

MILKFOOD LIMITED

Annual Report

for the year ended 31st March, 2014

The Milkfood logo consists of a dark blue oval with the word "milkfood" written in white, lowercase, sans-serif font.

milkfood

BOARD OF DIRECTORS

ASHA GADI
AMARJEET KAPOOR
ANIL GIROTRA
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-110 019

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Directors' Report

TO THE MEMBERS

The Directors present their 41st Report together with Audited Accounts of the Company for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

	(Rs./Lacs) 2013-14	(Rs./Lacs) 2012-13
Profit/(Loss) after charging all expenses before Depreciation	896	533
Deduct: Depreciation	584	427
Profit/(Loss) for the year	312	106
Current Tax	55	20
Wealth Tax	0	2
Deferred Tax	102	10
Adj for earlier year	0	0
Profit/(Loss) after Tax before discontinuing operation	155	74
Profit/(Loss) from discontinuing operation	(37)	(7)
Transferred to General Reserve	118	67

OPERATIONS

During the period under Report, the Company's sales and other income are Rs. 43325 lacs and cash profit is Rs.896 lacs as compared to last year's figures of Rs. 33579 lacs and cash profit of Rs. 533 lacs respectively. After depreciation, the profit for the year is Rs.312 lacs as compared to the profit of Rs. 106 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 31.03.2014, there were 30 unclaimed fixed deposits with Company amounting to Rs. 8.55 lacs, out of which 4 fixed deposits amounting to Rs. 0.90 lacs have been refunded.

GREEN INITIATIVES

During fiscal year 2013, we started a sustainability initiative with the aim of going green and minimizing our impact on the environment.

Electronic copies of the Annual Report 2014 and Notice of the 41st AGM are being sent to all members whose email addresses are registered with the Company /RTA/ Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2014 and the Notice of the AGM are being sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Annual Report 2014 is also available on our website, www.milkfoodltd.com.

The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and SEBI circular CIR/CFD/POLICY CELL/2/2014. The instructions for e-voting is provided in the Notice.

BRAND 'MILKFOOD'

In order to augment funds for paying off the loans/ use in general business of the Company and to reduce the burden of interests being paid on Working Capital limits procured from the Bankers, the brand 'Milkfood' was sold to one of the promoter controlled companies during the financial year 2013-14 subject to obtaining clearance and a 'No Objection Certificate' from the bankers of the Company. It was further agreed between both the parties that the brand name 'Milkfood' would continue to be exclusively used by Milkfood Limited for its normal working operations.

The subject sale was done in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.

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 viz. MFL Trading Private Limited 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 and relevant provisions of the Companies Act, 2013 (to the extent applicable), your Directors confirm that:-

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2014 the applicable accounting standards have been followed;
- (ii) 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;
- (iii) 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 and Companies Act, 2013 (to the extent applicable) 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. During the year, the Company has made provisions for gratuity and leave encashment in compliance with Section 211(3A) read with 211(3B) and 211(3C) of the Companies Act, 1956 read with Accounting Standard-15 issued by the ICAI.

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 BSE Ltd. vide Stock Code: 507621.

The Listing fee for the financial year 2014-15 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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India, is presented in a separate section forming part of the Annual Report.

DIRECTORS

Mr. Amarjeet Kapoor, Director retires by rotation and, being eligible, offers himself for re-appointment as the Director of the Company. The Board recommends his re-appointment.

Brief resume of the above Director, nature of his expertise in specific functional areas and name of companies in which he holds 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.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and relevant rules framed there under, Mr. Anil Girotra was appointed as an Additional Director designated as an Independent Director w.e.f. 28th June, 2014 and he shall

hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. Anil Girotra for appointment as an Independent Director.

Pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 and relevant rules framed there under, Mrs. Asha Gadi, an Independent Director will hold office up to the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mrs. Asha Gadi for appointment as an Independent Director.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Suresh Alipuria, Director ceased to be the director of the Company w.e.f. 28th June, 2014. Management places its appreciation for the services rendered by him as a Director of the Company.

KEY MANAGERIAL PERSONNEL

The Companies Act, 2013 provides for the appointment of key managerial personnel. Mr. Sudhir Avasthi will continue to remain as the Chief Executive Officer of the Company.

In accordance with Section 203 of the Companies Act, 2013, the Company has appointed Mr. Sanjeev Kothiala as the Chief Financial Officer of the Company who shall inter-alia, oversee the finance, banking, accounting functions of the Company.

The Company is in the process of filing the requisite returns and eforms with the appropriate authorities in this regard.

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.

In order to strengthen the internal control systems, minimize losses and considering the size and nature of business, the Company had appointed an independent firm of Chartered Accountants M/s Lalit Kumar & Co. to perform the functions of an internal auditor of the Company with effect from April, 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.

There being no qualification/ adverse remarks/reservation contained in the Auditors Report, no explanation is required to be given by the Board of directors. The Notes to Accounts are self explanatory and forms an integral part of the financial statements.

For and on behalf of the Board

Place : New Delhi
Date : 28th June, 2014

Amarjeet Kapoor
Director

K.K Kohli
Director

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2014

1. CONSERVATION OF ENERGY

- I. Your Company has been making efforts to reduce energy consumption by focusing on improving the steam efficiency and capacity utilisation, upgradation of technology, modernization of plants,/ training and motivation of employees towards energy conservation.
- II. The company has installed steam turbine for generation of electricity and a fuel efficient boiler. Implementation of Refrigeration systems consuming low power has been completed during the year. After implementation of the above measures , lower energy consumption has resulted in reduction of cost of processing.

Details pertaining to energy consumption as prescribed are given hereunder:

FORM A

Form for disclosure of particulars with respect to conservation of energy for the year ended 31st March, 2014

		Year ended 31.03.2014	Year ended 31.03.2013
A) Power and Fuel consumption			
1) Electricity			
a) Purchased			
Units		5,199,875	4,758,383
Total Value	(Rs.)	40,565,835	33,422,927
Rate/Unit	(Rs.)	7.80	7.02
b) Own Generation			
(i) Through Diesel Generator			
Units		81,525	354,993
Total Value	(Rs.)	1,796,157	5,852,640
Unit per litre of:			
Diesel Oil		2.40	2.89
Cost/Unit	(Rs.)	22.03	16.49
(ii) Through Steam Turbine			
Units		980,246	1,316,378
Total Value	(Rs.)	—	—
Unit per Kgs of:			
Steam		0.03	0.03
Cost/Unit	(Rs.)	—	—
2) Others/Internal Generation			
Rice Husk/Petroleum Coke/ Buggase/Fire Wood			
Quantity(Tonnes)		19,893	16,415
Total Amount	(Rs.)	71,712,230	68,739,314
Avg. Rate	(Rs.)	3,605	4,187

*(Including abnormal wastage of Rs.162 lacs)

- II. The Company has two manufacturing plants at different locations and produces various products and uses different sources of energy in different combinations for the different products. It is, therefore, not feasible to arrive at the energy consumption per unit for each source of energy as prescribed.

2. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Company has not imported any technology for the various products being produced/marketed by it. There is ongoing work for the quality improvement, finding alternative packing materials, improvement in the various processes. These measures taken/being taken will reduce the cost of production.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Complete information required under this head is shown in note no.1 B (IV) & (VI) in Schedule No. 1

-Significant Accounting Policies and Notes to Accounts. Members are requested to please refer to these notes for the relevant information.

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company firmly believes that Corporate Governance is 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, 2014, 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 and relevant provisions of the Companies Act, 2013.

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 2013-14, thirteen Board meetings were held on 10.04.2013, 20.05.2013, 30.05.2013, 25.06.2013, 13.08.2013, 03.10.2013, 05.11.2013, 14.11.2013, 06.12.2013, 03.01.2014, 13.01.2014, 14.02.2014, 08.03.2014

Composition of Board of Directors as on 31st March, 2014 and other details are as under:

Name	Category	No. of Board Meetings attended	Whether previous AGM held on 27th Sept., 2013 attended	No. of Directorships held in other companies *	No. of Committee positions held in other public limited companies as a Chairman	No. of Committee positions held in other public limited companies as a Member
Mrs. Asha Gadi	Non Executive Independent	13	No	1	Nil	Nil
Mr. Suresh Alipuria	Non Executive Independent***	13	Yes	6	Nil	Nil
Mr. Amarjeet Kapoor	Non-Executive	13	No	13	Nil	4
Mr. K.K. Kohli	Non-Executive**	13	No	14	Nil	4

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

** Mr. K.K. Kohli and Mr. Amarjeet Kapoor will be the Non Executive Directors of the Company liable to retire by rotation.

*** Mr. Suresh Alipuria has resigned from directorship of the Company w.e.f. 28th June, 2014

Mr. Anil Girotra has been appointed as an additional director designated as an Independent Director on 28th June, 2014 and hence has not attended any meetings during the financial year 2013-14.

MANAGEMENT TEAM:

Management Team consists of the following Executives of the Company:

Mr. Sudhir Avasthi, Chief Executive Officer
 Mr. Peri Kameswara Sharma, Director (Marketing)
 Mr. Sanjeev Kothiala, Chief Financial Officer
 Mr. Amar Baljeet Singh, Director (Technical)
 Mr. H.M. Sood, Head, Moradabad Plant

AUDIT COMMITTEE:

The Audit Committee of the Company comprises of two Non Executive Independent Directors and one Non Executive Non Independent Director. The terms of reference, role and powers of the Audit Committee have been revised in accordance with the provisions of section 177 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchange.

The composition of the Audit Committee is as follows:

Name	Designation
Mr. Anil Girotra**	Chairman
Mrs. Asha Gadi	Member
Mr. K.K. Kohli	Member

During the financial year 2013-14 the Audit Committee held five meetings i.e. on 29th May, 2013, 12th August, 2013, 13th November, 2013, 13th February, 2014 and 8th March, 2014.

Name of Members	No. of Meetings held during the tenure	Meetings attended
Mr. Suresh Alipuria ¹	5	5
Mr. K.K. Kohli	5	5
Mrs. Asha Gadi	5	5
Mr. Anil Girotra ^{**}	N/A	N/A

^{**} Mr. Anil Girotra has been appointed as an additional director designated as an Independent Director on 28th June, 2014 and hence has not attended any meetings during the financial year 2013-14.

¹ Mr. Suresh Alipuria ceased to be the Chairman of the Audit Committee w.e.f. 28th June, 2014. Mr. Anil Girotra has been appointed as the Chairman of the Committee in place of Mr. Suresh Alipuria w.e.f. 28th June, 2014.

The Audit Committee Meetings were also attended by Mr. Sudhir Avasthi, Chief Executive Officer, Mr. Lalit Kumar, Chartered Accountant in practice in the capacity of an internal auditor, Mr. Amar Baljeet Singh as Special Invitees & Mrs. Rishbha Ahluwalia, Company Secretary of the Company.

Mr. Suresh Alipuria, erstwhile Chairman of the Audit Committee was present at the last AGM of the Company.

NOMINATION AND REMUNERATION COMMITTEE:

In view of the requirements of the Companies Act, 2013, the Company has renamed the remuneration committee as the Nomination and Remuneration Committee with two Independent Directors and a Non Executive Non Independent director.

The Nomination and Remuneration Committee comprises of the following three Directors of the Company:

Name	Designation
Mr. Anil Girotra ^{**}	Chairman
Mr. K. K. Kohli	Member
Mrs. Asha Gadi	Member

During the financial year 2013-14, no meeting of the Remuneration Committee was held.

^{**}Mr. Suresh Alipuria has ceased to be the Chairman of Nomination and Remuneration Committee w.e.f. 28th June, 2014. Mr. Anil Girotra, appointed as an additional director designated as an Independent Director on 28th June, 2014 will chair the committee.

DETAILS OF REMUNERATION PAID TO DIRECTORS:

The sitting fees paid to the Non Executive Directors of the Company for the financial year ended on 31st March, 2014 is as follows:

Name of Director	Sitting fees
Mrs. Asha Gadi	Rs. 5,000
Mr. Suresh Alipuria	Rs. 5,000
Mr. K. K. Kohli	Rs. 5,000
Mr. Amarjeet Kapoor	Rs. 5,000

Details of shareholding of Non-Executive Directors as on 31st March, 2014:

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

STAKEHOLDERS RELATIONSHIP COMMITTEE:

In view of the requirements of the Companies Act, 2013, the Company has renamed the Investor Grievance committee as Stakeholders Relationship Committee with Non Executive Director as Chairperson, one Independent director and one Non Executive Non Independent Director as members. 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, Companies Act, 2013 with particular reference to transfer of shares, grievances of shareholders etc.

The composition of the Stakeholders Relationship Committee is as follows:

Name	Designation
Mr. K. K. Kohli*	Chairman
Mrs. Asha Gadi	Member
Mr. Amarjeet Kapoor	Member

*Mr. Suresh Alipuria ceased to be the Chairman of the Committee w.e.f. 28th June, 2014. Mr. K.K. Kohli, Director has been appointed as the Chairman of the Stakeholders Relationship Committee in place of Mr. Suresh Alipuria w.e.f 28th June, 2014.

The Committee held two meetings during the financial year 2013-14. Attendance at meetings is as follows:

Date of Meeting	Mr. Suresh Alipuria	Mr. K. K. Kohli	Mrs. Asha Gadi
13.08.2013	Yes	Yes	Yes
02.01.2014	Yes	Yes	Yes

Mrs. Rishbha Ahluwalia, Company Secretary, acts as Secretary to the Committee and also as the Compliance Officer of the Company.

During the year under review complaints/requests received from the members of the Company were resolved within the time prescribed and no complaint was pending for more than a month with the Company.

SHARE TRANSFER COMMITTEE:

In view of maintaining complete transparency and to monitor the share registry related work, the Company has a share transfer committee with two Non Executive Directors and CEO as member.

The composition of the Committee is as follows:

Name	Designation
Mr. K. K. Kohli	Chairman
Mrs. Asha Gadi	Member
Mr. Sudhir Avasthi	Member

The share transfer committee held eleven meetings during the financial year 2013-14 with all members including Chairman present in the meetings. The meetings were held on 30.04.2013, 31.05.2013, 29.06.2013, 31.07.2013, 31.08.2013, 30.09.2013, 31.10.2013, 30.11.2013, 31.12.2013, 31.01.2014, 28.02.2014.

ANNUAL GENERAL MEETINGS:

Location and time for the last three AGMs:

Year	Date	Venue	Time	No. of Special Resolutions passed
2011	30.09.2011	Registered Office	9.30 A.M.	Nil
2012	26.09.2012	Registered Office	9.30 A.M.	Nil
2013	27.09.2013	Registered Office	9.30 A.M.	Nil

The Company did not pass any special resolution in the previous three Annual General Meetings. No resolution has been passed through Postal Ballot.

DISCLOSURE:

During the financial year 2013-14, the Company has entered upon related party transactions which have been disclosed in Note 1B (vii) 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. Sudhir Avasthi, Chief Executive Officer 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 is annexed and forms part of the Annual Report.

GENERAL SHAREHOLDERS' INFORMATION:

Annual General Meeting (AGM):

Date & Time	: 27th September, 2014, 9.00 A.M.
Venue	: Registered Office
Book Closure Date	: 24th September, 2014 to 27th September, 2014 (both days inclusive)
Dividend	: Nil

Financial Calendar for 2014-15: (Tentative)

Financial Results for	
First Quarter	: up to mid August, 2014
Second Quarter	: up to mid November, 2014
Third Quarter	: up to mid February, 2015
Fourth Quarter	: up to end May, 2015

Market Price Data:

High and Low market price during each month in last financial year from April, 2013 to March, 2014 at Bombay Stock Exchange Limited (BSE) is as follows:

(In Rs.)

Month	High	Low	Sensex High	Sensex Low
April, 13	73.90	57.00	19,622.68	18,144.22
May, 13	63.00	51.50	20,443.62	19,451.26
June, 13	62.00	48.00	19,860.19	18,467.16
July, 13	60.50	50.55	20,351.06	19,126.82
August, 13	53.05	43.75	19,569.20	17,448.71
September, 13	56.20	44.70	20,739.69	18,166.17
October, 13	55.00	48.65	21,205.44	19,264.72
November, 13	53.00	45.75	21,321.53	20,137.67
December, 13	89.55	43.65	21,483.74	20,568.70
January, 14	115.45	89.00	21,409.66	20,343.78
February, 14	108.10	104.45	21,140.51	19,963.12
March, 14	108.65	82.10	22,467.21	20,920.98

Registrar and Share Transfer Agent:

M/s Alankit Assignments Ltd., Alankit Heights, 1E/13, 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, 2014:

Share holding of nominal value of Rs.	No. of shareholders	No. of shares held	% age of total shareholding (Rounded off)
1-5000	4138	536910	10.98
5001-10000	185	137856	2.82
10001-20000	72	100464	2.06
20001-30000	10	23982	0.49
30001-40000	11	38479	0.79
40001-50000	3	14381	0.29
50001-100000	2	10768	0.22
100001 and above	13	4023600	82.34
Total	4434	*4886440	100.00

Shareholding pattern as on 31st March, 2014:

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	1392035	28.49
Indian Public	852212	17.44
NRI's/OCBs	3259	00.07
Trust/Custodian	500	00.01
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, 2014, 91.39% equity capital was held in dematerialized form and the balance in physical form.

Plant Locations:

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

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

Address for correspondence:

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

Tel: 0175-2381404, Fax: 0175-2380248

Head Office & Share Department: 5th Floor, Bhandari House,

91, Nehru Place, New Delhi-110019. Tel: 011-26460670, Fax: 011-26460823

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

Website : www.milkfoodltd.com

Information on Directors seeking re-appointment at this Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement & relevant provisions of Companies Act, 2013)

Mr. Amarjeet Kapoor, Director (DIN: 00122843), 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 53 years old and holds a graduate degree in B.Com (H). He has vast experience in the field of finance and management. He holds the Membership of the committees of the following other public limited companies:

Double Durable Investments Limited
Quick Return Investment Company Limited

Mr. Amarjeet Kapoor holds the Directorship in the following companies:

Double Durable Investments Limited
Quick Return Investment Company Limited
Industrial Containers & Closures Limited
Blue Skies Investments Private Limited
Palm Beach Investments Private Limited
Snowwhite Holdings Private Limited
Hybrid Holdings Private Limited
County Investments Private Limited
Pickwick Holdings Private Limited
Aristocrat Mineral Water Private Limited
Galaxy Pet Packaging Private Limited
J Ice Cream Private Limited
J & J Ice Cream Private Limited

Mrs. Asha Gadi (DIN: 00110734) aged about 61 years is a graduate and has vast experience in the field of marketing. She was appointed as a Director of the Company w.e.f. 7th October, 2002.

She is holding the Directorship in Trikuta Enterprises Private Limited.

She is not holding the Chairmanship/Membership of any of the Committees in any other public limited company. She holds Nil shares in the Company.

Mr. Anil Girotra (DIN: 00110631) aged about 56 years is a Chartered Accountant and has experience of over three decades in the fields of Finance and Accounting. He is holding the directorship in the following Companies:

Aristocrat Mineral Water Private Limited
L P Investments Limited
Fast Buck Investment Trading Private Limited
Lilac Investment And Trading Private Limited
LPJ Medical Foundation
Vapour Investment And Trading Private Limited
Maize Investment Private Limited
Emperor Investments Private Limited
Anjani Estates Limited
Jagatjit Spirits And Wine Limited
Ayaan Properties Private Limited
Hyderabad Distilleries And Wineries Private Limited
Sea Bird Securities Private Limited

He is not holding the Chairmanship/Membership of any of the Committees in any other public limited company. He holds Nil shares in the Company.

Declaration as required under Clause 49 of the Listing Agreement

I, Sudhir Avasthi, Chief Executive Officer, 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
28th June, 2014

Sudhir Avasthi
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry Structure, Outlook 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. In view of the large size of the business and to enforce highest levels of transparency, the Company has appointed an independent firm of Chartered Accountants, M/s Lalit Kumar & Co. to act as the independent auditor of the Company covering nearly all aspects related to the working of the Company. The Company has paid particular attention on proper maintenance of equipments to ensure that they are operated at the rated capacities. Company has taken 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 : 28th June, 2014

Amarjeet Kapoor
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, 2014, 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 complied with the conditions laid down in clause 49 of the listing agreement.

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

Place: New Delhi
Date : 28th June, 2014

M. K. Madan
Membership No. FCA 82214

Financial Highlights

(Rs. In Lacs or as indicated)

PARTICULARS	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
ASSETS										
Fixed Assets(Net Block)	10,274	9,364	8,831	8,225	8,389	8,715	8,525	8,636	5,441	3,434
Investments	2	427	427	426	2,026	2,026	1,226	426	426	450
Current Assets	11,734	10,654	10,645	7,498	7,999	4,719	5,574	5,088	6,051	3,193
TOTAL	22,010	20,445	19,903	16,149	18,414	15,460	15,325	14,150	11,918	7,077
LIABILITIES										
Loans,Current Liabilities and Provisions	18,645	17,198	16,724	13,029	14,776	11,453	11,636	10,635	8,882	4,371
NET WORTH	18,645	17,198	16,724	13,029	14,776	11,453	11,636	10,635	8,882	4,371
REPRESENTED BY										
Share Capital	489	489	489	489	489	489	489	489	489	489
Reserves & Surplus	2,876	2,758	2,690	2,632	3,149	3,518	3,200	3,026	2,547	2,217
TOTAL	3,365	3,247	3,179	3,121	3,638	4,007	3,689	3,515	3,036	2,706
OPERATING PERFORMANCE										
Revenue	43,325	33,579	30,503	30,900	30,994	24,309	32,829	31,260	20,627	19,152
Gross Profit Earnings	859	533	642	14	0	501	823	1,005	581	91
Profit/(Loss) before tax	312	106	148	(454)	(489)	128	470	728	415	8
Profit/(Loss) after tax	118	67	58	(517)	(369)	318	175	478	330	27
Earnings per Share (Rs.)	2.42	1.38	1.19	(10.58)	(7.55)	6.50	3.57	9.79	6.75	0.56
Dividend -Amount per Share (Rs.)	-	-	-	-	-	-	-	-	-	-
-Rate(%)	-	-	-	-	-	-	-	-	-	-
Book Value of Shares(Rs.)	68.86	66.44	65.06	63.87	74.45	81.99	75.49	71.92	62.13	55.37
GROSS EARNINGS										
As a percentage of Revenue	1.98	1.59	2.10	0.05	0.00	2.06	2.52	3.21	2.82	0.48
As a percentage of Fixed Assets	8.36	5.69	7.27	0.17	0.00	5.74	9.66	11.64	10.68	2.65
As a percentage of Capital Employed	25.51	16.42	20.20	0.45	0.00	12.49	22.32	28.60	19.14	3.36

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MILKFOOD LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Milkfood Limited, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

Emphasis of Matter, not amounting to qualification.

Attention is drawn to the Note No.5.2(i) regarding classification of trade payables, Note No. 9(7) regarding advances received from Customers, Note No.11 A 1(i) regarding impairment of assets, Note No.11A 2 regarding reversal of depreciation, Note No.13 1, Note No.19 1 (i&ii) regarding amount due from promoters/suppliers, Note No.19 2 regarding Carbon credit receivable, Note No.21 3 (i&ii) regarding exceptional items and extra ordinary income, Note No.23 (a) regarding provision of gratuity and Leave encashment. Our opinion is not qualified in respect of these matters.

- (a) in case of the balance Sheet, of the state of affairs of the company as at 31st March, 2014
- (b) in the case of the Statement of Profit and Loss, of the reported profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

M.K. MADAN
(Proprietor)
Membership Number
FCA 82214

Place: New Delhi
Date : 9th June'2014

Annexure to Auditors' Report

Referred to in paragraph 1 of our report of even date to the members of Milkfood Limited on the accounts as at and for the year ended March 31, 2014.

1. (a) The company has maintained Fixed Assets Register containing quantitative details/location of the Assets.
- (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 and there are no significant discrepancies between book records and physical verification.
- (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. 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 need to be strengthened. At the year end an amount of Rs. 1.63 crore is outstanding for a period exceeding twelve months. These interest free advances to staff are certified by the management and good for recovery.
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 (4.4) of Note.4 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. Company has appointed external firm of Chartered Accountants to carry out the internal audit. In our opinion, internal audit is commensurate with the size and nature of its business.
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. However we have not made a detailed examination of cost records.
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, service tax, cess and other statutory dues applicable to it with the appropriate authorities except service tax of Rs 1.25 lacs which has since been deposited.

- (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, 2014 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	Stock Transfer etc.1984-85	1.86	Appeal before Sales Tax Appellate Tribunal, Delhi.
2	Income Tax act, 1961	Regular Demand under section 147/143 (3), 2006-07	16.17	Before CIT (Appeals) Delhi
3	Income Tax Act 1961	Regular Demand u/s 143 (3) A.Y. 2008-09	5.08	Before ITAT-Delhi
4.	Income Tax act, 1961	Regular Demand for Assessment Year 2007-08	2.17	Application U/S 154 for rectification before Assessing officer.
5	U.P. Vat Act 2008	Regular Demand for Assessment Year 2009-10	5.68	Before Addl. Commissioner (Appeals), Moradabad.
6	U.P. Vat Act 2008	Regular Demand for Assessment Year 2010-11	4.03	Before Addl. Commissioner (Appeals), Moradabad.

11. The company has NIL accumulated losses as at March 31, 2014 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 overall examination of Balance Sheet, we report that funds raised on short Term basis, prima facie not been used during the year for long term investments.
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 security 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
Firm Registration No 000185N

M.K. MADAN
(Proprietor)
Membership Number
FCA 82214

Place: New Delhi
Date : 9th June' 2014

Balance Sheet

as at 31st March, 2014

Particulars	Note No.	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	489	489
(b) Reserves and surplus	3	2,876	2,758
		<u>3,365</u>	<u>3,247</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	1,846	2,315
(b) Deferred tax liabilities (net)	29	322	220
(c) Other long-term liabilities	5	4,782	5,040
(d) Long-term provisions	6	129	—
		<u>7,079</u>	<u>7,575</u>
3 Current liabilities			
(a) Short-term borrowings	7	5,114	4,873
(b) Trade payables	8	4,095	2,669
(c) Other current liabilities	9	2,296	2,079
(d) Short-term provisions	10	61	2
		<u>11,566</u>	<u>9,623</u>
TOTAL		<u><u>22,010</u></u>	<u><u>20,445</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets/Intangible assets	11A	10,050	9,364
(ii) Capital work-in-progress	11B	224	—
		<u>10,274</u>	<u>9,364</u>
(b) Investments	12	2	427
(c) Long-term loans and advances	13	412	315
(d) Trade receivables	14	27	14
(e) Inventories	15	24	53
		<u>10,739</u>	<u>10,173</u>
2 Current assets			
(a) Inventories	16	8,141	7,513
(b) Trade receivables	17	772	1,036
(c) Cash and cash equivalents	18	105	89
(d) Short-term loans and advances	19	2,253	1,634
		<u>11,271</u>	<u>10,272</u>
TOTAL		<u><u>22,010</u></u>	<u><u>20,445</u></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

FRN. 000185N

M.K. MADAN

Proprietor

Membership No. 82214

Place : New Delhi

Date : 09th June, 2014

Rishbha Ahluwalia
Company Secretary

Sanjeev Kothiala
C.F.O

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, 2014

Particulars	Note No.	For the year ended 31 March, 2014 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
1 Revenue from operations (gross)	20	43063	33540
Less: Excise duty		—	—
Revenue from operations (net)		43063	33540
2 Other income	21	262	39
3 Total revenue (1+2)		43325	33579
4 Expenses			
(a) Cost of Raw materials consumed	22A	37037	26457
(b) Changes in inventories of finished goods and work-in-progress	22B	(705)	991
(c) Employee benefits expenses	23	1375	1082
(d) Finance Cost	24	1147	1165
(e) Depreciation and amortisation expenses	25	584	427
(f) Other expenses	26	3590	3354
Total expenses		43028	33475
Profit before exceptional and extraordinary items		297	104
Exceptional Items Expenses	21(3)(i)	(735)	2
Extraordinary Item Income (Net)	21(3)(ii)	750	-
5 Profit before tax (3-4)		312	106
6 Tax expense:			
(a) Current tax		55	20
(b) Adjustment for (excess) / short provision for earlier years		—	—
(c) Net current tax expense		55	20
(d) Deferred tax	29	102	10
(e) Wealth tax		—	2
Total Tax		157	32
7 Profit/(loss) for the period from continuing operation after tax (5-6)		155	74
8 Profit/(Loss) from discontinuing operation	27	(37)	(7)
9 Profit/(loss) for the period (7+8)		118	67
10 Earnings per share (of Rs 10/- each):			
Basic and Diluted - in Rs	28	2.42	1.38
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 **Madan & Associates**

Chartered Accountants

FRN. 000185N

For & On behalf of the Board of Directors

M.K. MADAN

Proprietor

Membership No. 82214

Place: New Delhi

Date : 09th June, 2014

Rishbha Ahluwalia
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

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

Cash Flow Statement

for the year ended 31st March, 2014

Particulars	Note No.	For the year ended 31 March, 2014 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
A. Cash flow from operating activities:			
Net profit before taxation and extraordinary items (Including exceptional item of expenses and excluding extraordinary income)		(481)	99
Adjustments for :			
Depreciation and Amortisation expense		593	429
Finance costs	1	1147	1165
Provision for wealth Tax/Income Tax/Adjustment of earlier year		(157)	(21)
Exchange fluctuation on foreign currency loan considered separately		-	-
Profit on Sales of Fixed Assets - Net		-	-
Liabilities no longer required written back		(7)	(29)
Insurance Claim Received		-	-
Interest Income		(38)	(8)
Exchange rate variation		(41)	-
Miscellaneous Income		-	(1)
Exceptional Items Expenses (Net)		(735)	-
Operating profit before working capital changes		281	1634
Changes in working capital			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(600)	631
Trade receivables		251	(536)
Long term loans and advances		(97)	(149)
Short term loans and advances		(619)	(49)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		1426	(1590)
Other current liabilities		217	398
Other long term liabilities		(258)	1651
Short Term Provisions/ Long Term Provisions		187	-
Cash Generated From Operations before extraordinary items		788	1990
Extraordinary Item Income (Net)		1,175	(2)
Excess Provision of Depreciation		217	-
Insurance Claim Received		-	-
Net cash flow from operating activities (A)		2180	1988
B. Cash flow from investing activities:			
Capital expenditure on fixed assets,		(1099)	(1713)
Capital work in progress		(224)	750
Proceeds from sale of fixed assets		22	4
Interest received		38	8
Diminution of Investments		425	-
Net cash flow used in investing activities (B)		(838)	(951)
C. Cash flow from financing activities:			
Short-term borrowings		242	1058
Proceeds from fixed deposits		(2)	191
Proceeds from vehicle loan		344	(3)
Proceeds from term loan		207	(687)
Proceeds from intercorporate Deposit & other deposit		(1018)	(553)
Finance costs		(1147)	(1165)
Exchange rate variation		41	-
Liabilities no longer required written back		7	29
Miscellaneous Income		-	1
Net cash flow used in financing activities (C)		(1326)	(1129)
Net increase / (decrease) in cash & cash equivalents (A+B+C)		16	(92)
Cash and cash equivalents at the beginning of the year		89	181
Cash and cash equivalents at the end of the year		105	89

Note:-

- Finance cost as per revised schedule VI has been shown as excluding interest income but including Bill discounting charges.
- 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 Accountants 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

FRN. 000185N

M.K. MADAN

Proprietor

Membership No. 82214

Place : New Delhi

Date : 09th June, 2014

Rishbha Ahluwalia
Company Secretary

Sanjeev Kothiala
C.F.O

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.

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: On written down value as per rates in schedule XIV of Company Act and in case net realized value is lower than the written down value then depreciation is charged to confirm the carrying value to net realized value.

During the year company has written back the depreciation of Rs.300 Lac in respect of Plant and Machinery on the belief that it had charged excess depreciation in earlier years considering the useful life of assets on certain reasonable assumptions regarding additions/deletions and rates of depreciation charged as per the provisions of the Companies Act, 1956.

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 (including whey powder-by product) are valued on lower of cost or net realizable value. In pursuance of AS-2 indirect production overhead (estimated by the Management) have been allocated for ascertainment of cost.

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 encashment are carried forward on year to year basis and facility is granted to employees only in the year of determination of service.
- (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 lacs except for the top management of the company. During the year company has made provision of gratuity and leave encashment of Rs.173 Lac as per AS-15 and charged the same as exceptional items.
- (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

- 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.
- Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- In pursuance of guidance note issued by ICAI on accounting for self generated certified emission reductions (CERS) the same has to be recognized when UNFCCC certifies and credit the same to the generating entity. Company is entitled for 69692 CERS p.a w.e.f. 14 February 2012 till 2022 .Company has not recognized the entitlement as assets because the same is yet to be credited in its account by the UNFCCC. In respect of VCS, company had recognized the income in the earlier years on the basis of consultant certificate. VCS in hand as the close of the year are 97000 units which have been valued on consultant's advice for potential realization at valuation at an amount not less than at what they are stated in the Balance Sheet.

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. For computing the Deferred tax liability/assets, benefit of brought forward losses has been taken on the basis of returned income (loss) instead of assessed income (loss) with regards to matters preferred in appeal (s).

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 the customs 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. The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period.

(B) ADDITIONAL NOTES TO ACCOUNTS

- Contingent liabilities:
Claims not acknowledged as debts Rs.152 Lac. (Previous year Rs.516 Lac).
- Estimated amount of contracts remaining to be executed on capital account is Rs.23 Lac and not provided for (Net of Advances) (Previous year Nil).
- Exceptional items represents Profit/(Loss) on Carbon Credits written off, Security deposit written off, Abnormal wastage of Husk and Packing material, provision for gratuity and leave encashment including prior period and on sale of vehicles.
- Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2014 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
Fees & Subscription	0	6
Travelling	3	16
TOTAL	3	22

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

Indigenous	For the year ended 31 March, 2014	
	(Rs. in lacs)	%
Raw materials and components	37037 (26457)	100 (100)
Stores and spare parts	149 (163)	100 (100)
TOTAL	37186 (26620)	

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

vi. **Earnings in foreign exchange**

Particulars	For the year ended 31 March, 2014 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
Export of goods calculated on FOB basis	8979	4968
TOTAL	8979	4968

vii. **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, major shareholder is able to exercise significant influence	Jagatjit Industries Ltd. MFL Trading Private Ltd(Wholly Owned Subsidiary) Triputi Infrastructure Private Ltd
(b) Key Management Personnel (CEO/ Directors and their relatives)	Ms Roshini Sanah Jaiswal Mr. Sudhir Avasthi Ms Asha Gadi Mr. Suresh Alipuria Mr. Amarjeet Kapoor Mr. K. K. Kohli

Note: Related parties have been identified by the Management

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	13 (12)	— —	13 (12)
Telephone Expenses Paid	— —	— —	— —
Rent paid	4 (4)	— —	4 (4)
Interest Paid	— (0)	— —	— (0)
Amount received for Services	90 (94)	— —	90 (94)
Reimbursement of Expenses	4 (6)	— —	4 (6)
Managerial Remuneration (including sitting fees)	— —	262 (90)	262 (90)
Sales	18 (64)	— —	18 (64)
Outstanding Payables, net of Receivable	19 (28)	94 (8)	113 (36)

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.

Note 2 Share capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)
(a) Authorised				
Equity shares of Rs.10 each	7,500,000	750	7,500,000	750
Cumulative redeemable Preference shares of Rs. 100 each	50,000	50	50,000	50
	7,550,000	800	7,550,000	800
(b) Issued				
Equity shares of Rs. 10 each fully paid up	4,887,890	489	4,887,890	489
(c) Subscribed and Paid up				
Equity shares of Rs.10 each	4,886,440	489	4,886,440	489
Less: Calls in Arrears		0		0
(Rs.0.19 lacs on 2875 partly paid shares)	4,886,440	489	4,886,440	489
Add Amount paid on Forfeited Shares		0		0
(Rs.0.07 lacs on 1450 shares)				
TOTAL	4886440	489	4886440	489

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, 2014				
- Number of shares	4,886,440	—	—	4,886,440
- Amount (Rs in lacs)	489	—	—	489
Year ended 31 March, 2013				
- Number of shares	4,886,440	—	—	4,886,440
- Amount (Rs in lacs)	489	—	—	489

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

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held Equity shares	% of shares held	Number of shares held Equity shares	% of shares held
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%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%

Notes Forming part of the financial statements

Note 3 Reserves and surplus

Particulars	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Capital redemption reserve At the beginning and at the end of the year	0	0
(b) Securities Premium Reserve At the beginning and at the end of the year	670	670
(c) Other Reserve: General reserve At the beginning of the year	2088	2021
Add : Transferred from surplus in statement of Profit and Loss	118	67
At the end of the year	2206	2088
TOTAL	2876	2758

Note 4 Long-term borrowings

Particulars	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Term loans - Secured		
From banks	427	206
From others	366	36
(b) Term Loans - Unsecured -Others	1,053	2,073
TOTAL	1,846	2,315

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

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Term Loans From Banks: Secured			
Rupee loan from Canara Bank	1	395	188
Vehicle loans from ICICI	2 & 2.4	—	18
Vehicle loans from HDFC Bank		32	—
Total		427	206
From Others: Vehicle			
BMW financial services		—	12
Kotak Mahindra Prime Ltd	2.1-2.2	360	24
Volkswagen Finance P.Ltd	2.3	3	—
Magma Fincorp Ltd	2.5	3	—
Total		366	36
From Others-Unsecured :			
Religare Finvest Limited		—	1018
Inter Corporate Deposits	3	500	500
Public Deposits	4	553	555
TOTAL		1053	2073

Notes:-

1 Term Loans From Banks:

- (1.1) Rupee Loan from Canara Bank of Rs.188 lacs at interest rate of 15.00% p.a is payable in quarterly instalments as follows:-
Rs.188 lacs (From April'2014 to June'2014) Refer Note No.9(a)
- (1.2) Rupee Loan from Canara Bank of Rs.635 lacs at interest rate of 13.70% p.a is payable at monthly rests,the details are as follows:-
Rs.240 lacs (From April'2014 to March'2015) Refer Note No.9(a)
Rs.395 lacs (From April'2015 to Nov'2016)

- (1.3) Term Loans sanctioned by Canara Bank are secured by the exclusive charge on fixed assets to the extent of Rs.19.50 Crores and rank pari-passu with State Bank of Patiala on all present and future current assets(excluding vehicles) 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".
2. Vehicle loans are secured against hypothecation of respective vehicles.
- (2.1) Vehicle Loans of Rs.426 Lac (Twenty Nine in number) from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by June' 2017 and carry interest rate of 14.15% p.a. Refer Note No.9(b)
- (2.2) Vehicle Loans of Rs.74 Lac (Nine in number) from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Sep' 2018 and carry interest rate of 9.95% to 11.38% p.a. Refer Note No.9(a)
- (2.3) Vehicle Loans of Rs.6 Lac from Volkswagen Finance Private Limited are repayable in monthly instalments by May' 2016 and carry interest of 10.50%. (Refer note no. 9 (b)).
- (2.4) Vehicle Loans of Rs.47 Lac from HDFC Bank Limited is repayable in monthly instalments by April' 2016 and carry interest of 10.25%. (Refer note no. 9 (a)).
- (2.5) Vehicle Loan of Rs.8.22 Lac from Magma Fincorp Ltd is repayable in monthly instalments by January' 2016 and carry interest of 12.33%. (Refer note no. 9 (a)).
3. Intercompany Deposits are repayable by September 2015 and carry interest @ 14% on net basis.
4. **Public Deposits:-**
- (4.1) Public deposits are repayable as under:
- (a) Rs. 535 lacs Payable by March 2015 and carry interest of 10.50% to 11.5%. (Refer note no. 9 (c)).
- (b) Rs. 553 lacs Payable by March 2016 & 2017 and carry interest of 11% to 11.5%
- (4.2) Public deposits guaranteed by Directors Rs. 290 lacs.
- (4.3) Public deposits matured but unclaimed amounting to Rs. 9 lacs (Previous Year 9 lacs).

Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Others:			
(i) Trade / security deposits received	1	1640	2446
(ii) Trade Payable /advance from customers	2	3134	2590
(iii) Others	3	8	4
TOTAL		4782	5040

Note:-

1. Security Deposits are confirmed by suppliers payable after 31.03.2015 and have been accordingly classified.
2. (i) Includes a sum of Rs. 961 lacs which is repayable beyond twelve months from the reporting date, as certified by the management.
- (ii) Includes Rs.2176 lacs confirmed by the creditors payable after 12 months from the reporting date. Including Rs.83 lacs due to customer on account of sales return. Amount will be adjusted after expiry of limitation period.
3. Includes Rs. 4 lacs towards Public Deposit interest payable (to be transferred to investor education fund in future years) and Rs. 1 lacs payable to ex-employee pending final decision of court.

Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Provision for employee benefits:			
(i) Retirement Benefits	1	112	—
(ii) Other Employee Benefits		—	—
(b) Provision - Others:			
(i) Provision for tax (net of advance tax)		17	—
TOTAL		129	0

1. Provision of Rs.173 lacs has been made towards gratuity and leave encashment in terms of AS-15 (Revised). Refer Note No.10 and 21.3

Notes Forming part of the financial statements

Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) From Bank - Secured Cash Credit	1.1	4946	4873
(b) From Bank - Unsecured Term Loan	1.2	168	—
TOTAL		5114	4873

Note:-

- 1.1) Cash Credit sanctioned by State Bank of Patiala/Canara Bank are secured by first charge on pari passu basis on all present & future current assets (excluding vehicles) 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 supplier's line of credit to the extent of Rs.400 Lac covered in the charge created by the company in its overall limits. Refer Note 1.3 of Note 4.
- 1.2) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.168 lacs at interest rate of 16.00% p.a is payable at monthly rests and to be paid by Jan'2015.

Note 8 Trade payables

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Trade payables	1	4,095	2,669
TOTAL		4,095	2,669

Note:-

- 1 (a) As per information available with the company there is no amount due to any party registered under Micro, Small and Medium Enterprises Development Act, 2006.
- (b) Refer Note 5(1).

Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Current maturities of Long Term Debts*		1,146	1,440
(b) Interest accrued but not due on Public Deposits		60	76
(c) Other payables			
i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		109	107
ii) Advances from customers	7	852	347
iii) Trade / security deposits received		5	-
iv) Other outstanding bills		124	109
TOTAL		2,296	2,079

Current maturities of Long Term Debts*

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) From Bank - Secured			
Term Loan - Canara Bank	1	428	688
Vehicle loans - From HDFC Bank	2	15	26

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(b) Vehicle loans Others			
BMW financial services		—	4
Kotak Mahindra Prime Ltd	3	140	15
Volkswagen Finance P.Ltd	4	3	—
Magma Fincorp Ltd	5	5	—
(c) From Others Unsecured			
State Bank of Patiala - (Book Overdraft)		10	—
State Bank of Patiala (PD Account)		10	—
Religare Finvest Ltd		—	167
Public Deposits	6	535	540
TOTAL		1146	1440

Note:

1. Refer Note No 1.1, 1.2 & 1.3 of Note 4
2. Refer Note No 2.4 of Note 4
3. Refer Note No 2.1 & 2.2 of Note 4
4. Refer Note No 2.3 of Note 4
5. Refer Note No 2.5 of Note 4
6. Refer Note No 4 of Note 4
7. Refer Note No 5.(2) of Note 5

Note 10 Short-term provisions

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Provision - Others:			
(i) Provision for wealth tax		—	2
(ii) Provision for employee benefits (Gratuity & Leave encashment)	6 & 21.3	61	—
TOTAL		61	2

Note 11 A Fixed Assets

TANGIBLE/INTANGIBLE ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	01.04.2013	Additions	Deductions	31.03.2014	01.04.2013	For the Year	On Deduction	Written Back	31.03.2014	31.03.2014	31.03.2013
Freehold Land	330	—	—	330	—	—	—	—	—	330	330
Buildings	2,418	7	—	2,425	541	76	—	—	617	1,808	1,878
Plant & Machinery	10,734	858	—	11,592	3,934	454	—	217	4,171	7,421	6,800
Refer Note 1,2 & 3											
Furniture, Fixtures and Equipments	146	7	—	153	107	2	—	—	109	44	39
Vehicles	536	227	91	672	219	61	55	—	225	447	317
Total	14,164	1,099	91	15,172	4,801	593	55	217	5,122	10,050	9,364
Previous Year	12,468	1,714	17	14,165	4,387	429	15		4,801		

Notes:-

- 1 (i) There is no impairment of assets as per AS 28 of ICAI as the company has a composite plant with production facilities capable of interchangeable use for manufacture of casein and milk powder. All assets had been put to use for manufacture of milk powder for domestic and exports owing to better realization.
(ii) Includes intangible assets of Rs. 597 lacs written down value of Rs. 292 lacs. In accordance with AS-26 expenses incurred on Intangible Asset and is amortized over a period of 10 years . The amount amortized during the year is Rs. 60 lacs (Previous Year Rs.60 lacs).
2. The company has computed depreciation in respect of plant & machinery as per the prescribed rates under schedule XIV of the Company's Act 1956 on straight line method since 1.4.1988 and prior to that as per section 205 and other applicable provisions of the Company's Act 1956. This has resulted into an excess depreciation of Rs.252 Lac at Patiala unit and Rs.48 Lac in Moradabad unit. The excess depreciation charged of Rs.300 Lac as certified by management is shown net of short depreciation charged of Rs.83 Lac in the previous FY 2012-13.
3. Company has capitalized the opening work in progress and the additions made during the year (including substantial renovation) at the close of the year and accordingly charged the depreciation.

Notes Forming part of the financial statements

Note 11 B Capital work in progress

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Machinery		224	-
TOTAL		224	0

Note : Refer note 3 of note 11 A. Estimated amount of capital contracts remaining to be executed is Rs.23 Lac.

Note 12 Investment

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Investment in Equity Shares - Unquoted MFL Trading Pvt. Ltd. 10000 equity shares of 10 each (Wholly Owned Subsidiary Company)		1	1
Investment in Preference Shares - Unquoted Grand Regency Hospitalities Pvt. Ltd (425000 3% Preference Shares of Rs 100 each fully paid)	1	-	425
National Saving Certificates	2	1	1
TOTAL		2	427

Note:

- Due to closure of business of the investee company the entire amount is written off and charged to extra ordinary items - Refer Note No.21.3
- Pledged with Government Authorities towards fulfillment of statutory obligations.

Note 13 Long-term loans and advances

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Suppliers advances Unsecured, considered good	1	65	15
(b) Security deposits Unsecured, considered good	1	90	87
(c) Loans and advances to employees Unsecured, considered good	1	170	72
(d) Input Tax credit	1	1	5
(e) Prepaid expenses		-	44
(f) Sales Tax Authorities	1.1	86	92
TOTAL		412	315

Notes:

- Advances, security deposits and advances to employees are considered good for recovery as certified by the Management. Refer Note No. 19 b
- 1.1 Deposit with Sales Tax Authorities represents the amount deposited as a condition for the appeal and considered good for recovery as certified by the management.

Note 14 Trade receivables non current

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Trade receivables from government departments outstanding for a period exceeding 12 months from the date they were due for payment			
Unsecured, considered good		27	14
TOTAL		27	14

Note 15 Non current inventories

(At lower of cost or net realisable value)

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Trade receivables from government departments outstanding			
(a) Stores and Spares (discontinued operations)	21.3	–	29
(b) Trees and Plantation	1	24	24
TOTAL		24	53

Note:

- Represents the green initiative taken by the company.

Note 16 Inventories

(At lower of cost or net realisable value)

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Raw materials		22	18
(b) Work-in-progress			
- Dairy Products		489	275
(c) Finished goods			
- Dairy Products		6960	6469
(d) Stores and spares		511	563
(e) Packing materials		155	188
(f) Trees & Plantation (Refer Note 15.1)		4	–
TOTAL		8141	7513

Note 17 Trade receivables

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Unsecured, considered good			
Other Trade receivables			
Unsecured, considered good		765	908
Secured, considered good		7	128
TOTAL		772	1036

Notes Forming part of the financial statements

Note 18 Cash and cash equivalents

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Cash in hand		2	4
(b) Balances with banks			
i) In current accounts	1	15	2
ii) In deposit accounts		74	69
iii) Margin accounts		14	14
TOTAL		105	89

Notes:

1. Excludes Rs 4.89 lacs on account of issue of cheques (stale) against payment of interest.

Note 19 Short-term loans and advances

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Security deposits Unsecured, considered good		—	4
(b) Advances to employees Unsecured, considered good		168	186
(c) Prepaid expenses-Unsecured, considered good		87	80
(d) Interest Receivable		15	10
(e) Export Incentive Receivable		202	90
(f) Supplier advances-Unsecured, considered good	1	1,205	431
(g) Balances with government authorities Unsecured, considered good			
i) Input Tax Credit		5	3
ii) Deposit with Punjab State Electricity Board		—	59
iii) Sales Tax Authorities		27	2
iv) Income Tax recoverable (pending in appeal)		27	27
(h) Carbon Credit Receivable	2	517	742
TOTAL		2,253	1,634

Note:

- 1 (i) Includes Rs.700 Lac due from a Promoter company towards the sale of Milkfood brand pending no objection from the lending bank who hold the charge.
(ii) Includes Rs.468 Lac due from suppliers of Milk. Management is of the view that the same will be recovered within 12 months from the reporting date.
2. Represents the realizable value of Carbon credits as certified by the consultant. During the year company has charged off Rs.225 Lac against Extra ordinary income. (Refer Note 21.3). It is certified by the management that the amount would be realized within a year from the reporting date.

Note 20 Revenue from operations

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Sale of products	1	42518	33285
Other operating revenues	2	545	255
Revenue from operations (Gross)		43063	33540
Less:			
Excise duty		—	—
Revenue from operations (net)		43063	33540

1

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	26622	22118
- Milk Powder	15780	10639
- Whey Powder	27	38
- Casein	89	490
Total - Sale of products	42518	33285

2

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	31	34
Export incentives	473	204
Foreign exchange fluctuation	41	17
Total - Other operating revenues	545	255

Note 21 Other income

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Interest income	1	38	8
Other income	2	224	31
Total		262	39
Exceptional Item Expenses	3(i)	(735)	—
Extraordinary Income (Net)	3(ii)	750	—

Notes Forming part of the financial statements

1

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Interest income comprises :		
Interest from banks on:		
- Deposits	38	7
- Margin money	–	1
Total - Interest income	38	8

2

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Other income comprises:		
Liabilities / provisions no longer required written back	7	30
Reversal of excess provision no longer required (Refer note 11A 2)	217	1
Total - Other income	224	31

3

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
i. Exceptional Items		
Carbon Credit Receivable Written Off	(225)	–
Security Deposits Written Off	(59)	–
Husk abnormal wastages (As certified by the Management)	(162)	–
Packing abnormal wastages (As certified by the Management)	(104)	–
Provision for gratuity and leave encashment including prior period	(173)	–
Loss on sale of assets	(12)	2
TOTAL	(735)	2
ii. Extraordinary Items		
Sale of Brand	1,400	–
Investments written off	(425)	–
Litigation Claims	(225)	–
TOTAL	750	–

Note 22 A Cost of Material Consumed

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Material consumed comprises:		
Milk	27477	17176
Ghee	8655	9041
Others	905	240
TOTAL	37037	26457

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

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
<u>Inventories at the end of the year:</u>		
Finished goods	6960	6469
Work-in-progress	489	275
	7449	6744
<u>Inventories at the beginning of the year:</u>		
Finished goods	6469	7548
Work-in-progress	275	187
	6744	7735
Net (increase) / decrease	(705)	991

Note 23 Employee benefits expense

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Salaries, wages and other Benefits	1	1268	986
Contributions to provident funds		47	48
Staff welfare expenses		60	48
TOTAL		1375	1082

Note:

- Provision for Gratuity and Leave encashment of Rs.173 Lac has been made during the year in terms of AS-15 (Revised) and charged of as exceptional items. (Refer Note No. 21.3)
- Includes provision of minimum bonus of Rs. 7.41 lacs (Previous year Rs.10 lacs) under the payment of Bonus Act 1965.

Note 24 Finance costs

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
(a) Interest expense on:		
i) Borrowings	1042	1113
ii) Others		
- Bill discounting Charges	—	1
(b) Other borrowing costs (Bank and other financing charges)	105	51
TOTAL	1147	1165

Note 25 Depreciation

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Depreciation expense			
Tangible Assets	1	524	367
Intangible Assets		60	60
TOTAL		584	427

Notes Forming part of the financial statements

Note 25 A Depreciation on gurgaon assets

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Depreciation expense			
Tangible Assets	1	9	3
TOTAL		9	3

Note:- Refer Note 1 (ii) and 3 of note of 11A

Note 26 Other expenses

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
(a) - Consumption of stores and spare parts	1	149	163
- Power and Fuel	2	999	1040
- Repairs-Building		6	12
- Machinery		42	32
- Milk Processing charges		0	3
- Packing	3	879	857
(b) - Rent		44	30
- Rates and taxes		24	12
- Insurance		72	69
- Miscellaneous expenses	4	445	379
Payments to the auditors	5	21	21
(c) - Freight & Forwarding Expenses		771	638
- Commission		138	98
TOTAL		3590	3354

Note -5

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Auditors Remuneration and expenses (including Service Tax)		
- Audit fee	16	16
- Tax audit fees	1	1
- Fees for other services	2	2
- Reimbursement of expenses	2	2
TOTAL	21	21

1. Excludes Rs.13.51 Lac capitalized in Tangible Assets.
2. Excludes Rs. 162 Lac (Refer Note No. 21.3)
3. Excludes Rs. 104 Lac (Refer Note No. 21.3)
4. Includes Prior period expenses of Rs.7.15 Lac, Misc balances written off Rs.18.15 Lac and income Tax on perquisites Rs.13.35 Lac.

Note 27 Statement of profit and loss from discontinued operation for the year ended 31 March, 2014

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Depreciation expense			
1 Revenue from operations (gross)		—	—
Total revenue		—	—
2 Expenses			
(a) Depreciation and amortisation expense	25A	9	3
(b) Other expenses	1	28	4
Total expenses		37	7
Profit before exceptional and extraordinary items		(37)	(7)
Exceptional Items		—	—
Profit before extraordinary items		(37)	(7)
Extraordinary Items		—	—
3 Profit/(Loss) from discontinuing operation		(37)	(7)

Note:

- Represents general stores items written off during the year.

Note 28 Disclosures under accounting standards

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Earnings per share		
Basic and diluted		
Net profit for the year (Rs. in lacs)	118	67
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.	2.42	1.38

Note 29 Deferred tax liability (net)

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Components of deferred tax balances		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	1361	1107
Others	—	—
Tax effect of items constituting deferred tax liability	1361	1107
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.14	866	887
Disallowances under Section 43B of the Income Tax Act, 1961	173	—
Others	—	—
Tax effect of items constituting deferred tax assets	1039	887
Deferred tax liability (net)	322	220

Note:

- While computing the Deferred tax liability /assets , benefit of brought forward losses has been taken on the basis of returned income(loss) instead of assessed income (loss) with regards to matters preferred in appeal (s).

AUDITORS' REPORT

The Board of Directors
Milkfood Limited,
5th Floor, Bhandari House,
91, Nehru Place
New Delhi-110019.

We have examined the attached Consolidated Balance Sheet of Milkfood Limited and its subsidiary as at 31st March, 2014, the Consolidated Statement of Profit & Loss for the year ended 31st March 2014.

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 includes 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.65944.00 as at 31st March, 2014, total revenue of Rs. NIL net loss of Rs.15820.00 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, 2014.
- (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;

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

M.K. MADAN
(PROPRIETOR)
Membership Number
FCA 82214

Place : New Delhi
Date : 9th June'2014

Consolidated Balance Sheet

as at 31st March, 2014

Particulars	Note No.	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	489	489
(b) Reserves and surplus	3	2,876	2,758
		<u>3,365</u>	<u>3,247</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	1,846	2,315
(b) Deferred tax liabilities (net)	29	322	220
(c) Other long-term liabilities	5	4,782	5,040
(d) Long-term provisions	6	129	—
		<u>7,079</u>	<u>7,575</u>
3 Current liabilities			
(a) Short-term borrowings	7	5,114	4,873
(b) Trade payables	8	4,095	2,669
(c) Other current liabilities	9	2,296	2,079
(d) Short-term provisions	10	61	2
		<u>11,566</u>	<u>9,623</u>
TOTAL		<u><u>22,010</u></u>	<u><u>20,445</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
i) Tangible assets/ Intangible assets	11A	10,050	9,364
ii) Capital work-in-progress	11B	224	—
		<u>10,274</u>	<u>9,364</u>
(b) Investments	12	1	426
(c) Long-term loans and advances	13	412	315
(d) Trade receivables	14	27	14
(e) Inventories	15	24	53
		<u>10,738</u>	<u>10,172</u>
2 Current assets			
(a) Inventories	16	8,141	7,513
(b) Trade receivables	17	772	1,036
(c) Cash and cash equivalents	18	106	90
(d) Short-term loans and advances	19	2,253	1,634
		<u>11,272</u>	<u>10,273</u>
TOTAL		<u><u>22,010</u></u>	<u><u>20,445</u></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

FRN. 000185N

M.K. MADAN

Proprietor

Membership No. 82214

Place : New Delhi

Date : 09th June, 2014

Rishbha Ahluwalia
Company Secretary

Sanjeev Kothiala
C.F.O

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, 2014

Particulars	Note No.	For the year ended 31 March, 2014 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
1 Revenue from operations (gross)	20	43063	33540
Less: Excise duty		—	—
Revenue from operations (net)		43063	33540
2 Other income	21	262	39
3 Total revenue (1+2)		43325	33579
4 Expenses			
(a) Cost of Raw materials consumed	22A	37037	26457
(b) Changes in inventories of finished goods and work-in-progress	22B	(705)	991
(c) Employee benefits expenses	23	1375	1082
(d) Finance Cost	24	1147	1165
(e) Depreciation and amortisation expenses	25	584	427
(f) Other expenses	26	3590	3354
Total expenses		43028	33475
Profit before exceptional and extraordinary items		297	104
Exceptional Items Expenses	21(3)(i)	(735)	2
Extraordinary Item Income (Net)	21(3)(ii)	750	—
5 Profit before tax (3-4)		312	106
6 Tax expense:			
(a) Current tax		55	20
(b) Adjustment for (excess) / short provision for earlier years		—	—
(c) Net current tax expense		55	20
(d) Deferred tax	29	102	10
(e) Wealth tax		—	2
Total Tax		157	32
7 Profit/(loss) for the period from continuing operation after tax (5-6)		155	74
8 Profit/(Loss) from discontinuing operation	27	(37)	(7)
9 Profit/(loss) for the period (7+8)		118	67
10 Earnings per share (of Rs 10/- each):			
Basic and Diluted - in Rs	28	2.42	1.38
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 **Madan & Associates**

Chartered Accountants

FRN. 000185N

For & On behalf of the Board of Directors

M.K. MADAN

Proprietor

Membership No. 82214

Place : New Delhi

Date : 09th June, 2014

Rishbha Ahluwalia
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C.E.O

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

Consolidated Cash Flow Statement

for the year ended 31st March, 2014

Particulars	Note No.	For the year ended 31 March, 2014 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
A. Cash flow from operating activities:			
Net profit before taxation and extraordinary items (Including exceptional item of expenses and excluding extraordinary income)		(481)	99
Adjustments for :			
Depreciation and Amortisation expense		593	429
Finance costs	1	1147	1165
Provision for wealth Tax/Income Tax/Adjustment of earlier year		(157)	(21)
Exchange fluctuation on foreign currency loan considered separately		-	-
Profit on Sales of Fixed Assets - Net		-	-
Liabilities no longer required written back		(7)	(29)
Insurance Claim Received		-	-
Interest Income		(38)	(8)
Exchange rate variation		(41)	-
Miscellaneous Income		-	(1)
Exceptional Items Expenses (Net)		(735)	-
Operating profit before working capital changes		281	1634
<u>Changes in working capital</u>			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(600)	631
Trade receivables		251	(536)
Long term loans and advances		(97)	(149)
Short term loans and advances		(619)	(49)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		1426	(1590)
Other current liabilities		217	398
Other long term liabilities		(258)	1651
Short Term Provisions / Long Term Provision		187	-
Cash Generated From Operations before extraordinary items		788	1990
Extraordinary Item Income (Net)		1,175	(2)
Excess Provision of Depreciation		217	-
Insurance Claim Received		-	-
Net cash flow from operating activities (A)		2180	1988
B. Cash flow from investing activities:			
Capital expenditure on fixed assets,		(1099)	(1713)
Capital work in progress		(224)	750
Proceeds from sale of fixed assets		22	4
Interest received		38	8
Diminution of Investments		425	-
Net cash flow used in investing activities (B)		(838)	(951)
C. Cash flow from financing activities:			
Short-term borrowings		242	1058
Proceeds from fixed deposits		(2)	191
Proceeds from vehicle loan		344	(3)
Proceeds from term loan		207	(687)
Proceeds from intercorporate Deposit & other deposit		(1018)	(553)
Finance costs		(1147)	(1165)
Exchange rate variation		41	-
Liabilities no longer required written back		7	29
Miscellaneous Income		-	1
Net cash flow used in financing activities (C)		(1326)	(1129)
Net increase / (decrease) in cash & cash equivalents (A+B+C)		16	(92)
Cash and cash equivalents at the beginning of the year		90	182
Cash and cash equivalents at the end of the year		106	90

Note:-

- Finance cost as per revised schedule VI has been shown as excluding interest income but including Bill discounting charges.
 - 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 Accountants 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 **Madan & Associates**

Chartered Accountants

FRN. 000185N

M.K. MADAN

Proprietor

Membership No. 82214

Place : New Delhi

Date : 09th June, 2014

Rishbha Ahluwalia
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

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

For & On behalf of the Board of 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.

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: On written down value as per rates in schedule XIV of Company Act and in case net realized value is lower than the written down value then depreciation is charged to confirm the carrying value to net realized value.

During the year company has written back the depreciation of Rs.300 Lac in respect of Plant and Machinery on the belief that it had charged excess depreciation in earlier years considering the useful life of assets on certain reasonable assumptions regarding additions/ deletions and rates of depreciation charged as per the provisions of the Companies Act, 1956.

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 (including whey powder-by product) are valued on lower of cost or net realizable value. In pursuance of AS-2 indirect production overhead (estimated by the Management) have been allocated for ascertainment of cost.

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 encashment are carried forward on year to year basis and facility is granted to employees only in the year of determination of service.
- (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 lacs except for the top management of the company. During the year company has made provision of gratuity and leave encashment of Rs.173 Lac as per AS-15 and charged the same as exceptional items.
- (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

- 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.
- Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- In pursuance of guidance note issued by ICAI on accounting for self generated certified emission reductions (CERS) the same has to be recognized when UNFCCC certifies and credit the same to the generating entity. Company is entitled for 69692 CERS p.a w.e.f. 14 February 2012 till 2022 .Company has not recognized the entitlement as assets because the same is yet to be credited in its account by the UNFCCC. In respect of VCS, company had recognized the income in the earlier years on the basis of consultant certificate. VCS in hand as the close of the year are 97000 units which have been valued on consultant's advice for potential realization at valuation at an amount not less than at what they are stated in the Balance Sheet.

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. For computing the Deferred tax liability/assets, benefit of brought forward losses has been taken on the basis of returned income (loss) instead of assessed income (loss) with regards to matters preferred in appeal (s).

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 the customs 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. The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period.

(B) ADDITIONAL NOTES TO ACCOUNTS

- Contingent liabilities:
Claims not acknowledged as debts Rs.152 Lac. (Previous year Rs.516 Lac).
- Estimated amount of contracts remaining to be executed on capital account is Rs.23 Lac and not provided for (Net of Advances) (Previous year Nil).
- Exceptional items represents Profit/(Loss) on Carbon Credits written off, Security deposit written off, Abnormal wastage of Husk and Packing material, provision for gratuity and leave encashment including prior period and on sale of vehicles.
- Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2014 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
Fees & Subscription	0	6
Travelling	3	16
TOTAL	3	22

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

Indigenous	For the year ended 31 March, 2014	
	(Rs. in lacs)	%
Raw materials and components	37037 (26457)	100 (100)
Stores and spare parts	149 (163)	100 (100)
TOTAL	37186 (26620)	

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

vi. **Earnings in foreign exchange**

Particulars	For the year ended 31 March, 2014 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
Export of goods calculated on FOB basis	8979	4968
TOTAL	8979	4968

vii. **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, major shareholder is able to exercise significant influence	Jagatjit Industries Ltd. MFL Trading Private Ltd(Wholly Owned Subsidiary) Triputi Infrastructure Private Ltd
(b) Key Management Personnel (CEO/ Directors and their relatives)	Ms Roshini Sanah Jaiswal Mr. Sudhir Avasthi Ms Asha Gadi Mr. Suresh Alipuria Mr. Amarjeet Kapoor Mr. K. K. Kohli

Note: Related parties have been identified by the Management

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	13 (12)	—	13 (12)
Telephone Expenses Paid	—	—	—
Rent paid	4 (4)	—	4 (4)
Interest Paid	— (0)	—	— (0)
Amount received for Services	90 (94)	—	90 (94)
Reimbursement of Expenses	4 (6)	—	4 (6)
Managerial Remuneration (including sitting fees)	— (90)	262 (90)	262 (90)
Sales	18 (64)	—	18 (64)
Outstanding Payables, net of Receivable	19 (28)	94 (8)	113 (36)

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.

Note 2 Share capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)
(a) Authorised				
Equity shares of Rs.10 each	7,500,000	750	7,500,000	750
Cumulative redeemable Preference shares of Rs. 100 each	50,000	50	50,000	50
	7,550,000	800	7,550,000	800
(b) Issued				
Equity shares of Rs. 10 each fully paid up	4,887,890	489	4,887,890	489
(c) Subscribed and Paid up				
Equity shares of Rs.10 each	4,886,440	489	4,886,440	489
Less: Calls in Arrears		0		0
(Rs.0.19 lacs on 2875 partly paid shares)	4,886,440	489	4,886,440	489
Add Amount paid on Forfeited Shares		0		0
(Rs.0.07 lacs on 1450 shares)				
TOTAL	4886440	489	4886440	489

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, 2014				
- Number of shares	4,886,440	—	—	4,886,440
- Amount (Rs in lacs)	489	—	—	489
Year ended 31 March, 2013				
- Number of shares	4,886,440	—	—	4,886,440
- Amount (Rs in lacs)	489	—	—	489

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

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held Equity shares	% of shares held	Number of shares held Equity shares	% of shares held
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%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%

Notes Forming part of the financial statements

Note 3 Reserves and surplus

Particulars	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Capital redemption reserve At the beginning and at the end of the year	0	0
(b) Securities Premium Reserve At the beginning and at the end of the year	670	670
(c) Other Reserve: General reserve At the beginning of the year	2088	2021
Add: Transferred from Surplus in Statement of Profit and Loss	118	67
At the end of the year	2206	2088
TOTAL	2876	2758

Note 4 Long-term borrowings

Particulars	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Term loans - Secured		
From banks	427	206
From others	366	36
(b) Term Loans-Unsecured-Others	1,053	2,073
TOTAL	1,846	2,315

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

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Term Loans From Banks: Secured			
Rupee loan from Canara Bank	1	395	188
Vehicle loans from ICICI	2 & 2.4	—	18
Vehicle loans from HDFC Bank		32	—
TOTAL		427	206
From Others: Vehicle			
BMW financial services		—	12
Kotak Mahindra Prime Ltd	2.1-2.2	360	24
Volkswagen Finance P.Ltd	2.3	3	—
Magma Fincorp Ltd	2.5	3	—
TOTAL		366	36
From Others-Unsecured :			
Religare Finvest Limited		—	1018
Inter Corporate Deposits	3	500	500
Public Deposits	4	553	555
TOTAL		1053	2073

Notes:

1 Term Loans From Banks:

(1.1) Rupee Loan from Canara Bank of Rs.188 lacs at interest rate of 15.00% p.a is payable in quarterly instalments as follows:-

Rs.188 lacs (From April'2014 to June'2014) Refer Note No.9(a)

(1.2) Rupee Loan from Canara Bank of Rs.635 lacs at interest rate of 13.70% p.a is payable at monthly rests,the details are as follows:-

Rs.240 lacs (From April'2014 to March'2015) Refer Note No.9(a)

Rs.395 lacs (From April'2015 to Nov'2016)

- (1.3) Term Loans sanctioned by Canara Bank are secured by the exclusive charge on fixed assets to the extent of Rs.19.50 Crores and rank pari-passu with State Bank of Patiala on all present and future current assets(excluding vehicles) 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".
2. Vehicle loans are secured against hypothecation of respective vehicles.
- (2.1) Vehicle Loans of Rs.426 Lac (Twenty Nine in number) from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by June' 2017 and carry interest rate of 14.15% p.a . Refer Note No.9(b)
- (2.2) Vehicle Loans of Rs.74 Lac (Nine in number) from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Sep' 2018 and carry interest rate of 9.95% to 11.38% p.a . Refer Note No.9(a)
- (2.3) Vehicle Loans of Rs.6 Lac from Volkswagen Finance Private Limited are repayable in monthly instalments by May'2016 and carry interest of 10.50% .(Refer note no. 9 (b))
- (2.4) Vehicle Loans of Rs.47 Lac from HDFC Bank Limited is repayable in monthly instalments by April'2016 and carry interest of 10.25%. (Refer note no. 9 (a)).
- (2.5) Vehicle Loan of Rs.8.22 Lac from Magma Fincorp Ltd is repayable in monthly instalments by Jan'2016 and carry interest of 12.33%. (Refer note no. 9 (a)).
3. Intercompany Deposits are repayable by September 2015 and carry interest @14% on net basis.
4. **Public Deposits:-**
- (4.1) Public deposits are repayable as under:
- (a) Rs. 535 lacs Payable by March 2015 and carry interest of 10.50% to 11.5%.(Refer note no. 9 (c))
- (b) Rs .553 lacs Payable by March 2016 & 2017 and carry interest of 11% to 11.5%
- (4.2) Public deposits guaranteed by Directors Rs.290 lacs.
- (4.3) Public deposits matured but unclaimed amounting to Rs 9 lacs (Previous Year 9 lacs).

Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Others:			
i) Trade / security deposits received	1	1640	2446
ii) Trade Payable /advance from customers	2	3134	2590
iii) Others	3	8	4
TOTAL		4782	5040

Note:

- Security Deposits are confirmed by suppliers payable after 31.03.2015 and have been accordingly classified.
- (i) Includes a sum of Rs.961 Lacs which is repayable beyond twelve months from the reporting date, as certified by the management.
- (ii) Includes Rs.2176 lacs confirmed by the creditors payable after 12 months from the reporting date.Including Rs.83 lacs due to customer on account of sales return . Amount will be adjusted after expiry of limitation period.
- Includes Rs 4 lacs towards Public Deposit interest payable (to be transferred to investor education fund in future years) and Rs. 1 lacs payable to ex-employee pending final decision of court.

Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Provision for employee benefits:			
i) Retirement Benefits	1	112	—
ii) Other Employee Benefits		—	—
(b) Provision - Others:			
(i) Provision for tax (net of advance tax)		17	—
TOTAL		129	0

- Provision of Rs.173 Lac has been made towards gratuity and leave encashment in terms of AS-15 (Revised). Refer Note No.10 and 21.3

Notes Forming part of the financial statements

Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) From Bank - Secured Cash Credit	1.1	4946	4873
(b) From Bank - Unsecured Term Loan	1.2	168	—
TOTAL		5114	4873

Note:

- 1.1) Cash Credit sanctioned by State Bank of Patiala/Canara Bank are secured by first charge on pari passu basis on all present & future current assets (excluding vehicles) 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 supplier's line of credit to the extent of Rs.400 Lac covered in the charge created by the company in its overall limits. Refer Note 1.3 of Note 4.
- 1.2) Rupee Loan from Kotak Mahindra Bank Ltd of Rs.168 lacs at interest rate of 16.00% p.a is payable at monthly rests and to be paid by Jan'2015.

Note 8 Trade payables

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Trade payables	1	4,095	2,669
TOTAL		4,095	2,669

Note:

1. (a) As per information available with the company there is no amount due to any party registered under Micro, Small and Medium Enterprises Development Act, 2006.
- (b) Refer Note 5(1).

Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Current maturities of Long Term Debts *		1,146	1,440
(b) Interest accrued but not due on Public Deposits		60	76
(c) Other payables			
i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		109	107
ii) Advances from customers	7	852	347
iii) Trade / security deposits received		5	—
iv) Other outstanding bills		124	109
TOTAL		2,296	2,079

Current maturities of Long Term Debts*

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) From Bank - Secured			
Term Loan - Canara Bank	1	428	688
Vehicle loans - From HDFC Bank	2	15	26

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(b) Vehicle loans Others			
BMW financial services		—	4
Kotak Mahindra Prime Ltd	3	140	15
Volkswagen Finance P.Ltd	4	3	—
Magma Fincorp Ltd	5	5	—
(c) From Others Unsecured			
State Bank of Patiala - (Book Overdraft)		10	—
State Bank of Patiala (PD Account)		10	—
Religare Finvest Ltd		—	167
Public Deposits	6	535	540
TOTAL		1146	1440

Note:

1. Refer Note No 1.1, 1.2 & 1.3 of Note 4
2. Refer Note No 2.4 of Note 4
3. Refer Note No 2.1 & 2.2 of Note 4
4. Refer Note No2.3 of Note 4
5. Refer Note No 2.5 of Note 4
6. Refer Note No 4 of Note 4
7. Refer Note No 5.(2) of Note 5

Note 10 Short-term provisions

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Provision - Others:			
(i) Provision for wealth tax		—	2
(ii) Provision for employee benefit (Gratuity & Leave encashment)	6 & 21.3	61	—
TOTAL		61	2

Note 11 A Fixed Assets

TANGIBLE/INTANGIBLE ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	01.04.2013	Additions	Deductions	31.03.2014	01.04.2013	For the Year	On Deduction	Written Back	31.03.2014	31.03.2014	31.03.2013
Freehold Land	330	—	—	330	—	—	—	—	—	330	330
Buildings	2,418	7	—	2,425	541	76	—	—	617	1,808	1,878
Plant & Machinery Refer Note 1.2 & 3	10,734	858	—	11,592	3,934	454	—	217	4,171	7,421	6,800
Furniture, Fixtures and Equipments	146	7	—	153	107	2	—	—	109	44	39
Vehicles	536	227	91	672	219	61	55	—	225	447	317
Total	14,164	1,099	91	15,172	4,801	593	55	217	5,122	10,050	9,364
Previous Year	12,468	1,714	17	14,165	4,387	429	15	—	4,801	—	—

Notes:-

- 1 (i) There is no impairment of assets as per AS 28 of ICAI as the company has a composite plant with production facilities capable of interchangeable use for manufacture of casein and milk powder. All assets had been put to use for manufacture of milk powder for domestic and exports owing to better realization.
(ii) Includes intangible assets of Rs. 597 lacs written down value of Rs. 292 lacs. In accordance with AS-26 expenses incurred on Intangible Asset and is amortized over a period of 10 years. The amount amortized during the year is Rs. 60 lacs (Previous Year Rs.60 lacs).
2. The company has computed depreciation in respect of plant & machinery as per the prescribed rates under schedule XIV of the Company's Act 1956 on straight line method since 1.4.1988 and prior to that as per section 205 and other applicable provisions of the Company's Act 1956. This has resulted into an excess depreciation of Rs.252 Lac at Patiala unit and Rs.48 Lac in Moradabad unit. The excess depreciation charged of Rs.300 Lac as certified by management is shown net of short depreciation charged of Rs.83 Lac in the previous FY 2012-13.
3. Company has capitalized the opening work in progress and the additions made during the year (including substantial renovation) at the close of the year and accordingly charged the depreciation.

Notes Forming part of the financial statements

Note 11 B Capital work in progress

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Machinery		224	–
TOTAL		224	0

Note:

Refer note 3 of note 11 A. Estimated amount of capital contracts remaining to be executed is Rs.23 Lac.

Note 12 Investment

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Investment in Preference Shares - Unquoted			
Grand Regency Hospitalities Pvt. Ltd (425000 3% Preference Shares of Rs 100 each fully paid)	1	–	425
National Saving Certificates	2	1	1
TOTAL		1	426

Note:

- Due to closure of business of the investee company the entire amount is written off and charged to extra ordinary items - Refer Note No.21.3
- Pledged with Government Authorities towards fulfillment of statutory obligations.

Note 13 Long-term loans and advances

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Suppliers advances Unsecured, considered good	1	65	15
(b) Security deposits Unsecured, considered good	1	90	87
(c) Loans and advances to employees Unsecured, considered good	1	170	72
(d) Input Tax credit	1	1	5
(e) Prepaid expenses		–	44
(f) Sales Tax Authorities	1.1	86	92
TOTAL		412	315

Note:

- Advances, security deposits and advances to employees are considered good for recovery as certified by the Management. Refer Note No 19 b
- 1.1 Deposit with Sales Tax Authorities represents the amount deposited as a condition for the appeal and considered good for recovery as certified by the management.

Note 14 Trade receivables non current

Particulars	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Trade receivables from government departments outstanding for a period exceeding 12 months from the date they were due for payment		
Unsecured, considered good	27	14
TOTAL	27	14

Note 15 Non current inventories

(At lower of cost or net realisable value)

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Stores and Spares (discontinued operations)	21.3	–	29
(b) Trees and Plantation	1	24	24
TOTAL		24	53

Note:

- Represents the green initiative taken by the company.

Note 16 Inventories

(At lower of cost or net realisable value)

Particulars	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Raw materials	22	18
(b) Work-in-progress		
- Dairy Products	489	275
(c) Finished goods		
- Dairy Products	6960	6469
(d) Stores and spares	511	563
(e) Packing materials	155	188
(f) Trees & Plantation (Refer Note 15.1)	4	–
TOTAL	8141	7513

Note 17 Trade receivables

Particulars	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good		
Other Trade receivables		
Unsecured, considered good	765	908
Secured, considered good	7	128
TOTAL	772	1036

Notes Forming part of the financial statements

Note 18 Cash and cash equivalents

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Cash in hand		3	5
(b) Balances with banks			
i) In current accounts	1	15	2
ii) In deposit accounts		74	69
iii) Margin accounts		14	14
TOTAL		106	90

Notes:

1. Excludes Rs 4.89 lacs on account of issue of cheques (stale) against payment of interest.

Note 19 Short-term loans and advances

Particulars	Note	As at 31 March, 2014 (Rs. in lacs)	As at 31 March, 2013 (Rs. in lacs)
(a) Security deposits Unsecured, considered good		—	4
(b) Advances to employees Unsecured, considered good		168	186
(c) Prepaid expenses - Unsecured, considered good		87	80
(d) Interest Receivable		15	10
(e) Export Incentive Receivable		202	90
(f) Supplier advances - Unsecured, considered good	1	1,205	431
(g) Balances with government authorities Unsecured, considered good			
i) Input Tax Credit		5	3
ii) Deposit with Punjab State Electricity Board		—	59
iii) Sales Tax Authorities		27	2
iv) Income Tax recoverable (pending in appeal)		27	27
(h) Carbon Credit Receivable	2	517	742
TOTAL		2,253	1,634

Note:

1. (i) Includes Rs.700 Lac due from a Promoter company towards the sale of Milkfood brand pending no objection from the lending bank who hold the charge.
(ii) Includes Rs.468 Lac due from suppliers of Milk. Management is of the view that the same will be recovered within 12 months from the reporting date.
2. Represents the realizable value of Carbon credits as certified by the consultant. During the year company has charged off Rs.225 Lac against Extra ordinary income. (Refer Note 21.3). It is certified by the management that the amount would be realized within a year from the reporting date

Note 20 Revenue from operations

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Sale of products	1	42518	33285
Other operating revenues	2	545	255
Revenue from operations (Gross)		43063	33540
Less:			
Excise duty		—	—
Revenue from operations (net)		43063	33540

1

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	26622	22118
- Milk Powder	15780	10639
- Whey Powder	27	38
- Casein	89	490
Total - Sale of products	42518	33285

2

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	31	34
Export incentives	473	204
Foreign exchange fluctuation	41	17
Total - Other operating revenues	545	255

Note 21 Other income

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Interest income	1	38	8
Other income	2	224	31
TOTAL		262	39
Exceptional Item Expenses	3(i)	(735)	—
Extraordinary Income (Net)	3(ii)	750	—

Notes Forming part of the financial statements

1

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Interest income comprises :		
Interest from banks on:		
-Deposits	38	7
-Margin money	—	1
Total - Interest income	38	8

2

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Other income comprises:		
Liabilities / provisions no longer required written back	7	30
Reversal of excess provision no longer required (Refer note 11A 2)	217	1
Total - Other income	224	31

3

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
i. Exceptional Items		
Carbon Credit Receivable Written Off	(225)	—
Security Deposits Written Off	(59)	—
Husk abnormal wastages (As certified by the Management)	(162)	—
Packing abnormal wastages (As certified by the Management)	(104)	—
Provision for gratuity and leave encashment including prior period	(173)	—
Loss on sale of assets	(12)	2
TOTAL	(735)	2
ii. Extraordinary Items		
Sale of Brand	1,400	—
Investments written off	(425)	—
Litigation Claims	(225)	—
TOTAL	750	—

Note 22 A Cost of Material Consumed

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Material consumed comprises:		
Milk	27477	17176
Ghee	8655	9041
Others	905	240
TOTAL	37037	26457

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

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
<u>Inventories at the end of the year:</u>		
Finished goods	6960	6469
Work-in-progress	489	275
	7449	6744
<u>Inventories at the beginning of the year:</u>		
Finished goods	6469	7548
Work-in-progress	275	187
	6744	7735
Net (increase) / decrease	(705)	991

Note 23 Employee benefits expense

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Salaries, wages and other Benefits	1	1268	986
Contributions to provident funds		47	48
Staff welfare expenses		60	48
TOTAL		1375	1082

Note:

- (a) Provision for Gratuity and Leave encashment of Rs.173 Lac has been made during the year in terms of AS-15 (Revised) and charged of as exceptional items. (Refer Note No. 21.3)
- (b) Includes provision of minimum bonus of Rs. 7.41 lacs (Previous year Rs.10 lacs) under the payment of Bonus Act 1965.

Note 24 Finance costs

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
(a) Interest expense on:		
(i) Borrowings	1042	1113
(ii) Others		
- Bill discounting Charges	—	1
(b) Other borrowing costs (Bank and other financing charges)	105	51
TOTAL	1147	1165

Note 25 Depreciation

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Depreciation expense			
Tangible Assets	1	524	367
Intangible Assets		60	60
TOTAL		584	427

Notes Forming part of the financial statements

Note 25 A Depreciation on gurgaon assets

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Depreciation expense			
Tangible Assets	1	9	3
TOTAL		9	3

Note: Refer Note 1 (ii) and 3 of note of 11A

Note 26 Other expenses

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
(a) -Consumption of stores and spare parts	1	149	163
-Power and Fuel	2	999	1040
-Repairs - Building		6	12
- Machinery		42	32
-Milk Processing charges		0	3
-Packing	3	879	857
(b) -Rent		44	30
-Rates and taxes		24	12
-Insurance		72	69
-Miscellaneous expenses	4	445	379
Payments to the auditors	5	21	21
(c) -Freight & Forwarding Expenses		771	638
-Commission		138	98
TOTAL		3590	3354

Note-5

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Auditors Remuneration and expenses (including Service Tax)		
- Audit fee	16	16
- Tax audit fees	1	1
- Fees for other services	2	2
-Reimbursement of expenses	2	2
TOTAL	21	21

1. Excludes Rs.13.51 Lac capitalized in Tangible Assets.
2. Excludes Rs. 162 Lac (Refer Note No. 21.3)
3. Excludes Rs. 104 Lac (Refer Note No. 21.3)
4. Includes Prior period expenses of Rs.7.15 Lac, Misc balances written off Rs.18.15 Lac and income Tax on perquisites Rs.13.35 Lac.

Note 27 Statement of profit and loss from discontinued operation for the year ended 31 March, 2014

Particulars	Note	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
1 Revenue from operations (gross)	25A 1	—	—
Total revenue		—	—
2 Expenses			
a) Depreciation and amortisation expense		9	3
b) Other expenses		28	4
Total expenses		37	7
Profit before exceptional and extraordinary items		(37)	(7)
Exceptional Items		—	—
Profit before extraordinary items		(37)	(7)
Extraordinary Items		—	—
3 Profit/(Loss) from discontinuing operation		(37)	(7)

Note:

- Represents general stores items written off during the year.

Note 28 Disclosures under accounting standards

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Earnings per share		
Basic and diluted		
Net profit for the year (Rs. in lacs)	118	67
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.	2.42	1.38

Note 29 Deferred tax liability (net)

Particulars	For the Year ended 31 March, 2014 (Rs. in lacs)	For the Year ended 31 March, 2013 (Rs. in lacs)
Components of deferred tax balances		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	1361	1107
Others	—	—
Tax effect of items constituting deferred tax liability	1361	1107
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.14	866	887
Disallowances under Section 43B of the Income Tax Act, 1961	173	—
Others	—	—
Tax effect of items constituting deferred tax assets	1039	887
Deferred tax liability (net)	322	220

Note :

- While computing the Deferred tax liability /assets , benefit of brought forward losses has been taken on the basis of returned income(loss) instead of assessed income (loss) with regards to matters preferred in appeal(s).

41st ANNUAL REPORT 2013-14

Particulars regarding subsidiary companies in accordance with General Circular No. 02/2011 dated 08th February, 2011 from the Ministry of Corporate Affairs.

	2013-2014 Rs. in lacs	2012-2013 Rs. in lacs
Capital	1	1
Reserves	(.37)	(.21)
Loans	—	—
Current Liabilities and Provisions	.03	.03
Total Liabilities	.66	.82
Total Assets	.66	.82
Investment (Other than Subsidiaries)	—	—
Turnover	—	—
Profit before Taxation	(0.16)	(0.05)
Provision for Taxation	—	—
Profit after Taxation	(0.16)	(0.05)
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 : 01.04.2013 to 31.03.2014
3. Issued, Subscribed and paid-up Capital of the Subsidiary as on 31st March, 2014. : 10,000 Equity Shares of Rs.10/- each
4. Extent of Interest of Milkfood Limited in Subsidiary as on 31st March, 2014. : 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.0.16 lacs) and previous year Rs. 0.05 lacs)
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, 2014 coincides with the end of the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.

For & On behalf of the Board of Directors

Place : New Delhi
Date : 09th June, 2014

(Suresh Alipuria)
Director

(K.K. Kohli)
Director

Rishbha Ahluwalia
Company Secretary





MILKFOOD LIMITED

CIN : L15201PB1973PLC003746

Regd. Office: P.O. Bahadurgarh, Distt. Patiala (Punjab)- 147021

Ph : 0175-2381404/ 2381415 Fax : 0175-2380248

Email : milkfoodltd@milkfoodltd.com, Website: www.milkfoodltd.com

NOTICE

NOTICE is hereby given that the 41st Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at Bahadurgarh, District Patiala – 147021, (Punjab) on Saturday, the 27th September, 2014 at 9.00 A.M. to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt:
 - (a) the audited financial statement of the Company for the financial year ended 31st March, 2014, the Reports of Board of Directors and Auditors thereon; and
 - (b) the audited consolidated financial statement of the Company for the financial year ended 31st March, 2014.
- (2) To appoint a Director. Mr. Amarjeet Kapoor, Director (DIN: 00122843), retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
- (3) To appoint Auditors and fix their remuneration. M/s Madan & Associates, Chartered Accountants, the Statutory Auditors, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

- (4) To appoint Mrs. Asha Gadi (DIN: 00110734) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Asha Gadi (DIN: 00110734), who was appointed as a Director liable to retire by rotation and who will hold office up to the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 46th Annual General Meeting of the Company in the calendar year 2019.”
- (5) To appoint Mr. Anil Girotra (DIN: 00110631) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Anil Girotra (DIN:00110631), who was appointed as an Additional Director w.e.f. 28th June, 2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to calendar year 2019.”
- (6) To consider and approve alteration in article 116(a) in the Articles of Association with a new article and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to alter the Articles of Association of the Company by substituting the existing article 116(a) with the following as new article 116(a):

Until otherwise determined by the Company in General Meeting each Director or his Alternate as the case may be shall be paid out of the funds of the Company by way of sitting fees a sum of Rs. 5,000/- (Rupees Five Thousand only) or such other higher amount as may be fixed by the Act or the Central Government, from time to time, for attending each meeting of the Board of Directors or a Committee of Directors or any other meeting thereof, which he shall attend irrespective of the number of days for which the meeting may continue.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

- (7) To accept deposits from members and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Sections 73 read with Companies (Acceptance of Deposit) Rules, 2014 and any other applicable provisions of the Companies Act, 2013 or such other applicable Laws, Rules and Regulations, approval be and is hereby accorded to accept the deposits whether secured or unsecured from the members of the Company upto and within the limits prescribed and in compliance with the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 as amended from time to time and such other Notifications, Rules and Regulations issued in this regard.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take necessary steps, including providing the deposit insurance, creation of security and appointment of trustees, for the deposits, if required, obtaining the rating from the credit rating agency and /or to delegate the powers to such persons as they deem fit and to do all other acts, deeds, matters and things as may be required to give effect to this resolution.”

By Order of the Board
For **MILKFOOD LIMITED**

Date: 28th June, 2014

Rishbha Ahluwalia
Company Secretary

NOTES:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and such proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxy Form enclosed.**
2. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
3. Members/Proxies attending the meeting are requested to bring the Attendance Slip (duly completed) to the Meeting.
4. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto and forms part of notice.
5. Members are requested to intimate changes, if any, in their registered addresses to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical share folios to the Registrar and Share Transfer Agent of the Company at Alankit Assignments Ltd., RTA Division, Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi-110055, or to the Company at 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.
6. In accordance with provisions of section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means (“e-voting”) to its members. The Company has engaged the services of Central Depository Services (India) Limited (“CDSL”) to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link www.evotingindia.com during the following voting period:

Commencement of e-voting : From 00:01 hrs. of 22nd September, 2014
End of e-voting : Upto 23:55 hrs. of 23rd September, 2014

E Voting shall not be allowed beyond 23:55 hrs. of 23rd September, 2014. During the e-voting period, Shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the recorded date may cast their vote electronically. The record date for the purpose of e-voting is 14th August, 2014.

7. The Company has appointed Mrs. Kamlesh Gupta, Company Secretary, as 'scrutinizer' (the "Scrutinizer"), for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner. The results of the e-voting shall be declared on or after the AGM of the Company.
8. Members are requested to intimate to the Company the details, if any, required in relation to this Annual Report at least 10 days before the meeting to enable the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 4

Mrs. Asha Gadi has been the Independent Director of the Company and have held the positions as such for more than 5 (five) years.

It is proposed to appoint Mrs. Asha Gadi as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 46th Annual General Meeting of the Company in the calendar year 2019.

Mrs. Asha Gadi is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

The Company has received notice in writing from member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Asha Gadi for the office of Director of the Company.

The Company has also received declaration from Mrs. Asha Gadi that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mrs. Asha Gadi is independent of the management.

Brief resume of Mrs. Asha Gadi, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is provided in the Corporate Governance Report forming part of the Annual Report.

Mrs. Asha Gadi is interested in the resolutions set out respectively at Item No. 4 of the Notice with regard to her respective appointment.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Item No. 5

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Anil Girotra as an Additional Director of the Company with effect from June 28, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Anil Girotra would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Anil Girotra for the office of Director of the Company.

Mr. Anil Girotra is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a declaration from Mr. Anil Girotra that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Mr. Anil Girotra possesses appropriate skills, experience and knowledge, inter alia, in the field of finance. Mr. Anil Girotra is independent of the management.

Brief resume of Mr. Anil Girotra, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Save and except the above, Mr. Anil Girotra and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6

Considering the change in economic scenario, depreciation in the value of currency and the Directors' responsibility in healthy corporate governance, the Board feels that the existing sitting fee of Rs. 500/- is far below the limit hence there is a requirement to alter the Articles of Association of the Company in compliance with the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), by making amendment in the sitting fees to be paid to the Directors for attending the meeting of the Board or Committee of Directors or any other meeting thereof.

The Directors may be deemed to be interested to the extent of their entitlement for the sitting fees payable to them.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

Item No. 7

The Company has been accepting the Deposits to meet its financial requirements as per the rules and regulations prevailing at the relevant period. With the coming into effect of section 73 of Companies Act, 2013 with effect from April 1, 2014, the Company is required to obtain the consent of the members for accepting/renewing the deposits from its Members subject to the compliance of the relevant sections of the Companies Act, 2013, the Companies (Acceptance of Deposit) Rules, 2014 and such other Notifications, Rules and Regulations issued by the Central Government and other concerned authorities in this regard.

The consent of the members, is therefore, sought to the proposed resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 7 of the Notice except to the extent of the Deposits held by them in the Company or which they may apply in pursuance to the Circular to be issued by the Company.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

FOR KIND ATTENTION OF THE MEMBERS OF THE COMPANY

1. Members of the Company holding shares in physical form, are requested to surrender their share certificates, in original, to your Depository Participants (DPs) for dematerialization. Kindly note that shares of the Company are traded on Bombay Stock Exchange (BSE) compulsorily in demat mode. Hence, by holding in demat mode you can deal freely in the shares at market value.
2. The company is sending communications under the Green Initiative of the Ministry of Corporate Affairs including Notices for AGM and EGM, Explanatory Statements thereto, Balance Sheets, Directors' Reports, Auditor's Reports, Financial Results etc. through email to shareholders whose emails are registered with the Company. While going through the Register of Members, we have noticed that there are members who have not registered their email IDs with the Company. Consequently, we are unable to send communications to them electronically. In compliance with provisions of Rule 18 of the Companies (Management and Administration) Rules, 2014 and applicable provisions of the Companies Act, 2013 and Rules made there under, we request the members to register their email IDs with the Company or their Depository Participants if they are holding shares in electronic form by adhering to the following procedure:
 - i. Shareholders holding shares in physical form may kindly register / send their email IDs at the RTA of the Company at the following address either by post or by e-mail :
Alankit Assignments Limited
RTA Division, Alankit Heights,
1E/13 Jhandewalan Extension, New Delhi- 110055
Email: rta@alankit.com Telephone: 011-42541234

- ii. Shareholders holding shares in electronic/demat mode may kindly register their email IDs with their respective DPs.
- iii. Shareholders whose email IDs have undergone any change or whose ID require any correction, may kindly follow the procedure detailed in 2, above.

THE INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</p>

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for “Milkfood Limited” on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- (B) The voting period begins from 00.01 hrs of 22nd Sept., 2014 and ends on at 23.55 hrs of 23rd Sept., 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

MILKFOOD LIMITED

5th Floor, Bhandari House, 91 Nehru Place, New Delhi-110 019

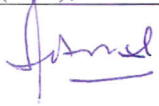
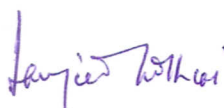


Ph.: 26460670-4 / 26463773 Fax : 011-26460823

E-mail : milkfoodltd@milkfoodltd.com

Website : www.milkfoodltd.com

CIN : L15201PB1973PLC003746

Form A

1.	Name of the Company	Milkfood Limited
2.	Annual Financial Statements for the Year ended	31 st March, 2014
3.	Type of Audit observation	Matter of Emphasis
4.	Frequency of observation	Note 5(2)(i), Note 9(7), Note No. 11A 1(i) & Note 19 2- Repetitive; Note 11A 2, Note 13 1, Note 19 1 (i&ii), Note No. 21 3(i&ii), Note 23 (a)- Appeared first time
5.	On behalf of Milkfood Limited: <ul style="list-style-type: none">• Sudhir Avasthi (CEO)• Sanjeev Kothiala (CFO)• M.K.Madan (Auditor)• Suresh Alipuria (Chairman Audit Committee)	   

milkfood

Regd. Office : P.O. Bahadurgarh-147021 Distt. Patiala (Punjab)

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Fax : 0175-2380248