the respective assets. In regard to new projects expenditure incurred till the date of commencement of commercial productions are charged to the respective assets i.e. Building, Plant & Machinery proportionately. Replacement of various part of fixed assets/ substantial repair/renovation are also capitalized considering the benefit of enduring nature.

1.3 Depreciation on Tangible Fixed Assets

On Fixed Asset: On written down value as per prescribed rates in Schedule XIV of Companies Act 1956.

On Stores Items Capitalized: Estimated useful life of the asset.

On Assets Held for Disposal: Only in case the net realizable value of Assets is lower than the carrying amount.

1.4 Intangible Assets

In accordance with AS-26 - expenses incurred on development/defining the manufacturing process of any product to meet the required standards is recognized as Intangible Asset and is amortized over a period of 10 years.

1.5 Impairment of Assets:-

Assessment of indication of impairment of an assets is made at the year end and impairment loss, if any, is recognized.

1.6 Investments

Long Term Investments are stated at cost, less provision if any for diminution in the value of such investments, other than temporary.

1.7 Inventories

Inventories are valued on lower of weighted average cost or net realizable value. Valuation of intermediary products (Whey Powder) is estimated on the basis of net realizable value of the final product.

1.8 Retirement Benefits

Company follows AS-15 (revised) as detailed below:-

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Leave encashments are not carried forward on year to year basis and facility is granted to employees only in the year of determination of service. Therefore no provision of leave encashment is made on year to year basis.
- (c) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholtime employment of company. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs.10.00 lakh.
- (e) Provident Fund:

The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

1.9 Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrips are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) Entitlements under Clean development mechanism (CDM) & voluntary Carbon standards (VCS) (2007) are accounted for income at the time of final registration with the approval authority of host country.

1.10 Deferred Tax

The tax expense consists of current tax and deferred tax. Provision for the current tax is based on tax liability computed in accordance with relevant provisions of the Income Tax Act. Provisions for deferred tax are made for all timing differences arising between taxable incomes and accounting income at Income Tax rates that have been enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only if there is convincing evidence that they will be realised in future against future taxable income. The carrying amounts of Deferred Tax Asset are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

1.11 Borrowing Costs

Interest and other cost that are directly attributable to the acquisition, construction or production of a qualifying asset (including trial run) and for product development (under AS-26) within the meaning of Accounting Standard-16 are capitalized as part of the cost of that asset till the assets are ready for intended use or for producing on commercial scale/sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.12 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on estimated rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account. At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account.

(B) ADDITIONAL NOTES TO ACCOUNTS

i. Contingent liabilities:

Claims not acknowledged as debts Rs.594.43 lacs net of tax u/s 115 JB Rs.475.50 lacs. (Previous year Rs.766.56 lacs net of tax Rs.613.98 lacs).

ii. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs.211.82 lacs (Previous year Rs. 58.87 lacs).

iii. Exceptional items represents Profit/(Loss) on sale of vehicles.

iv. Extra ordinary items represent miscellaneous income arising on account of recovery made from contractual obligations of earlier years.

v. Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	(Rs. in thousand)	(Rs. in thousand)
Professional fees	266	252
Books, Periodicals Subscription	5	5
Commission	45	280
Travelling	-	960
Total	316	1,497

vi. Details of Raw Material, Stores & Spares Consumed during the year.

Indigenous	For the year ended 31 March, 2012	
	(Rs. in thousand)	%
Raw materials and components	2798997 (2465762)	100 (100)
Stores and spare parts	16893 (16299)	100 (100)
Total	2815890 (2482061)	

Note: Figures in brackets represent previous year's figures.

(vii) Earnings in foreign exchange

	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	(Rs. in thousand)	(Rs. in thousand)
Export of goods calculated on FOB basis	0.00	245179
Total	0.00	245179

(viii) **Related Party Disclosers:**

A. Details of related parties with whom the Company had transactions during the year.

Description of relationship	Names of related parties
(a) Enterprises over which KMP is able to exercise significant influence	Jagatjit Industries Ltd. (Associate Concern) MFL Trading Private Ltd (Wholly Owned Subsidiary)
(b) Key Management Personnel (Directors and their relatives)	Mr. Umesh N. Saxena (Up to 30.04.2011) Ms Asha Gadi Mr. Suresh Alipuria Mr. Amarjeet Kapoor Mr. K. K. Kohli Mr. Nitin Saxena (Son of Mr. Umesh N. Saxsena) Mr. Udit Saxena (Son of Mr. Umesh N. Saxsena)

Note: Related parties have been identified by the Management

B. Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

Particulars	With Persons Mentioned in Note 1(B)(viii)(a)	With Persons Mentioned in Note 1(B)(viii)(b)	Total
	(Rs. in thousand)	(Rs. in thousand)	(Rs. in thousand)
Electricity Expenses Paid	905 (814)	- -	905 (814)
Telephone Expenses Paid	- (50)	- -	- (50)
Rent paid	397 (397)	- -	397 (397)
Interest Paid	1,673 -	69 (790)	1,742 (790)
Amount received for Services	8,508 (9,449)	- -	8,508 (9,449)
Reimbursement of Expenses	166 (671)	- -	166 (671)
Sitting Fees	- -	15 (6)	15 (6)
Managerial Remuneration	- -	611 (8113)	611 (8,113)
Investments	- (100)	- -	- (100)
Sale of assets	- (706)	- -	- (706)
Purchases	- (7,195)	- -	- (7,195)
Sales	980 (42,258)	- -	980 (42,258)
Deposit Received	- -	- (5,000)	- (5,000)
Outstanding Payables, net of Receivable	(785) (5,407)	4,983 (4,985)	4,198 (10,392)

Note: Figures in bracket relates to the previous year

No amounts have been written off / provided for or written back during the year in respect of amounts receivable from or payable to related parties.

Notes forming part of the financial statements

Note 2 Share Capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	(Rs. in thousand)	Number of shares	(Rs. in thousand)
(a) Authorised				
Equity shares of Rs.10 each	7,500,000	75000	7,500,000	75000
Cumulative redeemable Preference shares of Rs. 100 each	50,000	5000	50,000	5000
	7,550,000	80000	7,550,000	80000
(b) Issued				
Equity shares of Rs. 10 each fully paid up	4,887,890	48879	4,887,890	48879
(c) Subscribed and Paid up				
Equity shares of Rs.10 each	4,886,440	48865	4,886,440	48865
Less: Calls in Arrears	1,840	19	1,840	19
	4,884,600	48847	4,884,600	48847
Add Amount paid on Forfeited Shares	700	7	700	7
Total	4885300	48853	4885300	48853

2.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :

Particulars	Opening Balance	Fresh issue	Redemption	Closing Balance
	Equity shares			Equity shares
Year ended 31 March, 2012				
- Number of shares	4,885,300	-	-	4,885,300
- Amount (Rs. in thousand)	48,853	-	-	48,853
				0
Year ended 31 March, 2011				0
- Number of shares	4,885,300	-	-	4,885,300
- Amount (Rs. in thousand)	48,853	-	-	48,853

2.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% of shares held	Number of shares held	% of shares held
	Equity shares		Equity shares	
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%
Ms Roshni Jaiswal	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	565,861	11.58%
Sudha Commercial Co. Ltd.	489,103	10.01%	-	-

Note 3 Reserves and surplus

Particulars	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Capital redemption reserve		
At the beginning and at the end of the year	1	1
(b) Securities Premium Reserve		
At the beginning and at the end of the year	66988	66988
(c) Other Reserve: General reserve		
At the beginning of the year	196233	247914
Add: Transferred from Surplus in Statement of Profit and Loss	5811	(51681)
At the end of the year	202044	196233
Total	269033	263222

Notes forming part of the financial statements

Note 4 Long-term borrowings

Particulars	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Term loans - Secured		
From banks	91,740	155,043
From others	1,560	3,406
(b) Term Loans - Unsecured -Others	243,539	256,718
Total	336,838	415,167

Details of terms of repayment for the long-term borrowings and security provided

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Term Loans From Banks: Secured			
Rupee loan from Canara Bank and State Bank of Patiala	1	87500	153407
Vehicle loans from ICICI	2 & 2.1	4240	1636
Total		91740	155043
From Others:			
BMW financial services	2.2	1560	-
Kotak Mahindra Prime Ltd	2.3	-	3406
Total		1560	3406
From Others-Unsecured :			
Religare Finvest Limited	3	157123	166729
Inter Corporate Deposits	4	50000	50000
Public Deposits	5	36416	39989
Total		243539	256718

Notes:-

1 Term Loans From Banks:

- (1.1) Rupee Loan from Canara Bank of Rs.1500 lacs at interest rate of 15.50% p.a is payable in quarterly instalments as follows:-
 - (a) Rs. 62.50 lacs from September 2011 to June 2012
 - (b) Rs.125.00 lacs from September 2012 to June 2013
 - (c) Rs.187.50 lacs from September 2013 to June 2014.
- (1.2) Rupees Loan from State Bank of Patiala are repayable in equated monthly instalments of Rs.35.90 lacs and Rs. 8.50 lacs upto a period of 5 years from the date of respective loan. Loan is repayable by 30th August, 2012 and carry interest of 15.25% & 15.75% p.a.
- (1.3) Cash Credit and Term Loans sanctioned by state Bank of Patiala/Canara Bank are secured by first and exclusive charge on all present and future current assets and fixed assets including Plant & Machinery/ immovable properties situated at Bahadurgarh & Moradabad together with all Building and structures thereon, equitable mortgage of Land & Building at Gurgaon in the Name of Ispace Developers Pvt Ltd and exclusive charge on company's Brand "MILKFOOD". The State bank of Patiala has also extended supply line of credit to the extent of Rs. 8 crore against which company has created a charge on its immovable assets.
- (2) Vehicle loans are secured against hypothecation of respective vehicles.
 - (2.1) Term Loans (Vehicle) from ICICI Bank are repayable in monthly instalments of varied amount and repayable by February 2015 and carry interest rate of 6.66% to 12% p.a based upon terms & conditions of respective Loans.
 - (2.2) Vehicle loan from BMW Financial Services is payable in 5 years monthly instalments and is repayable by September 2016 and carry interest rate of 12% p.a.
 - (2.3) Vehicle Loans (thirty three in number) from Kotak Mahindra Prime Ltd are repayable in monthly instalments of varied amount and are repayable by March 2013 and carry different rates of interest.
- (3) Loan from Religare Finvest limited carry floating rate of Interest of 15.5 to 16% (in respect of loan of Rs.7.00 crores & of Rs.15.00 crores). Loan of Rs.7 crores is repayable in equated monthly instalment of Rs. 10,45,176/- and repayable by 1.11.2021. Similarly loan of Rs.15 crore is payable in Equal monthly instalments of Rs.16,50,461/- is repayable by 1st March 2021.
- (4) Intercompany Deposits are repayable by September 2014 and carry interest @ 12% p.a. on net basis.

Notes forming part of the financial statements

(5) Public Deposits:-

- (5.1) Public deposits are repayable as under:
 (a) Rs. 4,31,40,000 Payable by March 2013 and carry interest of 10-11.50%
 (b) Rs. 3,64,16,000 Payable by March 2014 & 2015 and carry interest of 10-11.5%
 (5.2) Public deposits guaranteed by Directors Rs.1,26,58,000/-
 (5.3) Public deposits matured but unclaimed amount to Rs 9.78 lacs (Previous Year 5.38 lacs).

Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Others:	1		
(i) Trade / security deposits received		254549	119192
(ii) Trade Payable /advance from customers		83895	71330
(iii) Others		490	415
Total		338934	190936

Note:-

1. Includes Advance from Customers to the extent of Rs. 800 lacs (previous year Rs. 700 lacs) which in the opinion of management are of long term nature.

Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Provision for employee benefits:	1		
(i) Retirement Benefits		0.00	0.00
(ii) Other Employee Benefits		0.00	0.00
(b) Provision - Others:			
(i) Provision for tax (net of advance tax)		0.00	0.00
Total		0.00	0.00

Note:-

1. No provision for Gratuity liability as on 31st March, 2012 amounting to Rs.196.59 lacs (Previous year Rs. 220.57 lacs) calculated in accordance with actuarial valuation as per AS-15 (Revised), of which (Rs. 23.98 lacs) relates to current year (Previous year Rs. 35.85 lacs) has been made in these accounts.

Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) From Bank - Secured	1		
Cash Credit		381485	242299
Total		381485	242299

Note:-

1. Refer note no. 1.3 of note 4.

Notes Forming part of the financial statements

Note 8 Trade payables

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Trade payables	1	426,035	231,511
Total		426,035	231,511

Note:-

- As per information available with the company there is no amount due to any party under Micro, Small and Medium Enterprises Development Act, 2007.

Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Current maturities of Long Term Debts *		125,960	195,545
(b) Interest accrued but not due on Public Deposits	6	6,114	8,117
(c) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)		11,297	11,326
(ii) Advances from customers		17,853	15,500
(iii) Trade / security deposits received		52	1,591
(iv) Others Bill, Staff Advance and advance against sale of vehicle		6,681	10,057
Total		167,957	242,135

Current maturities of Long Term Debts *

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) From Bank - Secured			
Term Loan	1	66,252	72,968
Vehicle loans	2	3,218	1,538
(b) Vehicle loans Others			
BMW financial services	3	338	-
Kotak Mahindra Prime Ltd	4	3,406	11,000
(c) From Others Unsecured			
Intercompany Deposits		-	11,000
Religare Finvest Limited	5	9,606	44,154
Public Deposits	6	43,140	54,884
Total		125,960	195,545

Notes:-

- Refer Note No 1.3 of Note 4
- Refer Note No 2.1 of Note 4
- Refer Note No 2.2 of Note 4
- Refer Note No 2.3 of Note 4
- Refer Note No 3 of Note 4
- Refer Note No 5 of Note 4

Notes Forming part of the financial statements

Note 10 Short-term provisions

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Provision - Others:			
(i) Provision for wealth tax		170	145
Total		170	145

NOTE 11 A FIXED ASSETS

TANGIBLE/INTANGIBLE ASSETS

(Rs. in thousand)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2011	Additions	Deductions	31.03.2012	01.04.2011	For the Year	On Deduction	31.03.2012	31.03.2012	UP TO 31.03.2011
Freehold Land Refer Note 1	31,387	-	-	31,387	-	-	-	-	31,387	31,387
Buildings	170,792	3,563	-	174,354	42,534	5,849	-	48,382	125,972	128,258
Plant & Machinery Refer Note 2 & 3	944,470	34,845	-	979,315	321,496	39,777	-	361,273	618,042	622,975
Furniture, Fixtures and Equipments Refer Note 3	13,003	279	-	13,281	10,341	161	-	10,502	2,779	2,663
Vehicles	42,248	11,672	5456	48,463	17,438	4,036	2,978	18,496	29,967	24,810
Total	1,201,900	50,359	5,456	1,246,801	391,808	49,824	2,978	438,653	808,147	810,092
Previous Year	1,156,178	51,012	5,290	1,201,900	348,028	47,322	3,543	391,807		

Notes:-

- Land purchased at Moradabad includes Land valued at Rs.85.09 lacs (previous year Rs.85.09 lacs) for which agreement to purchase has been entered and steps are being taken to register the land in the name of the company. The company is in full control and possession of the land and the same is used for the business purposes.
- Operations of Casein Plant (Patiala) remained suspended during the year under Audit due to ban on export of casein, which has been partially lifted with condition of obtaining licence from DGFT. Company is in the process of making an application for obtaining licence. Total carrying amount of fixed assets including intangible assets is Rs. 3632 lacs (Previous Year Rs. 3787 lacs) as at close of the year. Interest of Rs. 75.41 lacs has been debited to Plant & Machinery Casein Plant. In pursuance of requirement of AS-28 Company is in the process of computing the projections of cash flow and present value, considering the global economic scenario. Management has utilized portion of Assets of Casein plant for its dairy business considering the facts as stated. Management is of view that there is no impairment of Assets within the meaning of AS-28 and hence no provision as such is made during the year.
 - Includes intangible assets of Rs. 59677 (thousands) written down value of Rs. 41207 (thousand). In accordance with AS-26 – expenses incurred on development/defining the manufacturing process of any product to meet the required standards is recognized as Intangible Asset and is amortized over a period of 10 years. The amount amortized during the year is Rs.59.67 lacs (Previous Year Rs.59.67 lacs).
- Assets at Gurgaon:
Plant and Machinery and furniture and fixtures held for disposal have been depreciated at the rates prescribed under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs.17.75 lacs (Previous year Rs. 21.09 lacs).

Notes Forming part of the financial statements

Note 11B Capital Work in Progress

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Building	1	48187	194
Chilling Centre		153	-
Drier & Seprator		-	1033
Mac Boiler		-	168
Machinery		26647	9914
Computers		7	35
Capital advance		-	1030
Total		74992	12374

Note:-

- Includes Rs. 47993 thousands capitalised during the year in respect of expenses incurred in earlier years through erstwhile subsidiary company .No depreciation has been charged during the year under audit.

Note 12 Investment

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Investment in Equity Shares - Unquoted			
Investment in Preference Shares - Unquoted			
Grand Regency Hospitalities Pvt. Ltd (425000 3% Preference Shares of Rs. 100 each fully paid)	1	42500	42500
National Saving Certificates	2	40	40
Total		42540	42540

Notes:-

- In the earlier years company had invested Rs. 425 lacs in the preference share capital of M/s Grand Regency Hospitalities (P) Ltd. The investee company had stopped the business due to termination of lease of premises. More than 50% of net worth of investee company is eroded due to losses. However Company is of the view that there is no need for creating any provision for dimunition in the value of investments considering the estimated fair value of the Brand of investee company.
- Pledged with Government Authorities towards fulfilment of statutory obligations.

Notes Forming part of the financial statements

Note 13 Long-term loans and advances

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Suppliers advances Unsecured, considered good		1376	649
(b) Security deposits Unsecured, considered good		8662	8791
(c) Loans and advances to employees Unsecured, considered good		1272	667
(d) Carbon Credit Receivable	1	-	32000
(e) Input Tax credit	2	765	206
(f) Prepaid expenses		4599	5190
(g) Deposit with Punjab state Electricity Board	3	-	5927
(h) Sales Tax Authorities	4	-	8731
(i) Others		-	79
Total		16674	62239

Notes:-

1. Refer Note 19(4).
2. Is receivable in three financial years i.e by 2014-15
3. Refer Note No. 19(2).
4. Refer Note No. 19(3).

Note 14 Trade receivables Non current

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Trade receivables outstanding for a period exceeding 12 months from the date they were due for payment			
Unsecured, considered good		1321	264
Secured, considered good		79	58
Total		1399	322

Note 15 Non Current Inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Stores and Spares	1	3279	3679
Total		3279	3679

Note:-

1. Refer Note 30 (Discontinued Operations)

Notes Forming part of the financial statements

Note 16 Inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Raw materials	1	1793	1965
(b) Work-in-progress			
- Dairy Products		18654	19561
(c) Finished goods			
- Dairy Products		754832	373639
(d) Stores and spares		30376	24238
(e) Packing materials		10674	9320
(f) Others		212	-
Total		816541	428723

Note:-

- (a) Stocks on consignment of Rs.24.83 lacs (Rs 200 lacs) remains unconfirmed at the year end.
(b) Closing stocks includes stock of Whey Powder (By-product) of Rs. 68.87 lacs (previous year Rs 425 lacs).
Net realizable value of Rs.100/- per kg is estimated by the Management on the basis of net realizable value of the final product.

Note 17 Trade receivables

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Unsecured, considered good		221	822
Other Trade receivables			
Unsecured, considered good		49212	70081
Secured, considered good		571	1470
Total		50004	72373

Note 18 Cash and cash equivalents

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Cash on hand		368	1450
(b) Cheques, drafts on hand		-	-
(c) Balances with banks			
(i) In current accounts		1825	2088
(ii) In deposit accounts		8515	8515
(iii) Margin accounts		7508	5440
Total		18215	17492

Notes Forming part of the financial statements

Note 19 Short-term loans and advances

Particulars	Note	As at 31 March, 2012 (Rs. in thousand)	As at 31 March, 2011 (Rs. in thousand)
(a) Security deposits Unsecured, considered good		201	654
(b) Loans and advances to employees Unsecured, considered good		8,310	39,253
(c) Prepaid expenses - Unsecured, considered good		5,728	7,178
(d) Interest Receivable		1,773	861
(e) Export Incentive Receivable		-	1,448
(f) Supplier advances - Unsecured, considered good	1	42,310	92,135
(g) Balances with government authorities Unsecured, considered good			
(i) Input Tax Credit		191	172
(ii) Deposit with Punjab State Electricity Board	2	5927	-
(iii) Sales Tax Authorities	3	9,249	428
(iv) Income Tax recoverable		1,865	2,537
(h) Carbon Credit Receivable	4	81,800	49,800
(i) Insurance Claim Receivable		1,203	6,416
Total		158,557	200,882

Notes:-

- Loans & Advances include Rs. 2.00 crores paid by the company to the respondents on the directions of Hon'ble Supreme Court for admitting the Special Leave Petition against the order of high Court of Patna confirming the payment of Rs. 3,28,35,000/-. As the matter is subjudice no amount has been charged to Statement of Profit & Loss.
- Loans and advances includes Rs. 59.27 lacs deposited in earlier years against the demand raised by the Punjab State Electricity Board. Identical matter in third party case is pending before the Supreme Court hearing of which is fixed in the last week of October, 2012. Company is reasonably hopeful that the matter will be decided against PSEB and Company will be entitled to refund from PSEB. Therefore amount is retained as recoverable till the matter is finally decided by the Supreme Court. Keeping in view the facts as stated the amount is expected to be realized with in 12 months.
- Balance with sales tax authorities is considered to be realizable within a period of 12 months as it is pending appeals will be decided in favour of company with in 12 months of reporting date.
- Under United Nation Framework Convention on Climate Change (UNFCCC) Company's project for 1.60 MW Bundled Rice Husk Based co-generation plant at factory premises Patiala & Moradabad has been approved by the Host Country. As per certificate of consultant 69683 VCS Per Year have been approved and same have been registered with VCS Registry NYSE BLUE. Similarly the CDM project of company has been registered w.e.f. 14.02.2012 with UNFCCC after due validation process Carbon reduction (CER's) are 69692 per annum and applicable till 23.02.2022. Further consultant has certified that on conservative basis company must realise a minimum of Rs. 818 lacs by sale of carbon credits that company has earned for two calender years 2009-10 and for a period up to 31.05.2011.

Notes Forming part of the financial statements

Note 20 Revenue from operations

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Sale of products	1	3044759	3011272
Other operating revenues	2	1189	68126
Revenue from operations (Gross)		3045949	3079398
<u>Less:</u>			
Excise duty		-	-
Revenue from operations (net)		3045949	3079398

1

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	2151036	1710011
- Milk Powder	890588	1173179
- Whey Powder	3135	1890
- Casein	-	126192
Total - Sale of products	3044759	3011272

2

Other operating revenues comprises:		
Sale of scrap	1189	7263
Export incentives	-	11064
Carbon Credits	-	49800
Total - Other operating revenues	1189	68126

Notes Forming part of the financial statements

Note 21 Other Income

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Interest income	1	1,583	1,011
Other non-operating income	2	2,739	10,007
Total		4,321	11,018

1

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Interest income comprises :		
Interest from banks on:		
-Deposits	883	256
-Margin money	601	755
-Others	2	-
Interest on Income tax refund	96	-
Total - Interest income	1,583	1,011

2

Other non-operating income comprises:		
Insurance Claim received	1,590	6,403
Liabilities / provisions no longer required written back	1,067	22
Others	81	3,582
Total - Other non-operating income	2,739	10,007

Note 22 A. Cost of Material Consumed

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Material consumed comprises:		
Milk	1990433	2161146
Ghee	800473	291936
Others	8092	12680
Total	2798997	2465762

Note 22 B. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
<u>Inventories at the end of the year:</u>		
Finished goods	754832	373639
Work-in-progress	18654	19561
	773486	393201
<u>Inventories at the beginning of the year:</u>		
Finished goods	373639	464873
Work-in-progress	19561	18005
	393201	482878
Net (increase) / decrease	(380285)	89677

Notes Forming part of the financial statements

Note 23 Employee benefits expense

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Salaries, wages and other Benefits	85410	84260
Contributions to provident funds	3886	4192
Staff welfare expenses	4266	3867
Total	93562	92318

Note 24 Finance costs

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
(a) Interest expense on:		
(i) Borrowings	104686	120248
(ii) Others		
- Interest on delayed / deferred payment of income tax	276	35
- Bill discounting Charges	49	-
(b) Other borrowing costs (Bank and other financing charges)	7213	5282
Total	112223	125566

Note 25 Depreciation

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Depreciation expense			
Tangible Assets		43522	40820
Intangible Assets		5968	5968
Total		49490	46788

Note 25 A Depreciation on Gurgaon Assets

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Depreciation expense			
Tangible Assets		334	535
Total		334	535

Notes Forming part of the financial statements

Note 26 Other expenses

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
(a)			
-Consumption of stores and spare parts		16893	16299
-Power and Fuel		170774	133002
-Repairs - Building		1816	296
- Machinery		7599	6594
-Packing		85303	77128
(b)			
-Rent		1470	892
-Rates and taxes		1038	1309
-Insurance		5213	6097
-Miscellaneous expenses		29737	28555
Payments to the auditors	1	1553	1545
(c)			
-Freight & Forwarding Expenses		33075	37200
-Commission		7059	7440
Total		361531	316355

Note-1

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Auditors Remuneration and expenses		
- Audit fee	1213	1213
- Tax audit fees	110	113
- Fees for other services	44	33
-Reimbursement of expenses	185	186
Total	1553	1545

Notes Forming part of the financial statements

Note 27 Statement of Profit and Loss from discontinued operation for the year ended 31 March, 2012

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
1 Revenue from operations (gross)		-	-
Total revenue		-	-
2 Expenses			
(a) Depreciation and amortisation expense		334	535
(b) Other expenses	1	400	400
Total expenses		734	935
Profit before exceptional and extraordinary items		(734)	(935)
Exceptional Items		-	-
Profit before extraordinary items		(734)	(935)
Extraordinary Items		-	-
3 Profit/(Loss) from discontinuing operation		(734)	(935)

Note:-

1. A sum of Rs.4.00 lacs has been charged to Statement of Profit and Loss on account of reduction in estimated realizable value in respect of general stores of Rs.32.79 lacs (previous year Rs.36.79 lacs)

Note 28 Disclosures under Accounting Standards

Particulars	Note	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Earnings per share			
Basic and diluted			
Net profit for the year (Rs. in thousand)		5811	(51681)
Weighted average number of equity shares (Nos.)		4886440	4886440
Par value per share (In Rs.)		10	10
Earnings per share - Basic and diluted in Rs.		1.19	(10.58)

Note 29 Disclosures under Accounting Standards

Particulars	For the year ended 31 March, 2012 (Rs. in thousand)	For the year ended 31 March, 2011 (Rs. in thousand)
Components of deferred tax balances		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	110792	102950
Others	-	-
Tax effect of items constituting deferred tax liability	110792	102950
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.12	89749	86501
Disallowances under Section 43B of the Income Tax Act, 1961	-	-
Others	-	-
Tax effect of items constituting deferred tax assets	89749	86501
Deferred tax liability (net)	21043	16449

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Information pursuant to direction U/S 212 (8) of the companies act, 1956

	2011-2012	2010-2011
	Rs.'000	Rs.'000
Capital	100	100
Reserves	(16.13)	(10.64)
Loans	-	-
Current Liabilities and Provisions	5.49	2.50
Total Assets	89.36	91.86
Total Liabilities	89.36	91.86
Investment (Other than Subsidiaries)	-	-
Turnover	-	-
Profit before Taxation	(5.49)	(10.64)
Provision for Taxation	-	-
Profit after Taxation	(5.49)	(10.64)
Proposed Dividend	-	-

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

1. Name of the Subsidiary Company : MFL Trading Private Limited
2. Financial Year of the Subsidiary : 01.04.2011 to 31.03.2012
3. Issued, Subscribed and paid-up Capital of the Subsidiary as on 31st March, 2012. : 10,000 Equity Shares of Rs.10/- each
4. Extent of Interest of Milkfood Limited in Subsidiary as on 31st March, 2012. : 10,000 Equity Shares of Rs.10/- each (100%)
5. Net aggregate amount of Profits/(Losses) of the Subsidiary so far as it concerns the Members of Milkfood Limited and is not dealt with in the Accounts of Milkfood Limited for the Financial Year and Previous Financial Years. : For the Current Financial Year : (Rs.5494/-)
(For the Previous Financial Year: (Rs.10640/-)
6. Net aggregate amount of Profits/(Losses) of the Subsidiary so far as it concerns the Members of Milkfood Limited and is dealt with in the Account of Milkfood Limited for The Financial year or Previous Financial Years. : Nil
7. As the end of the Financial year of the Subsidiary ended 31st March, 2012 coincides with the end of the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.

For and on behalf of the board

Date : 14th August, 2012
Place : New Delhi

(Suresh Alipuria)
Director

(K.K. Kohli)
Director

(Rishbha Ahluwalia)
Asstt. Co. Secretary

