

MILKFOOD LIMITED

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

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CIN : L15201PB1973PLC003746

MFL\SCY\2017-18

28th September, 2017

The Department of Corporate Services,
The BSE Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Sub: 44th Annual General Meeting ('AGM') Annual Report.
Scrip Code No. : 507621

Dear Sir/Madam,

Please find enclosed Annual Report which is approved and adopted in the 44th Annual General Meeting of Milkfood Limited on 26th September, 2017, as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records.

Thanking You
Yours Sincerely,
For Milkfood Limited



(Rakesh Kumar Thakur)
Company Secretary



milkfood

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

Phones : 0175-2381404 / 2381415

Fax : 0175-2380248

MILKFOOD LIMITED

Annual Report

For the year ended 31st March, 2017

The Milkfood logo consists of a dark blue oval with the word "milkfood" written in white lowercase letters inside it.

milkfood

BOARD OF DIRECTORS

ASHA GADI
AMARJEET KAPOOR
GITA BAWA

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 44th Report together with Audited Financial Statements of the Company for the financial year ended 31st March, 2017.

1. FINANCIAL RESULTS

	(Rs./Lacs) 2016-17	(Rs./Lacs) 2015-16
Profit/(Loss) after charging all expenses before depreciation and amortisation	505	1079
Deduct: Depreciation and amortisation	709	926
Profit/(Loss) for the year	(204)	153
Current Tax	0	30
Deferred Tax	(390)	30
Profit/(Loss) after tax before discontinuing operation	186	93
Profit/ (Loss) from discontinuing operation	-	-
Transferred to General Reserve	186	93

2. OPERATIONS

During the period under Report, the Company's sales and other income are Rs.38932 lacs and cash profit is Rs.505 lacs as compared to last year's figures of Rs.37497 lacs and cash profit of Rs.1079 lacs respectively. After depreciation and amortisation, the profit for the year is Rs.186 lacs as compared to the profit of Rs. 93 lacs in the previous year.

3. 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.

4. FIXED DEPOSITS

The details relating to Deposits, covered under Chapter V of the Act:

- Accepted during the year - Nil;
- There were 15 unpaid/unclaimed fixed deposits with the Company amounting to Rs.6.03 Lacs as at the end of the year;
- There has not been any default in repayment of deposits or payment of interest thereon during the year.

5. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

In compliance with provisions of Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the Company has prepared consolidated financial statements as per the Accounting Standards on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements along with the Auditors' Report thereon forms part of this Annual Report.

During the year, the Board of Directors (the Board) have reviewed the affairs of the Subsidiary. Further, a statement containing the salient features of the financial statements of subsidiary in the prescribed format AOC-1 is appended as "Annexure 1" to the Board's Report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements of its subsidiary, are available on the Company's website at www.milkfoodltd.com.

The Company has no material subsidiary company but in order to comply with the Listing Regulations, the Company has adopted a Policy on Material Subsidiary Companies and has uploaded on the Company's website at www.milkfoodltd.com.

6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or made investments covered under the provisions of Section 186 of the Companies Act, 2013.

The details of the guarantee given by the Company are given in the Notes to the financial statements.

7. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of this Report.

There is no change in the nature of the Company's business during the year under review.

8. DIRECTORS

Mr. Amarjeet Kapoor, Director (DIN: 00122843) 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 Mr. Amarjeet Kapoor as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is annexed in the Corporate Governance Report.

Mrs. Gita Bawa was appointed as the Additional Director of the Company in the Board meeting held on 30th May, 2016 in the category of Independent Director. Her appointment was regularised by the members in the AGM held on 29th September, 2016.

Mrs. Sushma Sagar was appointed as the Additional Director of the Company in the Board meeting held on 30th May, 2016 in the category of Non Executive Non Independent Director. Her appointment was regularised by the members in the AGM held on 29th September, 2016. However, She has resigned from the Board of Directors w.e.f. 15th May, 2017.

Further, Mr. Anil Girotra and Mr. K.K. Kohli have resigned from the directorship of the Company w.e.f. 12th August, 2016.

The Board places on record its sincere appreciation for the useful services rendered by Mr. Anil Girotra, Mr. K.K. Kohli and Mrs. Sushma Sagar during their tenure of services with the Company.

Mrs. Asha Gadi and Mrs. Gita Bawa continue to hold the office as the Independent Directors of the Company.

9. DECLARATION OF INDEPENDENCE

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10. FORMAL LETTER OF APPOINTMENT TO INDEPENDENT DIRECTORS

The Company has issued the formal letter of appointment to all the independent directors in the manner as provided under the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company at www.milkfoodltd.com.

11. MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, eight Board meetings and one separate meeting of the Independent Directors were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

12. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The Company has a policy of conducting familiarization programmes for Independent Directors in order to familiarize them with the Company, their roles, rights, responsibilities in the Company and nature of the industry in which the Company operates etc. The details of such Policy has been given on the website of the Company at www.milkfoodltd.com.

13. COMMITTEES

As per the provisions of Section 177 and 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted an Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee. The Composition of these Committees and details of their meetings are given in the Corporate Governance Report.

14. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Sudhir Avasthi, Chief Executive Officer, Mr. Sanjeev Kothiala, Chief Financial Officer and Mr. Rakesh Kumar Thakur, Company Secretary are the Key Managerial Personnel of the Company.

15. DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 134(3)(c) of the Companies Act, 2013, your Directors confirm:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Notes to the financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;

- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

16. AUDITORS

16.1 STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013, and Rules made thereunder the term of office of M/s Madan & Associates, Chartered Accountants, as the Statutory Auditors of the Company will conclude from the close of ensuing Annual General Meeting of the Company (AGM).

The Board of Directors places on record its appreciation to the services rendered by M/s Madan & Associates, Chartered Accountants, as the Statutory Auditors of the Company.

Subject to the approval of the Members, the Board of Directors of the Company has recommended the appointment of M/s V. P. Jain & Associates, Chartered Accountants (ICAI Firm Registration Number 015260N) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013.

Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders at the ensuing AGM. They have given their eligibility certificate & consent for the proposed appointment.

16.2 AUDITORS' REPORT

The Auditors' Report does not contain any qualifications/reservation or adverse remarks. Notes to accounts are self explanatory and form an integral part of Financial Statements.

16.3 SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report submitted by the Company Secretary in Practice is annexed herewith as "Annexure 2".

16.4 INTERNAL AUDITORS

M/s Lalit Kumar & Co., Chartered Accountants, continues to be the Internal Auditors of the Company to perform the functions of internal audit.

16.5 COST AUDITORS

On the recommendations of Audit Committee, M/s R. J. Goel & Co., Cost Accountants (Firm Registration No.000026) have been appointed as the Cost Auditors to audit the cost accounts of the Company relating to Milk Powder for the financial years 2016-17 and 2017-18.

As required under the Companies Act, 2013, resolutions seeking members' approval for the ratification of remuneration payable to the Cost Auditors forms part of the Notice convening the ensuing Annual General Meeting.

17. REMUNERATION POLICY

The Board on the recommendations of the Nomination & Remuneration Committee has framed a Policy for the selection and appointment of directors, key managerial personnel and also for determining the criteria of their remuneration. The Remuneration Policy has been stated in the Corporate Governance Report and is uploaded on the Company's website at www.milkfoodltd.com.

18. RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has formulated a Risk Management Policy. The Company is aware of the risks associated with the business of the Company. It regularly analyses and takes corrective actions for managing / mitigating the risks.

At present, the Company has not identified any element of risks which may threaten the existence of the Company.

19. PERFORMANCE EVALUATION

In terms of the requirements of the Act and Listing Regulations, a separate exercise was carried out to evaluate the performance of all the individual Directors on the Board who were evaluated on parameters such as level of engagement, contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation

of the Independent Directors was carried out by the entire Board (excluding the Directors being evaluated). The performance evaluation of the Non Independent Directors was carried out by the Independent Directors. The Board also carried out annual performance evaluation of the working of its Audit Committee, Nomination and Remuneration Committee as well as the Stakeholders Relationship Committee. The Directors expressed their satisfaction with the evaluation process.

Some of the key criteria for the performance evaluation are as follows –

Performance evaluation of Directors:

1. Attendance at the Board/Committee meetings.
2. Contribution at the Board/Committee meetings.
3. Guidance/support to management outside Board/Committee meetings.

Performance evaluation of Board and Committees:

1. Degree of fulfillment of key responsibilities.
2. Board Structure and Composition.
3. Quality of relationship between Board and Management.
4. Efficacy of communication with external shareholders.
5. Effectiveness of Board process, information and functioning.

20. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint has been received during the year under review.

21. CORPORATE SOCIAL RESPONSIBILITY

The provisions of the Companies Act, 2013 relating to the Corporate Social Responsibility are not applicable to the Company.

22. CORPORATE GOVERNANCE REPORT

A detailed Report on Corporate Governance forms an integral part of Annual Report and is set out as a separate section therein. A certificate from the Practicing Company Secretary, regarding the compliance with the conditions of corporate governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Directors' Report.

23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report has been given separately and forms part of this Report.

24. INFORMATION UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The shares of your Company are listed at the BSE Ltd. vide Stock Code: 507621. The listing fee for the financial year 2017-18 has been paid.

25. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are annexed herewith as “Annexure 3”.

26. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, the details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as “Annexure 4”.

27. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report is being sent to all members and others entitled thereto, excluding the aforesaid information and the said particulars are available for inspection by the members at the Registered Office of the Company during the business hours on all the working days of the Company. The members interested in obtaining such particulars may write to the Company Secretary.

Disclosures pertaining to remuneration and other details as required u/s 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014 are provided as per “**Annexure 5**”.

28. RELATED PARTY TRANSACTIONS

All related party transactions which were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large. A disclosure in form AOC-2 is annexed with this Report as **Annexure-6**.

None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company.

All related party transactions have been disclosed in Note 1B (vii) to the Accounts.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at **www.milkfoodltd.com**.

29. GREEN INITIATIVES

Electronic copies of the Annual Report 2017 and Notice of the 44th 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 2017 and the Notice of the AGM are being sent by the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Annual Report 2017 is also available on our website, **www.milkfoodltd.com**.

30. PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for the prevention of insider trading with a view to regulate the trading in the securities of Company by the Directors and Designated Employees of the Company on the basis of unpublished price sensitive information available to them by virtue of their position in the Company.

The Code under SEBI (Prohibition of Insider Trading) Regulations, 2015 is available on the website of the Company at **www.milkfoodltd.com**.

31. VIGIL MECHANISM

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, Vigil Mechanism for directors and employees to report their genuine concerns such as unethical behavior, actual or suspected fraud, violation of the Company's Code of Conduct, has been adopted. The Vigil Mechanism Policy has been uploaded on the website of the Company at **www.milkfoodltd.com**.

32. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an adequate system of internal control to safeguard and protect from losses, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting the financial statements. The Internal Auditor of the Company checks and verifies the internal control and monitors them in accordance with the policy adopted by the Company.

33. COMPLIANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Company is fully compliant with the applicable mandatory requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

34. ACKNOWLEDGEMENT

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation for the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board

Place : New Delhi
Date : 30th May, 2017

Sd/-
Amarjeet Kapoor
Director
DIN:00122843

Sd/-
Asha Gadi
Director
DIN:00110734

Annexure - 1**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	MFL Trading Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2016 to 31/03/2017
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rupees
4.	Share capital	100000
5.	Reserves & surplus	(129856)
6.	Total assets	2612
7.	Total Liabilities	2612
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	(23432)
11.	Provision for taxation	-
12.	Profit after taxation	(23432)
13.	Proposed Dividend	-
14.	% of shareholding	100

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations. Nil
- Names of subsidiaries which have been liquidated or sold during the year. Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of associates/Joint Ventures	Not Applicable		
1.	Latest audited Balance Sheet Date			
2.	Shares of Associate/Joint Ventures held by the company on the year end			
	No.			
	Amount of Investment in Associates/Joint Venture			
	Extend of Holding%			
3.	Description of how there is significant influence			
4.	Reason why the associate/joint venture is not consolidated			
5.	Net worth attributable to shareholding as per latest audited Balance Sheet			
6.	Profit/Loss for the year			
	i. Considered in Consolidation			
	ii. Not Considered in Consolidation			

- Names of associates or joint ventures which are yet to commence operations. Nil
- Names of associates or joint ventures which have been liquidated or sold during the year. Nil

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

(For the financial year ended 31st March, 2017)

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To
The Members
Milkfood Limited
P.O. Bahadurgarh
Distt. Patiala
Punjab**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Milkfood Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2017, complied with statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable during the reporting period** as the Company has not received any foreign direct investment, Company has not made any overseas investments and there are no external commercial borrowings during the period under audit.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeover) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable** as the Company has not issued any securities during the year under audit;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not applicable** as the Company has not granted any Options to its employees during the year under audit;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable** as the Company has not issued any debt securities during the year under audit;
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not applicable** as the Company is not registered as a Registrar to an issue and Share Transfer Agent during the year under audit;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable** as the Company has not got delisted its equity shares from the Stock Exchange during the year under audit;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable** as the Company has not bought back any of its securities during the year under audit.
- (vi) Laws specifically applicable to the industry to which the Company belongs, as identified by the Management, that is to say :
 - (i) The Food Safety and Standards Act, 2006 and the Rules & Regulations made thereunder.

For the compliances of Labour Laws & other General Laws, my examination and reporting is based on the documents, records and files as produced and shown to me and the information and explanations as provided to me, by the officers and management of the Company and to the best of my judgment and understanding of the applicability of the different enactments upon the Company, in my opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

I have also examined the compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted as per the requirements of Listing regulations and the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the applicable provisions of the Act.

Adequate notices are given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The minutes of the Annual General Meeting, Board Meetings and Committee Meetings of the Board were duly signed by the Chairman. All the decisions of the Board meetings and Committee meetings are carried out unanimously as recorded in their respective minute books and no dissenting vote has been recorded in the minutes on any matter.

As per the records, the Company generally filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is in compliance with the Act.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure the compliances with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there are no other specific events/actions having a major bearing on the affairs of the Company in pursuance of the laws, rules, regulations, guidelines, standards etc. have taken place.

This report is to be read with my Letter of even date which is annexed as **Annexure-2-A** and form an integral part of this Report.

Place : Gurgaon
Date : 25th May, 2017

Sd/-
(Kamlesh Gupta)
Practicing Company Secretary
Membership No. : A-13862
CP No.: 10451

Annexure-2-A

To
The Members
Milkfood Limited
P.O. Bahadurgarh
Distt. Patiala
Punjab

My Report of even date is to be read along with this letter:

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of contents of the Secretarial Records. The verifications were done on test basis to ensure that correct facts are reflected in the Secretarial Records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation about the compliances of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place : Gurgaon
Date : 25th May, 2017

Sd/-
(Kamlesh Gupta)
Practicing Company Secretary
Membership No. : A-13862
CP No.: 10451

Annexure - 3

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2017:-

1. CONSERVATION OF ENERGY

- I. Your Company has been making efforts to reduce energy consumption by focusing on improving the steam efficiency and capacity utilization, 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 fuel efficient boiler. Implementation of refrigeration systems consuming low power has been completed.
- III. There is no capital investment on energy conservation equipments during the year.

Details pertaining to energy consumption as prescribed are given hereunder:

		Year ended 31.03.2017	Year ended 31.03.2016
A) Power and Fuel consumption			
1) Electricity			
a) Purchased			
Units		2,990,690	2,668,210
Total Value	(Rs.)	24,828,112	22,367,246
Rate/Unit	(Rs.)	8.30	8.38
b) Own Generation			
(i) Through Diesel Generator			
Units		93,390	62,043
Total Value	(Rs.)	2,327,747	1,127,241
Unit per litre of:			
Diesel Oil		2.63	2.75
Cost/Unit	(Rs.)	24.93	18.17
(ii) Through Steam Turbine			
Units		299,458	4,615
Total Value	(Rs.)	2,282,025	—
Unit per Kgs of:		7.62	—
Steam		13,163	0.03
Cost/Unit	(Rs.)	1.02	—
2) Others/Internal Generation			
Rice Husk/Petroleum Coke/Charcoal			
Buggase/Fire Wood			
Quantity(MT)		7,839	5,813
Total Amount	(Rs.)	27,087,003	20,206,769
Avg. Rate	(Rs.)	3,455	3,476

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.

2. TECHNOLOGY ABSORPTION

The Company has not imported any technology for the various products being produced / marketed by it. Up-gradation of technology is a continuous process. There is ongoing work for the quality improvement, finding alternative packing materials, improvement in the various processes.

No expenditure has been incurred on research & development during the year.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Complete information required under this head is shown in Note No.1 B (III) & (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.

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

1. REGISTRATION & OTHER DETAILS:

i	CIN	LI5201PB1973PLC003746
ii	Registration Date	31-03-1973
iii	Name of the Company	Milkfood Limited
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered office and contact details	Bahadurgarh, Distt. Patiala (Punjab)-147021 Ph. 0175-2381404, Fax: 0175-2380248
vi	Whether Listed Company	Yes (Listed in BSE Ltd.)
vii	Name, Address and Contact details of Registrar and TransferAgent, if any	Alankit Assignments Limited 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi-110055 Phone: 011-42541234, 23541234, e-mail : rta@alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Ghee	15203	86
2	Milk Powder	15201	14

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1	MFL Trading Private Limited	U51109DL2010PTC208069	Subsidiary	100	Section 2(87) (ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	2400084	0	2400084	49.12	2400084	0	2400084	49.12	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	48250	0	48250	0.99	48250	0	48250	0.99	0
d) Bank /FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
SUB TOTAL: (A) (1)	2448334	0	2448334	50.11	2448334	0	2448334	50.11	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks /FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total(A) (2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1)+ (A)(2)	2448334	0	2448334	50.11	2448334	0	2448334	50.11	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	0	2600	2600	0.05	0	2600	2600	0.05	0
b) Banks/FI	50	450	500	0.01	50	450	500	0.01	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	187000	0	187000	3.83	265353	0	265353	5.43	+1.60
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub Total: (B) (1)	187050	3050	190100	3.89	265403	3050	268453	5.49	+1.60
(2) Non Institutions									
a) Bodies Corporate	1370803	4962	1375765	28.15	1367774	4962	1372736	28.09	-0.06
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	449611	387321	836932	17.13	406454	366226	772680	15.81	-1.32
i) Individual shareholders holding nominal share capital in excess of Rs.1 lakhs	26002	0	26002	0.53	19861	0	19861	0.41	-0.12
c) Any other (specify)									
(i) NRIs	7607	1200	8807	0.18	2676	1200	3876	0.08	-0.10
(ii) Trust	500	0	500	0.01	500	0	500	0.01	0
Sub-Total (B) (2):-	1854523	393483	2248006	46.00	1797265	372388	2169653	44.40	-1.60
Total Public Shareholding (B)= (B) (1) + (B) (2)	2041573	396533	2438106	49.89	2062668	375438	2438106	49.89	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	4489907	396533	4886440	100	4511002	375438	4886440	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Karamjit S Jaiswal	1700024	34.79	0	1700024	34.79	0	0
2.	Roshini Sanah Jaiswal	700060	14.33	0	700060	14.33	0	0
3.	Blue Skies Investments Pvt. Ltd.	25250	0.52	0	25250	0.52	0	0
4.	Snowwhite Holdings Pvt. Ltd.	23000	0.47	0	23000	0.47	0	0
	Total	2448334	50.11	0	2448334	50.11	0	0

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	2448334	50.11	2448334	50.11
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No Change in promoters shareholding during the year			
3.	At the end of the year	2448334	50.11	2448334	50.11

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
1.	Dhanvani Investments Private Ltd. At the beginning of the year Bought / Sold during the year At the end of the year	560861 0 -	11.48 0 -	560861 560861 560861	11.48 11.48 11.48
2.	Sudha Commercial Company Limited At the beginning of the year Bought / Sold during the year At the end of the year	489103 0 -	10.01 0 -	489103 489103 489103	10.01 10.01 10.01
3.	Jupiter South Asia Investment Company Limited At the beginning of the year Bought / Sold during the year At the end of the year	187000 0 -	3.83 0 -	187000 187000 187000	3.83 3.83 3.83
4.	CRC Fincap Private Limited At the beginning of the year Bought / Sold during the year At the end of the year	176275 0 -	3.61 0 -	176275 176275 176275	3.61 3.61 3.61
5.	Shiv Muskan Investments Private Limited At the beginning of the year Bought / Sold during the year At the end of the year	110000 0 -	2.25 0 -	110000 110000 110000	2.25 2.25 2.25
6.	National Westminster Bank PLC as Trustee of the Jupiter India Fund At the beginning of the year Bought / Sold during the year 11/11/2016 - Purchase 18/11/2016 - Purchase 25/11/2016 - Purchase 02/12/2016 - Purchase 09/12/2016 - Purchase 16/12/2016 - Purchase At the end of the year	0 56811 8673 2023 4904 3493 2449 -	0 1.16 0.18 0.04 0.10 0.07 0.05 -	0 56811 65484 67507 72411 75904 78353 78353	0 1.16 1.34 1.38 1.48 1.55 1.60 1.60
7.	Ajit Kumar Surana At the beginning of the year Bought/ Sold during the year 02/09/2016 - Purchase 14/10/2016 - Purchase 04/11/2016 - Sold 11/11/2016 - Purchase 30/12/2016 - Purchase	15861 3000 500 3000 6000 2000	0.32 0.06 0.01 0.06 0.12 0.04	15861 18861 19361 16361 22361 24361	0.32 0.38 0.39 0.33 0.45 0.49

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
	03/02/2017 - Sold	750	0.01	23611	0.48
	10/02/2017 - Sold	250	0.00	23361	0.48
	17/03/2017 - Sold	940	0.02	22421	0.46
	24/03/2017 - Sold	60	0.00	22361	0.46
	31/03/2017 - Sold	2500	0.05	19861	0.41
	At the end of the year	-	-	19861	0.41
8.	Deepak Choudhry				
	At the beginning of the year	0	0	0	0
	Bought / Sold during the year				
	10/06/2016 - Purchase	10000	0.20	10000	0.20
	At the end of the year	-	-	10000	0.20
9.	Nisha Mahesh Babaria				
	At the beginning of the year	0	0	0	0
	Bought/ Sold during the year				
	31/12/2016 - Purchase	6043	0.12	6043	0.12
	At the end of the year	-	-	6043	0.12
10.	Exxim Eastern Pvt. Ltd.				
	At the beginning of the year	4863	0.10	4863	0.10
	Bought/ Sold during the year	0	0	4863	0.10
	At the end of the year	-	-	4863	0.10

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	NIL			
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL			
3.	At the End of the year	NIL			

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2808	476	217.39	3501.39
ii) Interest due but not paid	—	—	2.72	2.72
iii) Interest accrued but not due	—	—	16.89	16.89
Total (i+ii+iii)	2808	476	237.00	3521.00
Change in Indebtedness during the financial year				
• Addition	213	410.21	-	623.21
• Reduction	(780)	(339.21)	(225.00)	(1344.21)
Net Change	(567)	71.00	(225.00)	(721.00)
Indebtedness at the end of the financial year				
i) Principal Amount	2241	547	6.03	2794.03
ii) Interest due but not paid	—	—	4.68	4.68
iii) Interest accrued but not due	—	—	1.29	1.29
Total (i+ii+iii)	2241	547	12.00	2800.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration paid to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/MTD/ Manager				Total Amount
		-	-	-	-	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil Nil Nil Nil				
2.	Stock Option	Nil				
3.	Sweat Equity	Nil				
4.	Commission - as % of profit - others, specify...	Nil				
5.	Others, please specify	Nil				
	Total (A)	Nil				
	Ceiling as per the Act					

B. Remuneration paid to other Directors:

(In Rupees)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Anil Girotra	Mrs. Asha Gadi	Mrs. Gita Bawa	Mrs. Sushma Sagar	Mr. Amarjeet Kapoor	Mr. K. K. Kohli	
1.	Independent Directors							
	• Fee for attending board meetings/ committee meetings	10,000/-	40,000/-	30,000/-	-	-	-	80,000/-
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (1)	10,000/-	40,000/-	30,000/-	-	-	-	80,000/-
2.	Other Non-Executive Directors							
	• Fee for attending board meetings/committee meets	-	-	-	30,000/-	40,000/-	10,000/-	80,000/-
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	30,000/-	40,000/-	10,000/-	80,000/-
	Total (B)=(1+2)	10,000/-	40,000/-	30,000	30,000/-	40,000/-	10,000/-	1,60,000/-
	Total Managerial Remuneration	10,000/-	40,000/-	30,000	30,000/-	40,000/-	10,000/-	1,60,000/-
	Overall Ceiling as per the Act.							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	102.96	13.43	5.29	121.68
	b) Value of perquisites u/s17(2) Income-tax Act, 1961	13.49	0.98	0.73	15.20
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others:				
	Medical	3.61	0.42	0.13	4.16
	LTA	-	0.66	0.25	0.91
	Employer Provident Fund	12.36	0.96	0.36	13.68
	Any others	4.29	0.50	-	4.79
	Total	136.71	16.95	6.76	160.42

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	NONE				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NONE				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT (COMPANY SECRETARY)					
Penalty	NONE				
Punishment					
Compounding					

Annexure - 5

A. DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Relevant Clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Not Applicable. (Company is not paying any remuneration to its directors).
(ii)	Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year.	<ul style="list-style-type: none"> - Mr. Sudhir Avasthi , CEO -0 % - Mr. Sanjeev Kothiala , CFO - 14 % - Mr. Rakesh Kumar Thakur , Company Secretary - 37 %
(iii)	Percentage increase in the median remuneration of employees in the financial year.	15%
(iv)	Number of permanent employees on the rolls of Company.	177
(V)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<ul style="list-style-type: none"> - Average increase in remuneration of Managerial Personnel - 0% - Average increase in remuneration of employee other than Managerial Personnel -14%
(Vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration is as per the Nomination and Remuneration policy for Directors, KMP and other employees of the Company , formulated pursuant to the provision of section 178 of the Company Act , 2013.

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts / arrangements / transactions: NA
- (c) Duration of the contracts / arrangements / transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Justification for entering into such contracts or arrangements or transactions: NA
- (f) Date(s) of approval by the Board: NA
- (g) Amount paid as advances, if any: NA
- (h) Date on which the resolution was passed in general meeting as required under first proviso to section 188: NA

2. Details of material contracts or arrangement or transactions at arm's length basis:

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts / arrangements / transactions: NA
- (c) Duration of the contracts / arrangements / transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Date(s) of approval by the Board, if any: NA
- (f) Amount paid as advances, if any: NA

For and on behalf of the Board of Directors of
Milkfood Limited

Sd/-
Amarjeet Kapoor
Director
DIN:00122843

Sd/-
Asha Gadi
Director
DIN:00110734

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, 2017, the Board of Directors of the Company has four members. The Board is primarily responsible for the overall management of the Company's business. None of the Directors are related to each other. The composition of the Board of Directors is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the 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/she is a Director.

During the financial year 2016-17, Eight Board meetings were held i.e. on 14.04.2016, 30.05.2016, 12.08.2016, 21.09.2016, 01.10.2016, 11.11.2016, 30.01.2017 and on 14.02.2017.

Composition of Board of Directors as on 31st March, 2017 and other details are as under:

Name	Category	No. of Board Meeting held during the financial year 2016-17	No. of Board Meetings attended	Whether previous AGM held on 29th Sept., 2016 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 Director	8	8	Yes	3	Nil	Nil
**Mrs. Gita Bawa	Non -Executive Independent Director	8	6	No	Nil	Nil	Nil
Mr. Amarjeet Kapoor	Non -Executive Non Independent Director	8	8	Yes	13	Nil	Nil
** Mrs. Sushma Sagar	Non -Executive Non Independent Director.	8	6	No	Nil	Nil	Nil
** Mr. Anil Girotra	Non -Executive Independent Director	8	2	NA	7	Nil	Nil
** Mr. K. K. Kohli	Non -Executive Non Independent Director.	8	2	NA	12	Nil	Nil

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

**Mrs. Gita Bawa was appointed as the Additional Director of the Company in the Board meeting held on 30th May, 2016 in the category of Independent Director. Her appointment was regularised by the members in the AGM held on 29th September, 2016.

**Mrs. Sushma Sagar was appointed as the Additional Director of the Company in the Board meeting held on 30th May, 2016 in the category of Non Executive Non Independent Director. Her appointment was regularised by the members in the AGM held on 29th September, 2016. However, she has resigned from the Board of Directors w.e.f.15th May, 2017.

**Mr. Anil Girotra and Mr. K.K. Kohli have resigned from the directorship of the Company w.e.f. 12th August, 2016.

INDEPENDENT DIRECTORS' MEETING:

During the year under review, a separate meeting of the Independent Directors was held on 20th December, 2016, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors Viz. Mrs. Gita Bawa and Mrs. Asha Gadi were present at the meeting. The following issues were discussed in detail:

- Review the performance of non-independent directors and the Board as a whole;
- Assessment of the quality, quantity and timeliness flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

NO. OF SHARES HELD BY THE NON EXECUTIVE DIRECTORS:

None of the Non Executive Directors of the Company held any shares of the Company.

AUDIT COMMITTEE:

The Audit Committee of the Company comprises of two Independent Directors and one Non Executive Non Independent Director. The terms of reference, role and powers of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31st March, 2017, the composition of the Audit Committee is as follows:

Name	Designation
Mrs. Asha Gadi	Chairperson
Mrs. Gita Bawa	Member
Mr. Amarjeet Kapoor	Member

Mr. Rakesh Kumar Thakur, Company Secretary, acts as the Secretary of the Committee.

During the financial year 2016-17, the Audit Committee held four meetings i.e. on 30th May, 2016, 12th August, 2016, 11th November, 2016 and on 14th February, 2017.

Attendance at the meetings is as follows:

Name of Members	No. of meetings held during the financial year 2016-17	Meetings attended
Mr. Anil Girotra*	4	1
Mrs. Gita Bawa	4	3
Mr. K.K. Kohli*	4	1
Mrs. Asha Gadi	4	4
Mr. Amarjeet Kapoor	4	3

*Mr. Anil Girotra ceased to be the Chairman of the Audit Committee w.e.f. 12th August, 2016 and Mrs. Asha Gadi has been appointed as the Chairperson of the Committee in place of Mr. Anil Girotra w.e.f. 12th August, 2016.

*Mr. K.K. Kohli ceased to be the member of the Audit Committee w.e.f. 12th August, 2016, Mrs. Gita Bawa and Mr. Amarjeet Kapoor have been appointed as members of the Committee w.e.f. 12th August, 2016.

Mrs. Asha Gadi, Chairperson of the Audit Committee was present at the last AGM of the Company.

NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee comprises of two Independent Directors and one Non Executive Non Independent Director. The terms of reference, role and powers of the Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31st March, 2017, the Nomination & Remuneration Committee comprises of the following three Directors of the Company:

Name	Designation
Mrs. Asha Gadi	Chairperson
Mrs. Gita Bawa	Member
Mrs. Sushma Sagar	Member

*Mr. Anil Girotra ceased to be the Chairman of the Committee w.e.f. 12th August, 2016 and Mrs. Asha Gadi, member of the committee, was appointed as the Chairperson of the Committee in place of Mr. Anil Girotra w.e.f. 12th August, 2016.

*Mrs. Gita Bawa has been appointed as member of the Committee w.e.f. 12th August, 2016.

*Mr. K.K. Kohli ceased to be the member of the Committee w.e.f. 12th August, 2016 and in his place Mrs. Sushma Sagar was appointed as member of the Committee w.e.f. 12th August, 2016.

During the financial year 2016-17, one meeting of the Committee was held i.e. on 30th May, 2016.

Attendance at the meeting held on 30th May, 2016 is as follows:

Name of Members	No. of meetings held during the financial year 2016-17	Meeting attended
Mr. Anil Girotra	1	1
Mr. K.K. Kohli	1	1
Mrs. Asha Gadi	1	1

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KMPs AND OTHER SENIOR EMPLOYEES:

The Nomination & Remuneration Committee has formulated a policy for selection and appointment of Directors, KMPs and senior employees and for the determination of their remuneration. The highlights of this policy are as follows:

1. Criteria of Selection of Non Executive Directors and Remuneration:

- a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge their functions and duties effectively.
- c. The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for the appointment as a Director:
 - i. Qualification, expertise and experience of the Directors in their respective fields;
 - ii. Personal, professional or business standing;
 - iii. Diversity of the Board.
- e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees for participation in the Board meetings/Committee meetings as may be approved by the Board of Directors within the overall limits as prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

2. Managing Director & Whole-time Director- criteria for selection/appointment and remuneration:

For the purpose of selection of Managing Director or Whole time Director, the Committee shall identify person of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration the recommendations, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration:

1. At the time of appointment or re appointment, the Managing Director or Whole time Director may be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director or Whole time Director within the overall limits prescribed under the Companies Act, 2013.
2. The remuneration shall be subject to the approval of the members of the Company in their general meeting.
3. In determining the remuneration, the Committee shall ensure/consider the following:
 - a. The relationship of remuneration and performance benchmarks is clear.
 - b. Responsibilities required to be shouldered by the Managing Director or Whole time Director, the industry benchmarks and the current trends.

3. Remuneration Policy for the Senior Management Employees:

In determining the remuneration of the Senior Management Employees (i.e. KMPs and senior officers just below the Board level other than the Managing Director and Whole time Director), the Committee shall ensure / consider the following:

- i. the relationship of remuneration and performance benchmark is clear;
- ii. the remuneration including annual increment is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance and current compensation trends in the market.

DETAILS OF REMUNERATION PAID TO DIRECTORS:

The Company pays sitting fees to all the Non Executive Directors of the Company for the Board meetings attended by them. The sitting fees paid to the Non Executive Directors of the Company for the financial year ended on 31st March, 2017 is as follows:

Name of Directors	Sitting fees
Mrs. Asha Gadi	Rs. 40,000
Mr. K.K. Kohli	Rs. 10,000
Mr. Amarjeet Kapoor	Rs. 40,000
Mr. Anil Girotra	Rs. 10,000
Mrs. Gita Bawa	Rs. 30,000
Mrs. Sushma Sagar	Rs. 30,000

STAKEHOLDERS RELATIONSHIP COMMITTEE:

In view of the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Stakeholders Relationship Committee comprises of Non Executive Director as the Chairperson. The functioning and terms of reference of the Committee are as prescribed under and in due compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 with particular reference to the complaints related to transfer of shares, grievances of shareholders etc.

As on 31st March, 2017, the composition of the Stakeholders Relationship Committee is as follows:

Name	Designation
Mr. Amarjeet Kapoor*	Chairman
Mrs. Asha Gadi	Member
Mrs. Sushma Sagar*	Member

*Mr. K.K. Kohli ceased to be the Chairman of the Committee w.e.f. 12th August, 2016. Mr. Amarjeet Kapoor, Non Executive Director, member of the Committee, has been appointed as the Chairman of the Stakeholders' Relationship Committee in place of Mr. K.K. Kohli w.e.f. 12th August, 2016.

*Mrs. Sushma Sagar has been appointed as member of the Committee w.e.f. 12th August, 2016.

The Committee held two meetings during the financial year 2016-17. Attendance at meetings is as follows:

Date of Meeting	Mr. Amarjeet Kapoor	Mrs. Asha Gadi	Mrs. Sushma Sagar	Mr. K. K. Kohli
25.07.2016	Yes	Yes	NA	Yes
26.12.2016	Yes	Yes	Yes	NA

During the year under review, no complaints have been received from the shareholders of the Company. Mr. Rakesh Kumar Thakur, Company Secretary, acts as the Secretary of the Committee and also as the Compliance Officer of the Company.

ANNUAL GENERAL MEETINGS:

Location and time for the last three AGMs:

Year	Date	Venue	Time	No. of Special Resolutions passed
2014	27.09.2014	Registered Office	9.00 A.M.	One
2015	29.09.2015	Registered Office	9.00 A.M.	Three
2016	29.09.2016	Registered Office	9.00 A.M.	Nil

No resolution has been passed through Postal Ballot.

DISCLOSURE:

During the financial year 2016-17, 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 under review.

The Company has complied with all the mandatory requirements as mentioned in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 the 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, www.milkfoodltd.com.

MEANS OF COMMUNICATION:

The quarterly, half yearly 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 are published in English daily and in a Punjabi daily as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are posted on the Company's website.

Management Discussion and Analysis Report is annexed and forms part of the Annual Report.

GENERAL SHAREHOLDERS' INFORMATION:**Annual General Meeting (AGM):**

Date & Time	: 26 th September, 2017, 9.00 A.M.
Venue	: Registered Office
Book Closure Date	: 20 th September, 2017 to 25 th September, 2017 (both days inclusive)
Dividend	: Nil

Financial Calendar for 2017-18: (Tentative)

Financial Results for	
First Quarter	: up to mid August, 2017
Second Quarter	: up to mid November, 2017
Third Quarter	: up to mid February, 2018
Fourth Quarter	: up to 30 th May, 2018

Market Price Data:

High and Low market price during each month in last financial year from April, 2016 to March, 2017 at Bombay Stock Exchange Limited (BSE) is as follows:

(In Rs.)

Month	High	Low	Sensex High	Sensex Low
April,16	193.9	157	26100.54	24523.20
May,16	189.7	150.1	26837.20	25057.93
June,16	185	155	27105.41	25911.33
July,16	244	169.95	28240.20	27034.14
August,16	205	170.2	28532.25	27627.97
September,16	190	165.5	29077.28	27716.78
October,16	200.5	167	28477.65	27488.30
November,16	281	178.5	28029.80	25717.93
December,16	243.1	200.5	26803.76	25753.74
January,17	228.6	200.05	27980.39	26447.06
February,17	223.95	200	29065.31	27590.10
March, 17	277.6	205	29824.62	28716.21

Registrar and Share Transfer Agent:

M/s. Alankit Assignments Ltd., 205-208, Anarkali Complex, Jhandewalan Extension, 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 and other correspondence 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 and Share Transfer Agent, M/s. Alankit Assignments Ltd. has 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, 2017:

Share holding of nominal value of Rs.	No. of shareholders	No. of shares held	% age of total shareholding (Rounded off)
1-5000	4436	800610	16.38
5001-10000	2	16043	0.33
10001-20000	1	19861	0.41
20001-30000	2	48250	0.99
30001-40000	0	0	0
40001-50000	0	0	0
50001-100000	1	78353	1.60
100001 and above	7	3923323	80.29
Total	4449	* 4886440	100.00

Shareholding pattern as on 31st March, 2017:

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
FPIs	265353	5.43
Corporate Bodies	1372736	28.09
Indian Public	792541	16.22
NRIs/OCBs	3876	00.08
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, 2017, 92.32% 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 Mugulpur, 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 appointment/re-appointment at this Annual General Meeting

(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & the relevant provisions of Companies Act, 2013).

Re-appointment of Mr. Amarjeet Kapoor, Director: DIN 00122843:

In terms of Section 152(6) of the 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 56 years old and is B.Com (H) graduate. He has vast experience in the field of finance and management. He has over 31 years of work experience.

As on 31st March, 2017, 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
Galaxy Pet Packaging Private Limited
J Ice Cream Private Limited
J & J Ice Creams Private Limited
Sea Bird Securities Private Limited

Declaration pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

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
30th May, 2017

Sd/-
Sudhir Avasthi
Chief Executive Officer

Management Discussion and Analysis:

INDUSTRY STRUCTURE, OUTLOOK AND DEVELOPMENT

India continues to hold its leadership position in global milk production. During last decade, milk production in India has grown, income levels going up, demand for milk products has also grown.

The laws regulating the safety and quality of food are in existence since 1899. The number of legislations and quality standards have also increased substantially with the passage of time and growth of the industry. The food sector in India is governed by a multiplicity of laws under different Ministries. The “Food Safety and Standards Act, 2006”, aims to integrate the food safety laws in the country in order to systematically and scientifically develop the food processing industry and shift from a regulatory regime to self-compliance.

Organized dairy sector is growing and is expected to continue growth during next 5-7 years. Investor interest in dairy industry is also quite high.

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

Opportunities

- (i) With increased income levels, demand of milk products has gone up. This would mean higher consumption of conventional milk products as also introduction of new milk based products.
- (ii) Milk is a preferred source of protein by Indian populace. Milk and milk products are therefore likely to get preference from consumers who look for protein rich food.
- (iii) India is the largest producer of buffalo milk which is a preferred variety of milk for making certain type of cheese. It offers a good export opportunity for Indian cheese made of buffalo milk.

Threats

- (i) Production of milk in India is very widely scattered in rural areas and at vast distances from the places of consumption i.e. urban areas.
- (ii) With increase in education level of young farmers, there is a tendency among the young folk to prefer white collar jobs over conventional dairy farming profession.
- (iii) With pressure on available land from food crops, there is hardly any scope of increasing cultivation of cattle feed.

GROWTH OUTLOOK

Milk production as well as production of milk products by organized sector is expected to grow at a robust pace. Higher rate of growth is expected in value added dairy products. Western dairy products, which currently occupy a small space, are likely to grow on a faster clip. Packaged milk and products are likely to progressively replace loose milk and products.

EXPANSION PLANS

Company holds on to its long term vision of becoming a significant player in Dairy space.

RISKS & CONCERNS

With rise in education level of rural population, young generation of farmers is showing apathy for their ancestral profession. There is a tendency in them to prefer white collar jobs over dairy farming in its present form.

Government - both Central and State - have increased their focus on ensuring safe food products including milk products to the consumer. However, due to the lack of adequate testing equipments in Government labs, lot of fear and confusion has been created in the minds of industry as well as consumers.

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. pure ghee, skimmed milk powder, whole milk powder, casein, de-mineralized whey powder and dairy whitener. Therefore, segment wise information has not been disclosed.

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 internal 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. The Company has taken the effective steps for the reduction of cost and to improve the quality of the product.

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

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

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

FINANCIAL PERFORMANCE

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

It goes without saying that human resource is of primary importance to any productive activity. In a dairy plant, which is considered to be highly labour intensive, the proper planning and use of human power become highly significant to get proper productivity.

Manpower in the form of labours, supervisors and management personnel are properly selected and deployed to have optimum output and to carry out operations smoothly. Company has laid high emphasis on suitable policies and strategies to up keep the high level of human motivation towards the plant operations. Company is aimed to establish the atmosphere that all human resource from labours to managers behaves in the context of the organizational objectives.

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 : 30th May, 2017

Sd/-
Amarjeet Kapoor
Director
DIN:00122843

Sd/-
Asha Gadi
Director
DIN:00110734

CERTIFICATE ON THE COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of Milkfood Limited

I have examined the compliance of conditions of Corporate Governance by M/s Milkfood Limited for the year ended March 31, 2017, as per the relevant applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The compliance of conditions of corporate governance is the responsibility of the Management. My 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.

On the basis of my review and according to the information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

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

Place : Gurgaon
Date : 25th May, 2017

Sd/-
(Kamlesh Gupta)
Practicing Company Secretary
Membership No. A-13862
CP No.: 10451

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MILKFOOD LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Milkfood Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2017 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to the Note No. 5(i) regarding classification of security deposits from suppliers /Advance from customers, Note No. 11(ii) regarding useful life of assets for the purpose of charging depreciation, Note No 11(iii) regarding depreciation of Casien Plant held as investment for Strategic Alliance, Note No. 13(i), 14(i) & 18(i) regarding amount due from employees/ trade receivables/others, Note No. 15(ii) regarding cost incurred on Tree & Plantation, Note No. 18(ii) regarding classification of CERs, Note No. 21 regarding exceptional items, and Note No. 24(i)(c) & 27(i) regarding reimbursement of medical/other expenses to Ex – MD.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of accounts;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its financial statements regarding holding and dealings in Specified Bank Notes as defined in the Notification S. O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016. Based on the representations provided to us by the management, we report that disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer Note 30 to the financial statements.

for Madan & Associates

Chartered Accountants

Firm's registration number: 0185N

M. K. Madan

Proprietor

Membership number: 082214

Place: New Delhi

Date: 30 May 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

- (i) In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the said programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company and certificate provided by the bank, the title deeds of immovable properties are held in the name of the Company. Original copy of title deed has not been produced as the same is deposited as security with bank under loan agreement as confirmed by the management & Bank.
- (ii) In respect of its inventories:
 - (a) As explained to us, inventories have been physically verified during the year by the Management at reasonable intervals, other than stock lying with third parties where certificates confirming physical inventory have been received.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans and made any investment within the meaning of section 185 & 186 of the Act. Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (v) According to the information and explanation given to us, the company has not accepted any deposits during the year. Company is of the view that provision of Section 74(1)(b) of the Act are complied with in pursuance of Rule 19 of the Acceptance of Deposits Rules, 2014. It is also confirmed by the company that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) According to the information and explanations given to us and on the basis of our review of the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, we are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) In respect of statutory dues:
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has generally been regular in depositing undisputed statutory dues, including provident Fund, Employees State insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31.03.2017 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as at 31.03.2017 on account of any dispute except as follows:

Sr. No.	Name of Statute	Nature of Dues	Amount Rs/lacs	Forum where dispute is pending
1	U.P. Vat Act, 2008	Regular demand for Assessment year 2014-15	12.05	Before Addl. Commissioner (Appeals), Moradabad.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government during the year.
- (ix) In our opinion and according to the information and explanation given to us, the term loans have been applied by the company during the year for the purposes for which they were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided any managerial remuneration within the meaning of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for Madan & Associates
Chartered Accountants

Firm's registration number: 0185N

M. K. Madan
Proprietor

Place: New Delhi
Date: 30th May 2017

Membership number: 082214

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Milkfood Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for Madan & Associates
Chartered Accountants
Firm's registration number: 0185N

Place : New Delhi
Date : 30th May 2017

M. K. Madan
Proprietor
Membership number: 082214

Balance Sheet

as at 31st March, 2017

Particulars	Note No.	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	489	489
(b) Reserves and surplus	3	3,251	3,065
		<u>3,740</u>	<u>3,554</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	1,865	2,239
(b) Deferred tax liabilities (net)	28	-	390
(c) Other long-term liabilities	5	5,950	4,421
(d) Long-term provisions	6	161	160
		<u>7,976</u>	<u>7,210</u>
3 Current liabilities			
(a) Short-term borrowings	7	5,661	5,907
(b) Trade payables	8	2,547	2,033
(c) Other current liabilities	9	1,186	1,605
(d) Short-term provisions	10	51	44
		<u>9,445</u>	<u>9,589</u>
TOTAL		<u><u>21,161</u></u>	<u><u>20,353</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11(A)	10,857	10,720
(ii) Capital work-in-progress	11(B)	169	155
		<u>11,026</u>	<u>10,875</u>
(b) Investments	12	2	2
(c) Long-term loans and advances	13	251	389
(d) Other non current assets	14	18	11
		<u>11,297</u>	<u>11,277</u>
2 Current assets			
(a) Inventories	15	7,693	6,462
(b) Trade receivables	16	1,625	1,716
(c) Cash and cash equivalents	17	107	161
(d) Short-term loans and advances	18	439	737
		<u>9,864</u>	<u>9,076</u>
TOTAL		<u><u>21,161</u></u>	<u><u>20,353</u></u>

Summary of significant accounting policies
and additional notes to Accounts

1

The accompanying notes 1 to 30 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 : 30th May, 2017

Rakesh K Thakur
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

Gita Bawa
Amarjeet Kapoor
Asha Gadi
Directors

Statement of Profit and Loss

for the year ended 31st March, 2017

Particulars	Note No.	For the year ended 31 March, 2017 (Rs. in lacs)	For the year ended 31 March, 2016 (Rs. in lacs)
1 Revenue from operations (gross)	19	38877	37279
Less: Excise duty		-	-
Revenue from operations (net)		38877	37279
2 Other income	20	55	218
3 Total revenue (1+2)		38932	37497
4 Expenses			
(a) Cost of Raw materials consumed	22	34049	28566
(b) Changes in inventories of finished goods and work-in-progress	23	(1282)	2531
(c) Employee benefits expenses	24	1276	1257
(d) Finance Cost	25	1236	1264
(e) Depreciation and amortisation expenses	26	709	926
(f) Other expenses	27	2738	2800
Total expenses		38727	37344
Profit before exceptional and extraordinary items		205	153
Exceptional Items Expenses	21	409	-
5 Profit before tax (3-4)		(204)	153
6 Tax expense:			
(a) Current tax		-	30
(b) Adjustment for (excess) / short provision for earlier years		-	-
(c) Net current tax expense		-	30
(d) Deferred tax	28	(390)	30
Total Tax		(390)	60
7 Profit/(loss) for the period (5-6)		186	93
8 Earnings per share (of Rs 10/- each):			
Basic and Diluted - in Rs ‘	29	3.81	1.90
Summary of significant accounting policies and Additional Notes to Accounts	1		

The accompanying notes 1 to 30 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 : 30th May, 2017

Rakesh K Thakur
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

Gita Bawa
Amarjeet Kapoor
Asha Gadi
Directors

Cash Flow Statement

for the year ended 31st March, 2017

	For the year ended 31 March, 2017 (Rs. in lacs)	For the year ended 31 March, 2016 (Rs. in lacs)
A. Cash flow from operating activities:		
Net profit before taxation	(204)	153
Adjustments for :		
Depreciation and Amortisation expense	709	926
Finance costs	1236	1264
Provision for wealth Tax/Income Tax/Adjustment of earlier year	-	(25)
Liabilities no longer required written back	(34)	(10)
Bad Debts Written Off	6	-
Loss on sale of Fixed Assets	6	-
Interest Income	(9)	(12)
Exceptional Items Expenses (Net)	409	42
Short term provisions/ Long Term Provision	8	(21)
Operating profit before working capital changes	2127	2317
<u>Changes in working capital</u>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(1247)	2426
Trade receivables	79	(210)
Short term loans and advances	7	1684
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	548	(1866)
Other current liabilities	(72)	(305)
Cash Generated From Operations before extraordinary items	1443	4046
Net cash flow from operating activities (A)	1443	4046
B. Cash flow from investing activities:		
Capital expenditure on fixed assets,	(867)	(1608)
Capital work in progress	(14)	(9)
Proceeds from sale of Investment & Fixed Assets	14	53
Interest received	9	12
Net cash flow used in investing activities (B)	(858)	(1552)
C. Cash flow from financing activities:		
Short-term borrowings	(246)	(30)
Proceeds from fixed deposits	(225)	(346)
Proceeds from intercorporate Deposit & other deposit	100	(500)
Proceeds from short term advances	-	(700)
Other long term liabilities	1529	(1722)
Long term loans and advances	36	84
Finance costs	(1236)	(1264)
Liabilities no longer required written back	-	10
Net cash flow used in financing activities (C)	(638)	(2511)
Net increase / (decrease) in cash & cash equivalents (A+B+C)	(54)	(17)
Cash and cash equivalents at the beginning of the year	161	178
Cash and cash equivalents at the end of the year	107	161

- 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 30 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 : 30th May, 2017

Rakesh K Thakur
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

Gita Bawa
Amarjeet Kapoor
Asha Gadi
Directors

NOTE1. 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, 2013 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 parts of fixed assets/substantial repair/renovation are also capitalized considering the benefit of enduring nature.

1.3. Depreciation on Tangible Fixed Assets

Depreciation has been charged on Straight Line Method in accordance with Schedule II of the Companies Act 2013, The management has reassessed the remaining useful life of Plant & Machinery with effect from 1st April 2014 in respect of Plant & Machinery, the company is consistently following the policy of charging depreciation over 20 years, notwithstanding certification by the Govt. approved valuer (Chartered Engineer) of the useful life of Plant & Machinery of more than 35 years. This is in pursuance of proviso to sub clause (I) of clause 3 of schedule II of the Companies Act 2013. Similarly for addition of Plant & Machinery during the year company has estimated the useful life of 20 years (15 years specified in Schedule II) based upon the certificate of suppliers / manufacturers of Plant & Machinery. Additions made during the year have been capitalized at the year end at Patiala and accordingly depreciation has been charged.

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

On Assets Held for Disposal: Casien Plant has remained inactive for the last few years but maintenance is being incurred. Hence company has decided to hold all the assets and machinery in the casein plant as investment for strategic alliance in pursuance of AS-24 issued by the Institute of Chartered Accountants of India. Accordingly company has not charged depreciation/amortized intangible assets of this plant.

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.

The launching including advertisement expenses on the new product are amortized over a period of four years.

1.5. Impairment of Assets:-

Assessment of indication of impairment of an asset 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 2016 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 Lac. During the year company has made provision of gratuity and leave encashment of Rs.212 Lac as per AS-15.
- (e) Provident Fund:
The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

1.9. Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.

- (c) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realizable Value (NRV- certified by the consultant) as per AS-2 of ICAI. During the year company has sold CDM of Rs. 6.62 Lac and subsequent to the date of Balance Sheet of Rs. 2.75 Lac. Company has charged the remaining amounts in books as Exceptional items. For VCS, company has taken the realizable value from the consultant and has accordingly valued the same. The balance amount of Rs. 307 Lac is charged off to Exceptional Items.

1.10 Manufacturing policy

The main raw material of the company is milk, which is used to produce Pure Ghee and various types of Milk Powders. For the last few years, the company has changed its policy to procure Pure Ghee and Milk Powders which conforms to the quality standards adopted by the company consistent with its brand image. Quantities of Pure Ghee and Milk Powders are purchased and processed in the plant to give effect to the manufacturing policy and produce a product of high quality on consistent basis. During the year company has carried out the purchase of raw milk, pasteurized and standardized it and sold the standard milk.

1.11 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 have been taken on the basis of returned income (loss) instead of assessed income (loss) with regards to matters preferred in appeal (s). In view of absence of virtual certainty – Deferred Tax Assets (Representing difference on account of brought forward losses and depreciation) has not been accounted for. Deferred Tax liability of Rs.390 Lac of earlier years has been written back.

1.12 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. During the year nil interest (PY Rs. 6.64 Lac) has been capitalized in Plant & Machinery in accordance with AS-16 as certified by the Management. Processing fees charged by banks are amortized as per the tenure of the loan.

1.13 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

- i. Contingent liabilities:
Claims not acknowledged as debts Rs.102 Lac (Previous year Rs.99Lac) and guarantee / obligations of Rs.350 Lac. (Previous year 400 Lac).
- ii. Estimated amount of contracts remaining to be executed on capital account is Rs.20 Lac and not provided for (Net of Advances) (Previous year Rs. 18 Lac).
- iii. Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2017 (Rs. in lacs)	For the year ended 31 March, 2016 (Rs. in lacs)
Fees & Subscription	0	0
Travelling	0	2
TOTAL	0	2

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

Indigenous	For the year ended 31 March, 2017	
	(Rs. in lacs)	%
Raw materials and components	34049 (28566)	100 (100)
Stores and spare parts	45 (47)	100 (100)
TOTAL	34094 (28613)	

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

(v) Earnings in foreign exchange

Particulars	For the year ended 31 March, 2017 (Rs. in lacs)	For the year ended 31 March, 2016 (Rs. in lacs)
Export of goods calculated on FOB basis	-	-
TOTAL	-	-

(vi) Related Party Disclosures:

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)
(b) Key Management Personnel (CEO/ Directors and their relatives)	Ms. Roshini Sanah Jaiswal Mr. Sudhir Avasthi Ms. Asha Gadi Mr. Amarjeet Kapoor Ms. Gita Bawa Ms. Sushma Sagar Mr. Sanjeev Kothiala Mr. Rakesh Thakur

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	9 (14)	- -	9 (14)
Rent paid	4 (4)	- -	4 (4)
Amount received for Services	2 (29)	- -	2 (29)
Reimbursement of Expenses	- (-)	- -	- (-)
Managerial Remuneration (including sitting fees)	- -	304 (332)	304 (332)
Sales/Purchase	0 (8)	- -	0 (8)
Outstanding Payables, net of Receivable	14 (5)	4 (8)	18 (13)

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.

(vii) Segment Reporting

The company is operating under a single segment i.e., "Dairy Products- comprising Ghee, Milk Powder, Casein, Whey powder and Dairy whitener" and therefore there are no reportable segments as per AS-17"Segment Reporting" issued by The Institute of Chartered Accountants of India.

Note 2 Share capital

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	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, 2017				
- Number of shares	4,886,440	-	-	4,886,440
- Amount (Rs in lacs)	489	-	-	489
Year ended 31 March, 2016				
- 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, 2017		As at 31 March, 2016	
	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 Roshini Sanah 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%

Note 3 Reserves and surplus

Particulars	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (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	2395	2301
Add: Transferred from Surplus in Statement of Profit and Loss	186	93
At the end of the year	2581	2395
TOTAL	3251	3065

Note 4 Long-term borrowings

Particulars	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Term loans - Secured From banks	1,458	1,876
From others	113	183
(b) Term Loans - Unsecured -Others	294	180
TOTAL	1,865	2,239

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

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
From Banks: Secured			
Canara Bank (Term Loan)	(i)	586	752
ICICI (Vehicle Loan)		-	1
HDFC Bank (Vehicle Loan)		-	27
SBOP (Corporate loan)	(ii)	872	1096
TOTAL		1458	1876
From Others: Secured			
Kotak Mahindra Prime Ltd (Vehicle Loan)	(iii)	113	183
TOTAL		113	183
From Others-Unsecured :			
Kotak Mahindra Bank Ltd	(iv)	139	102
Non Banking Financial Companies	(v)	55	78
Inter Corporate Deposits	(vi)	100	-
TOTAL		294	180

Footnotes:-

- (i) (a) Rupee Loan from Canara Bank of Rs.742 lacs at interest rate of 12% p.a is payable in monthly installments from Dec'2016 to Jan'2022 (Refer Note No.9 (i))
- (b) The Loan of Canara Bank is secured by an exclusive charge on fixed assets to the extent of Rs.19.50 Crores and on pari-passu basis with State Bank of India on balance fixed assets. As per MCA 21 charge registered with Canara bank is of Rs.20 Crores.
- (ii) Rupee Loan from State Bank of India of Rs. 1132 lacs at interest rate 11.95% p.a is payable in monthly installment by Aug,2021 is secured against Fixed Assets as mentioned in (i)(b) above. (Refer Note 9 (i)).
- (iii) Vehicle loans are secured against hypothecation of respective vehicles. (Refer Note 9 (i))
 - (a) Vehicle Loans of Rs.40 Lacs 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.

- (b) Vehicle Loans of Rs.188 Lacs from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Feb' 2020 and carry interest rate of 9.95% to 11.89% p.a .
- (c) Vehicle Loans of Rs.110 Lac from Kotak Mahindra Prime Limited are repayable by Aug'2018 and carry interest of 14.75% .
- (d) Total No.of vehicles financed by Kotak Mahindra Prime Limited: 52.
- (iv) Term Loans from Kotak Mahindra Bank Ltd are detailed as under (Refer Note 9(i)) :-
- (a) Rupee Loan of Rs.79 lacs at interest rate of 15.25% p.a is payable at monthly rests and to be paid by Feb' 2018.
- (b) Rupee Loan of Rs.24 lacs at interest rate of 15.25% p.a is payable at monthly rests and to be paid by Aug '2017.
- (c) Rupee Loan of Rs.200 lacs at interest rate of 15.50% p.a is payable at monthly rests and to be paid by Feb '2020.
- (v) Term Loan from NBFCs are detailed as under (Refer Note 9 (i)) :-
- (a) Rupee Loan from Magma Fincorp Ltd of Rs.45 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018.
- (b) Rupee Loan from Bajaj Finance Ltd of Rs.16 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018. (Refer Note No. 9(i))
- (c) Rupee Loan from Tata Capital Financial Services Ltd of Rs.41 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2019. (Refer Note No. 9(i))
- (d) Rupee Loan from Capital First Ltd of Rs.43 lacs at interest rate of 15.00% p.a is payable at monthly rests to be paid by June '2019. (Refer Note No. 9(i))
- (vi) Interest free intercorporate deposit of Rs. 100 lakh from S J Finance and Holding (P) Ltd not payable before 31.03.2018.

Note 5 Other long-term liabilities

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Others:			
(i) Security deposits / Advances from Customers	(i)	5949	4420
(ii) Others payable	(ii)	1	1
TOTAL		5950	4421

Footnote:

- (i) (a) Security Deposits are confirmed by Consignees / Customers payable after 31.03.2018 and have been accordingly classified.
- (b) Includes sum of Rs.1200 Lacs (supplier's) which is payable beyond twelve months from the reporting date, as certified by the management.
- (ii) Payable to ex-employee pending final decision of court.

Note 6 Long-term provisions

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Provision for employee benefits:			
(i) Retirement Benefits	(i)	161	157
(b) Provision for Sales Tax		-	3
TOTAL		161	160

Footnote:

- (i) Provision for Gratuity and leave encashment has been made in terms of AS-15 (Revised). Gratuity Liability has been determined as on 31.03.2017 and Leave Encashment Liability it is determined on calendar year basis. Refer Note No.10.

Note 7 Short-term borrowings

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
From Bank - Secured			
Cash Credit	(i)	5661	5907
TOTAL		5661	5907

Footnote:-

- (i) Cash Credit sanctioned by State Bank of India/Canara Bank are secured by charge on pari passu basis on all present & future Current Assets (excluding vehicles) including stocks and book debts and extension of charge on pari-passu basis on the fixed assets of the company, equitable mortgage of Land & Building at Gurgoan owned by Ispace Developers Private Limited and exclusive charge on company's Brand "MILKFOOD".
The State Bank of India has also extended supplier's line of Rs.350 Lac covered in the charge created by the company in its overall limits. Refer Note 4 (i) (b).

Note 8 Trade payables

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
Trade payables	(i)	2,547	2,033
TOTAL		2,547	2,033

Footnote:-

- (i) As per information available with the company there is no party registered under Micro, Small and Medium Enterprises Development Act, 2006.

Note 9 Other current liabilities

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Current maturities of Long Term Debts	(i)	935	1,282
(b) Interest accrued but not due on Public Deposits		1	17
(c) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		59	67
(ii) Advances from customers		34	28
(iii) Other outstanding expenses including salary & wages etc.		156	211
TOTAL		1,186	1,605

Footnotes:**(i) Current maturities of Long Term Debts**

Particulars		As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
From Bank - Secured			
Canara Bank - Term Loan (Refer Note 4(i))		156	203
HDFC Bank - Vehicle Loan (Refer Note 4(i))	(a)	27	32
ICICI Bank - Vehicle Loan (Refer Note 4(i))	(b)	1	3
SBI - Corporate Loan (Refer Note 4 (ii))		260	217
From Others - Secured			
Kotak Mahindra Prime Ltd - Vehicle Loan (Refer Note 4(iii))		226	294
From Others - Unsecured			
Kotak Mahindra Bank Ltd (Refer Note 4(iv))		163	224
Non Banking Financial Companies (Refer Note 4(v))		90	72
Public Deposits with interest	(c)	12	237
TOTAL		935	1282

- (a) Vehicle Loans of Rs. 27 Lacs from HDFC Bank Limited is repayable in monthly instalments by Dec' 2017 and carry interest of 10.25%.
(b) Vehicle Loan of Rs.0.62 Lacs from ICICI Bank Ltd is repayable in monthly instalments by May' 2017 and carry interest of 10.74%.
(c) Public deposits includes amounting Rs 6 lacs (Previous Year 19 lacs) matured but not claimed. Includes Rs 6 Lac towards Public Deposit interest payable (to be transferred to investor education fund in future years).

Note 10 Short-term provisions

Particulars	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
Provision - Others:		
(i) Provision for employee benefit (Gratuity & Leave encashment) (Refer Note No.6(i))	51	44
TOTAL	51	44

Note 11 Fixed Assets

A TANGIBLE/INTANGIBLE ASSETS

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	01.04.2016	Additions	Deductions	31.03.2017	01.04.2016	For the Year	On Deduction	31.03.2017	31.03.2017	31.03.2016
Freehold Land	330	–	–	330	–	–	–	–	330	330
Buildings	2,465	233	–	2,698	747	67	–	814	1,884	1,718
(Refer Footnote (i))										
Plant & Machinery	8,219	470	–	8,689	3,321	289	–	3,610	5,079	4,897
(Refer Footnote (ii))										
Plant & Machinery -Casein Plant	4,221	–	–	4,221	1,838	–	–	1,838	2,384	2,384
(Refer Footnote (iii))										
Furniture, Fixtures and Equipments	168	49	–	217	123	9	–	132	85	45
Vehicles	971	115	38	1,048	339	106	15	430	619	632
Intangible Assets	952	–	–	952	238	238	–	476	476	714
(Refer Footnote (iv))										
Total	17,326	867	38	18,155	6,606	709	15	7,299	10,857	10,720
Previous Year	15,895	656	178	16,374	5,761	926	81	6,368		
(B) Capital Work in Progress									169	155
(Refer Footnote (v))										

Footnotes:-

- An amount of Rs.219 Lac in building represents substantial renovation of leased premises. Depreciation has been charged considering tenure of lease of 10 years.
- Company has capitalized the opening work in progress and the additions made during the year at the close of the year at patiala unit and accordingly charged the depreciation.
 - In respect of Plant & Machinery, company is consistently following the policy of charging depreciation over 20 years for assets purchased before 01.04.2014 on the basis of certificate given by Govt. approved valuer (Chartered Engineer) of the useful life of more than 35 years. Similarly for additions in Plant & Machinery after 01.04.2014, company has estimated useful life of 20 years (as against 15 years specified in schedule II of the companies Act 2013) based upon the certificate of suppliers/manufacturers of Plant & Machinery.
 - Interest of Rs. Nil (P.Y Rs.6.64 lacs) incurred prior to assets are put to use is capitalized in Plant & Machinery as per AS 16.
- Casien Plant has remained inactive for the last few years but maintenance is being incurred. Hence company has decided to hold all the assets and machinery in the casein plant as investment for strategic alliance in pursuance of AS-24 issued by the Institute of Chartered Accountants of India. Accordingly company has not charged depreciation/amortized intangible assets of this plant. The fair market value of the plant (as certified by the supplier) is Rs.49.21 Crores against carrying amount of Rs.23.83 Crores of casien plant including intangibles.
- In accordance with AS-26 expenses incurred on Intangible Asset and is amortized over a period of 4 years.
- Estimated amount of capital contracts remaining to be executed is Rs.20 Lac (PY Rs.18Lac).
 - Includes Rs.169 Lac for Plant & Machinery.

Note 12 Investment

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
Investment in Equity Shares - Unquoted			
MFL Trading Pvt. Ltd 10000 equity shares of 10 each (Wholly Owned Subsidiary Company)		1	1
National Saving Certificates	(i)	1	1
TOTAL		2	2

Footnote:-

- Pledged with Government Authorities towards fulfillment of statutory obligations.

Note 13 Long-term loans and advances

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Advances to suppliers Unsecured, considered good		9	-
(b) Security deposits Unsecured, considered good		121	125
(c) Loans and advances to employees Unsecured, considered good	(i)	13	141
(d) Prepaid expenses		26	50
(e) Sales Tax Authorities	(ii)	82	73
TOTAL		251	389

Footnotes

- (i) Advances, security deposits and advances to employees are considered good for recovery as certified by the Management. (Refer Note No 18(a)).
- (ii) 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 Other Non current assets

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Trade Receivables Unsecured, considered good	(i)	18	11
TOTAL		18	11

Footnote:-

- (i) Includes Rs. 6 lakh due from government departments outstanding for a period exceeding 3 Years. Management certifies that these are good for recovery. Necessary adjustment, if any, will be effected in FY 2017-18

Note 15 Inventories

(At lower of cost and net realisable value)

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Raw materials		23	10
(b) Work-in-progress		674	894
(c) Finished goods		6103	4601
(d) Stores and spares		513	552
(e) CER (Units)	(i)	3	25
(f) Packing materials		198	250
(g) Trees & Plantation	(ii)	179	129
TOTAL		7693	6462

Footnote:-

- (i) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realisable Value (NRV) as per AS-2 of ICAI. Also Refer Note 21.
- (ii) During the year company has incurred an amount of Rs 50 Lacs on Power & Fuel and labour for irrigation of the plants. Actual cost incurred is confirmed by the expert (Agriculture Scientist). Further Expert has given an opinion that these trees have acquired sufficient growth for sale as at 31.03.2017. Based upon the opinion, company has classified the expenses under inventory.

Note 16 Trade receivables

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Unsecured and Considered Good			
Outstanding for a period exceeding six months		60	29
Others		1565	1687
TOTAL		1625	1716

Note 17 Cash and cash equivalents

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Cash on hand		2	9
(b) Balances with banks			
(i) In current accounts	(i)	7	8
(ii) In deposit accounts	(ii)	35	81
(iii) Margin accounts	(iii)	63	63
TOTAL		107	161

Footnotes:

- (i) Excludes Rs 6.30 Lac on account of issue of cheques (stale) against payment of interest.
- (ii) Pledged Rs. 0.50 Lac with ACCT Dehradun.
- (iii) FDR's pledged with bank.

Note 18 Short-term loans and advances

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Advances to employees / others			
Unsecured, considered good	(i)	165	205
(b) Prepaid expenses - Unsecured, considered good		102	98
(c) Interest Receivable		20	18
(d) Export Incentive Receivable		13	13
(e) Advance to Suppliers - Unsecured, considered good		54	62
(f) Balances with government authorities			
Unsecured, considered good			
(i) Input Tax Credit		4	2
(ii) Sales Tax Authorities		1	1
(g) Income tax recoverable (Net of Provisions)		58	34
(h) Amounts Receivable		12	2
(i) Carbon Credit Receivable	(ii)	10	302
TOTAL		439	737

Footnotes:

- (i) Classified as Short Term loans as certified by the Management.
- (ii) Represents the realizable value of 97000 CER's (PY 97000 Units) as certified by the consultant. The receivable is classified as short term as company is of the view that the units are likely to be sold in the FY 2017-18. Also refer Note 21.

Note 19 Revenue from operations

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Sale of products	(i)	38516	37233
Other operating revenues	(ii)	362	46
Revenue from operations (Gross)		38877	37279
Less:			
Excise duty		-	-
Revenue from operations (net)		38877	37279

Footnotes:

(i)

Particulars	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	33117	30508
- Milk & Milk Powder	5399	6725
TOTAL - Sale of products	38516	37233

(ii)

Other operating revenues comprises:		
Sale of scrap	44	46
Conversion Charges of Milk to Powder & Butter	318	-
TOTAL - Other operating revenues	362	46

Note 20 Other income

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
(a) Interest income	(i)	18	12
(b) Other income	(ii)	37	206
TOTAL		55	218

Footnote:

(i) Includes amount of Rs.8 Lacs (PY Nil) interest on Income Tax refund.

(ii) Includes amount of Rs. 34 lacs (P.Y Rs.196 lacs) towards Misc. balance written back which is no longer payable and Insurance claim of Rs. 2 lacs.

Note 21

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Exceptional Items			
Carbon Credits balance written off	(i)	307	-
Misc Balance written off		102	-
TOTAL		409	-

Footnote:

(i) Amount is written off on the basis of actual realization / certificate of consultant.

Note 22 Cost of Material Consumed

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Material consumed comprises:			
Milk		4116	3318
Ghee		28213	20032
Others		1720	5216
TOTAL		34049	28566

Note 23 Changes in inventories of finished goods and work-in-progress

Particulars		For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Inventories at the end of the year:			
Finished goods		6103	4601
Work-in-progress		674	894
		6777	5495
Inventories at the beginning of the year:			
Finished goods		4601	7519
Work-in-progress		894	507
		5495	8026
Net (increase) / decrease		(1282)	2531

Note 24 Employee benefits expenses

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Salaries, wages and other Benefits	(i)	1163	1146
Contributions to provident funds		53	53
Staff welfare expenses		60	58
TOTAL		1276	1257

Footnote:

- (i) (a) Provision for Gratuity and Leave encashment has been made during the year in terms of AS-15 (Revised).
(b) Includes provision of minimum bonus of Rs. 12.29 lacs (Previous year Rs14.25 lacs) under the payment of Bonus Act 2016.
(c) Includes Rs 11.32 Lacs reimbursed to Ex- MD of the company towards medical expenses.

Note 25 Finance costs

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
(a) Interest expense on: Borrowings	(i)	1115	1140
(b) Other borrowing costs (Bank and other financing charges)		121	124
TOTAL		1236	1264

- (i) Interest of Rs. Nil (P.Y. Rs. 6.64 lacs) capitalized towards Plant & Machinery installed during the year (Refer Note 11(ii) (c)).

Note 26 Depreciation & Amortisation Expenses

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Depreciation expense			
Tangible Assets		472	628
Intangible Assets (Refer Note 11)		238	298
TOTAL		709	926

Note 27 Other expenses

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
(a) - Consumption of stores and spare parts		45	47
- Power and Fuel		529	451
- Repairs - Building		3	8
- Machinery		36	48
- Packing		944	932
(b) - Rent		63	62
- Rates and taxes		12	24
- Insurance		71	66
- Miscellaneous expenses	(i)	587	725
Payments to the auditors	(ii)	21	20
(c) - Freight & Forwarding Expenses		373	337
- Commission		53	80
TOTAL		2738	2800

- (i) Includes reimbursement of Rs 0.53 Lacs to Ex-MD of the company and bad debts written off Rs.5.75 Lacs and prior period expenses of Rs.2.13 Lacs (Net of prior period income) Office maintenance expenses of Rs.95 lacs and legal & Professional Expenses Rs.75 lacs

(ii)

Particulars	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Auditors Remuneration and expenses (including Service Tax)		
- Audit fee	16	16
- Tax audit fees	2	1
- Fees for other services	1	1
- Reimbursement of expenses	2	1
TOTAL	21	20

Note 28 Disclosures under Accounting Standards

Particulars	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (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	980	1579
Others	-	-
Tax effect of items constituting deferred tax liability	980	1579
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.17	920	1129
Disallowances under Section 43B of the Income Tax Act, 1961	60	60
Tax effect of items constituting deferred tax assets	980	1189
Deferred tax liability (net)	-	390

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).

Note 29 Disclosures under Accounting Standards

Note	Particulars	For the Year ended 31 March, 2017	For the Year ended 31 March, 2016
	Earnings per share		
	Basic and diluted		
	Net profit for the year ('Rs. In lacs)	186	93
	Weighted average number of equity shares (Nos.)	4,886,440	4,886,440
	Par value per share (In Rs.)	10	10
	Earnings per share - Basic and diluted in Rs.	3.81	1.90

Note 30

Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016 is as provided in the table below:

Particulars	SBNs (Amount in Rs.)	Other denomination notes (Amount in Rs.)	Total (Amount in Rs.)
Closing balance as at 8 November 2016	1,423,500	25,216	1,448,716
Transactions between 9 November 2016 to 30 December 2016			
Add: receipts for permitted transactions	-	1,997,500	1,997,500
Add: withdrawal from bank accounts	-	1,243,920	1,243,920
Add: receipts for non-permitted transactions	-	-	-
Less: paid for permitted transactions	112,500	2,702,324	2,814,824
Less: paid for non-permitted transactions	-	-	-
Less: deposited in bank accounts	1,311,000	-	1,311,000
Closing balance as at 30 December 2016	-	564,312	564,312

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MILKFOOD LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Milkfood Limited (hereinafter referred to as "the Holding Company") and its subsidiary MFL Trading (P) Limited (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, as at 31 March 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to the Note No. 5(i) regarding classification of security deposits from suppliers /Advance from customers, Note No. 11(ii) regarding useful life of assets for the purpose of charging depreciation, Note No 11(iii) regarding depreciation of Casien Plant held as investment for Strategic Alliance, Note No. 13(i), 14(i) & 18(i) regarding amount due from employees/

trade receivables/others, Note No. 15(ii) regarding cost incurred on Tree & Plantation, Note No. 18(ii) regarding classification of CERs, Note No. 21 regarding exceptional items, and Note No. 24(i)(c) & 27(i) regarding reimbursement of medical/other expenses to Ex – MD.

Our opinion is not qualified in respect of these matters.

Other Matters

We did not audit the financial statements / financial information of MFL Trading (P) Ltd (subsidiary), whose financial statements / financial information reflect total assets of Rs. 2,612/- as at 31st March, 2017, total revenues of Rs. NIL and net cash outflows amounting to Rs. 12,814/- for the year ended on that date, as considered in the consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Our report is not qualified in respect of other matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable, that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books;
- (c) the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statement;
- (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of statutory auditor of its subsidiary company incorporated in India, none of the directors of these entities is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “**Annexure A**”, which is based on the auditors reports of the holding Company and Subsidiary Company; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on financial position of the Group;
 - ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Group.
 - iv. The Company has provided requisite disclosures in its financial statements regarding holding and dealings in Specified Bank Notes as defined in the Notification S. O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016. Based on the representations provided to us by the management, we report that disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer Note 30 to the financial statements.

for Madan & Associates

Chartered Accountants

Firm's registration number: 000185N

M. K. Madan

Proprietor

Membership number: 082214

Place : New Delhi
Date : 30 May 2017

ANNEXURE “A”

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Milkfood Limited (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), incorporated in India, as of that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS:

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

AUDITORS’ RESPONSIBILITY:

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

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

We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group’s, its associates’ and jointly controlled entities’, incorporated in India, internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:

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

OPINION:

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company, its subsidiaries, associates, and jointly controlled entities which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS:

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/ standalone financial statements of one subsidiary which is company incorporated in India, is based on the corresponding reports of the auditors of such company.

for Madan & Associates

Chartered Accountants

Firm's registration number: 000185N

M. K. Madan

Proprietor

Membership number: 082214

Place : New Delhi

Date : 30 May 2017

Consolidated Balance Sheet

as at 31st March, 2017

Particulars	Note No.	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	489	489
(b) Reserves and surplus	3	3,250	3,064
		<u>3,739</u>	<u>3,553</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	1,865	2,239
(b) Deferred tax liabilities (net)	28	-	390
(c) Other long-term liabilities	5	5,950	4,421
(d) Long-term provisions	6	161	160
		<u>7,976</u>	<u>7,210</u>
3 Current liabilities			
(a) Short-term borrowings	7	5,661	5,907
(b) Trade payables	8	2,547	2,033
(c) Other current liabilities	9	1,186	1,605
(d) Short-term provisions	10	51	44
		<u>9,445</u>	<u>9,589</u>
TOTAL		<u><u>21,160</u></u>	<u><u>20,352</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11(A)	10,857	10,720
(ii) Capital work-in-progress	11(B)	169	155
		<u>11,026</u>	<u>10,875</u>
(b) Investments	12	1	1
(c) Long-term loans and advances	13	251	389
(d) Other non current assets	14	18	11
		<u>11,296</u>	<u>11,276</u>
2 Current assets			
(a) Inventories	15	7,693	6,462
(b) Trade receivables	16	1,625	1,716
(c) Cash and cash equivalents	17	107	161
(d) Short-term loans and advances	18	439	737
		<u>9,864</u>	<u>9,076</u>
TOTAL		<u><u>21,160</u></u>	<u><u>20,352</u></u>

Summary of significant accounting policies
and additional notes to Accounts

1

The accompanying notes 1 to 30 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 : 30th May, 2017

Rakesh K Thakur
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

Gita Bawa
Amarjeet Kapoor
Asha Gadi
Directors

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2017

Particulars	Note No.	For the year ended 31 March, 2017 (Rs. in lacs)	For the year ended 31 March, 2016 (Rs. in lacs)
1 Revenue from operations (gross)	19	38877	37279
Less: Excise duty		-	-
Revenue from operations (net)		38877	37279
2 Other income	20	55	218
3 Total revenue (1+2)		38932	37497
4 Expenses			
(a) Cost of Raw materials consumed	22	34049	28566
(b) Changes in inventories of finished goods and work-in-progress	23	(1282)	2531
(c) Employee benefits expenses	24	1276	1257
(d) Finance Cost	25	1236	1264
(e) Depreciation and amortisation expenses	26	709	926
(f) Other expenses	27	2738	2800
Total expenses		38727	37344
Profit before exceptional and extraordinary items		205	153
Exceptional Items Expenses	21	409	
5 Profit before tax (3-4)		(204)	153
6 Tax expense:			
(a) Current tax		-	30
(b) Adjustment for (excess) / short provision for earlier years		-	-
(c) Net current tax expense		-	30
(d) Deferred tax	28	(390)	30
Total Tax		(390)	60
7 Profit/(loss) for the period (5-6)		186	93
8 Earnings per share (of Rs 10/- each):			
Basic and Diluted - in Rs '	29	3.81	1.90

Summary of significant accounting policies and Additional Notes to Accounts

1

The accompanying notes 1 to 30 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 : 30th May, 2017

Rakesh K Thakur
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

Gita Bawa
Amarjeet Kapoor
Asha Gadi
Directors

Consolidated Cash Flow Statement

for the year ended 31st March, 2017

	For the year ended 31 March, 2017 (Rs. in lacs)	For the year ended 31 March, 2016 (Rs. in lacs)
A. Cash flow from operating activities:		
Net profit before taxation	(204)	153
Adjustments for :		
Depreciation and Amortisation expense	709	926
Finance costs	1236	1264
Provision for wealth Tax/Income Tax/Adjustment of earlier year	-	(25)
Liabilities no longer required written back	(34)	(10)
Bad Debts Written Off	6	-
Loss on sale of Fixed Assets	6	-
Interest Income	(9)	(12)
Exceptional Items Expenses (Net)	409	42
Short term provisions/ Long Term Provision	8	(21)
Operating profit before working capital changes	2127	2317
<u>Changes in working capital</u>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(1247)	2426
Trade receivables	79	(210)
Short term loans and advances	7	1684
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	548	(1866)
Other current liabilities	(72)	(305)
Cash Generated From Operations before extraordinary items	1443	4046
Net cash flow from operating activities (A)	1443	4046
B. Cash flow from investing activities:		
Capital expenditure on fixed assets,	(867)	(1608)
Capital work in progress	(14)	(9)
Proceeds from sale of Investment & Fixed Assets	14	53
Interest received	9	12
Net cash flow used in investing activities (B)	(858)	(1552)
C. Cash flow from financing activities:		
Short-term borrowings	(246)	(30)
Proceeds from fixed deposits	(225)	(346)
Proceeds from intercorporate Deposit & other deposit	100	(500)
Proceeds from short term advances	-	(700)
Other long term liabilities	1529	(1722)
Long term loans and advances	36	84
Finance costs	(1236)	(1264)
Liabilities no longer required written back	-	10
Net cash flow used in financing activities (C)	(638)	(2511)
Net increase / (decrease) in cash & cash equivalents (A+B+C)	(54)	(17)
Cash and cash equivalents at the beginning of the year	161	178
Cash and cash equivalents at the end of the year	107	161

- 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 30 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 : 30th May, 2017

Rakesh K Thakur
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

Gita Bawa
Amarjeet Kapoor
Asha Gadi
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, 2013 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 parts of fixed assets/substantial repair/renovation are also capitalized considering the benefit of enduring nature.

1.3. Depreciation on Tangible Fixed Assets

Depreciation has been charged on Straight Line Method in accordance with Schedule II of the Companies Act 2013, The management has reassessed the remaining useful life of Plant & Machinery with effect from 1st April 2014 in respect of Plant & Machinery, the company is consistently following the policy of charging depreciation over 20 years, notwithstanding certification by the Govt. approved valuer (Chartered Engineer) of the useful life of Plant & Machinery of more than 35 years. This is in pursuance of proviso to sub clause (I) of clause 3 of schedule II of the Companies Act 2013. Similarly for addition of Plant & Machinery during the year company has estimated the useful life of 20 years (15 years specified in Schedule II) based upon the certificate of suppliers / manufacturers of Plant & Machinery. Additions made during the year have been capitalized at the year end at Patiala and accordingly depreciation has been charged.

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

On Assets Held for Disposal: Casien Plant has remained inactive for the last few years but maintenance is being incurred. Hence company has decided to hold all the assets and machinery in the casein plant as investment for strategic alliance in pursuance of AS-24 issued by the Institute of Chartered Accountants of India. Accordingly company has not charged depreciation/amortized intangible assets of this plant.

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.

The launching including advertisement expenses on the new product are amortized over a period of four years.

1.5. Impairment of Assets:-

Assessment of indication of impairment of an asset 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 2016 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 Lac. During the year company has made provision of gratuity and leave encashment of Rs.212 Lac as per AS-15.
- (e) Provident Fund:
The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

1.9. Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.

- (c) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realizable Value (NRV- certified by the consultant) as per AS-2 of ICAI. During the year company has sold CDM of Rs. 6.62 Lac and subsequent to the date of Balance Sheet of Rs. 2.75 Lac. Company has charged the remaining amounts in books as Exceptional items. For VCS, company has taken the realizable value from the consultant and has accordingly valued the same. The balance amount of Rs. 307 Lac is charged off to Exceptional Items.

1.10 Manufacturing policy

The main raw material of the company is milk, which is used to produce Pure Ghee and various types of Milk Powders. For the last few years, the company has changed its policy to procure Pure Ghee and Milk Powders which conforms to the quality standards adopted by the company consistent with its brand image. Quantities of Pure Ghee and Milk Powders are purchased and processed in the plant to give effect to the manufacturing policy and produce a product of high quality on consistent basis. During the year company has carried out the purchase of raw milk, pasteurized and standardized it and sold the standard milk.

1.11 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 have been taken on the basis of returned income (loss) instead of assessed income (loss) with regards to matters preferred in appeal (s). In view of absence of virtual certainty – Deferred Tax Assets (Representing difference on account of brought forward losses and depreciation) has not been accounted for. Deferred Tax liability of Rs.390 Lac of earlier years has been written back.

1.12 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. During the year nil interest (PY Rs. 6.64 Lac) has been capitalized in Plant & Machinery in accordance with AS-16 as certified by the Management. Processing fees charged by banks are amortized as per the tenure of the loan.

1.13 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

- i. Contingent liabilities:
Claims not acknowledged as debts Rs.102 Lac (Previous year Rs.99Lac) and guarantee / obligations of Rs.350 Lac. (Previous year 400 Lac).
- ii. Estimated amount of contracts remaining to be executed on capital account is Rs.20 Lac and not provided for (Net of Advances) (Previous year Rs. 18 Lac).
- iii. **Expenditure in foreign currency :**

Particulars	For the year ended 31 March, 2017 (Rs. in lacs)	For the year ended 31 March, 2016 (Rs. in lacs)
Fees & Subscription	0	0
Travelling	0	2
TOTAL	0	2

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

Indigenous	For the year ended 31 March, 2017	
	(Rs. in lacs)	%
Raw materials and components	34049 (28566)	100 (100)
Stores and spare parts	45 (47)	100 (100)
TOTAL	34094 (28613)	

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

(v) Earnings in foreign exchange

Particulars	For the year ended 31 March, 2017 (Rs. in lacs)	For the year ended 31 March, 2016 (Rs. in lacs)
Export of goods calculated on FOB basis	-	-
TOTAL	-	-

(vi) Related Party Disclosures:

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)
(b) Key Management Personnel (CEO/ Directors and their relatives)	Ms. Roshini Sanah Jaiswal Mr. Sudhir Avasthi Ms. Asha Gadi Mr. Amarjeet Kapoor Ms. Gita Bawa Ms. Sushma Sagar Mr. Sanjeev Kothiala Mr. Rakesh Thakur

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	9 (14)	-	9 (14)
Rent paid	4 (4)	-	4 (4)
Amount received for Services	2 (29)	-	2 (29)
Reimbursement of Expenses	- (-)	-	- (-)
Managerial Remuneration (including sitting fees)	- (-)	304 (332)	304 (332)
Sales/Purchase	0 (8)	-	0 (8)
Outstanding Payables, net of Receivable	14 (5)	4 (8)	18 (13)

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.

(vii) Segment Reporting

The company is operating under a single segment i.e., "Dairy Products- comprising Ghee, Milk Powder, Casein, Whey powder and Dairy whitener" and therefore there are no reportable segments as per AS-17"Segment Reporting" issued by The Institute of Chartered Accountants of India.

Note 2 Share capital

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	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, 2017				
- Number of shares	4,886,440	-	-	4,886,440
- Amount (Rs in lacs)	489	-	-	489
Year ended 31 March, 2016				
- 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, 2017		As at 31 March, 2016	
	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. Roshini Sanah 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%

Note 3 Reserves and surplus

Particulars	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (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	2394	2301
Add: Transferred from Surplus in Statement of Profit and Loss	186	93
At the end of the year	2580	2394
TOTAL	3250	3064

Note 4 Long-term borrowings

Particulars	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Term loans - Secured From banks	1,458	1,876
From others	113	183
(b) Term Loans - Unsecured -Others	294	180
TOTAL	1,865	2,239

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

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
From Banks: Secured			
Canara Bank (Term Loan)	(i)	586	752
ICICI (Vehicle Loan)		-	1
HDFC Bank (Vehicle Loan)		-	27
SBOP (Corporate loan)	(ii)	872	1096
TOTAL		1458	1876
From Other: Secured			
Kotak Mahindra Prime Ltd (Vehicle Loan)	(iii)	113	183
TOTAL		113	183
From Others-Unsecured :			
Kotak Mahindra Bank Ltd	(iv)	139	102
Non Banking Financial Companies	(v)	55	78
Inter Corporate Deposits	(vi)	100	-
TOTAL		294	180

Footnotes:-

- (i) (a) Rupee Loan from Canara Bank of Rs.742 lacs at interest rate of 12% p.a is payable in monthly installments from Dec'2016 to Jan'2022 (Refer Note No.9 (i))
- (b) The Loan of Canara Bank is secured by an exclusive charge on fixed assets to the extent of Rs.19.50 Crores and on pari-passu basis with State Bank of India on balance fixed assets. As per MCA 21 charge registered with Canara bank is of Rs.20 Crores.
- (ii) Rupee Loan from State Bank of India of Rs. 1132 lacs at interest rate 11.95% p.a is payable in monthly installment by Aug, 2021 is secured against Fixed Assets as mentioned in (i)(b) above. (Refer Note 9 (i)).
- (iii) Vehicle loans are secured against hypothecation of respective vehicles. (Refer Note 9 (i))
 - (a) Vehicle Loans of Rs.40 Lacs 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.

- (b) Vehicle Loans of Rs.188 Lacs from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Feb' 2020 and carry interest rate of 9.95% to 11.89% p.a .
- (c) Vehicle Loans of Rs.110 Lac from Kotak Mahindra Prime Limited are repayable by Aug' 2018 and carry interest of 14.75% .
- (d) Total No.of vehicles financed by Kotak Mahindra Prime Limited: 52.
- (iv) Term Loans from Kotak Mahindra Bank Ltd are detailed as under (Refer Note 9(i)) :-
- (a) Rupee Loan of Rs. 79 lacs at interest rate of 15.25% p.a is payable at monthly rests and to be paid by Feb' 2018.
- (b) Rupee Loan of Rs. 24 lacs at interest rate of 15.25% p.a is payable at monthly rests and to be paid by Aug '2017.
- (c) Rupee Loan of Rs. 200 lacs at interest rate of 15.50% p.a is payable at monthly rests and to be paid by Feb '2020.
- (v) Term Loan from NBFCs are detailed as under (Refer Note 9 (i)) :-
- (a) Rupee Loan from Magma Fincorp Ltd of Rs.45 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018.
- (b) Rupee Loan from Bajaj Finance Ltd of Rs.16 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018. (Refer Note No. 9(i))
- (c) Rupee Loan from Tata Capital Financial Services Ltd of Rs.41 lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2019. (Refer Note No. 9(i))
- (d) Rupee Loan from Capital First Ltd of Rs.43 lacs at interest rate of 15.00% p.a is payable at monthly rests to be paid by June '2019. (Refer Note No. 9(i))
- (vi) Interest free intercorporate deposit of Rs. 100 lakh from S J Finance and Holding (P) Ltd not payable before 31.03.2018.

Note 5 Other long-term liabilities

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Others:			
(i) Security deposits / Advances from Customers	(i)	5949	4420
(ii) Others payable	(ii)	1	1
TOTAL		5950	4421

Footnote:

- (i) (a) Security Deposits are confirmed by Consignees / Customers payable after 31.03.2018 and have been accordingly classified.
- (b) Includes sum of Rs.1200 Lacs (supplier's) which is payable beyond twelve months from the reporting date, as certified by the management.
- (ii) Payable to ex-employee pending final decision of court.

Note 6 Long-term provisions

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Provision for employee benefits:			
(i) Retirement Benefits	(i)	161	157
(b) Provision for Sales Tax		-	3
TOTAL		161	160

Footnote:

- (i) Provision for Gratuity and leave encashment has been made in terms of AS-15 (Revised). Gratuity Liability has been determined as on 31.03.2017 and Leave Encashment Liability it is determined on calendar year basis. Refer Note No.10.

Note 7 Short-term borrowings

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
From Bank - Secured			
Cash Credit	(i)	5661	5907
TOTAL		5661	5907

Footnote:-

- (i) Cash Credit sanctioned by State Bank of India/Canara Bank are secured by charge on pari passu basis on all present & future Current Assets (excluding vehicles) including stocks and book debts and extension of charge on pari-passu basis on the fixed assets of the company, equitable mortgage of Land & Building at Gurgaon owned by Ispace Developers Private Limited and exclusive charge on company's Brand "MILKFOOD".

The State Bank of India has also extended supplier's line of Rs.350 Lac covered in the charge created by the company in its overall limits. Refer Note 4 (i) (b).

Note 8 Trade payables

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
Trade payables	(i)	2,547	2,033
TOTAL		2,547	2,033

Footnote:

- (i) As per information available with the company there is no party registered under Micro, Small and Medium Enterprises Development Act, 2006.

Note 9 Other current liabilities

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Current maturities of Long Term Debts	(i)	935	1,282
(b) Interest accrued but not due on Public Deposits		1	17
(c) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		59	67
(ii) Advances from customers		34	28
(iii) Other outstanding expenses including salary & wages etc.		156	211
TOTAL		1,186	1,605

Footnotes:
(i) Current maturities of Long Term Debts

Particulars		As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
From Bank - Secured			
Canara Bank - Term Loan (Refer Note 4(i))		156	203
HDFC Bank - Vehicle Loan (Refer Note 4(i))	(a)	27	32
ICICI Bank - Vehicle Loan (Refer Note 4(i))	(b)	1	3
SBI - Corporate Loan (Refer Note 4 (ii))		260	217
From Others - Secured			
Kotak Mahindra Prime Ltd - Vehicle Loan (Refer Note 4(iii))		226	294
From Others - Unsecured			
Kotak Mahindra Bank Ltd (Refer Note 4(iv))		163	224
Non Banking Financial Companies (Refer Note 4(v))		90	72
Public Deposits with interest	(c)	12	237
TOTAL		935	1282

- (a) Vehicle Loans of Rs. 27 Lacs from HDFC Bank Limited is repayable in monthly instalments by Dec' 2017 and carry interest of 10.25%.
- (b) Vehicle Loan of Rs.0.62 Lacs from ICICI Bank Ltd is repayable in monthly instalments by May' 2017 and carry interest of 10.74%.
- (c) Public deposits includes amounting Rs 6 lacs (Previous Year 19 lacs) matured but not claimed. Includes Rs 6 Lac towards Public Deposit interest payable (to be transferred to investor education fund in future years).

Note 10 Short-term provisions

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
Provision - Others:			
(i) Provision for employee benefit (Gratuity & Leave encashment) (Refer Note No.6(i))		51	44
TOTAL		51	44

Note 11 Fixed Assets**(A) TANGIBLE/INTANGIBLE ASSETS**

(Rs. in lacs)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	01.04.2016	Additions	Deductions	31.03.2017	01.04.2016	For the Year	On Deduction	31.03.2017	31.03.2017	31.03.2016
Freehold Land	330	-	-	330	-	-	-	-	330	330
Buildings	2,465	233	-	2,698	747	67	-	814	1,884	1,718
(Refer Footnote (i))										
Plant & Machinery	8,219	470	-	8,689	3,321	289	-	3,610	5,079	4,897
(Refer Footnote (ii))										
Plant & Machinery -Casein Plant	4,221	-	-	4,221	1,838	-	-	1,838	2,384	2,384
(Refer Footnote (iii))										
Furniture, Fixtures and Equipments	168	49	-	217	123	9	-	132	85	45
Vehicles	971	115	38	1,048	339	106	15	430	619	632
Intangible Assets	952	-	-	952	238	238	-	476	476	714
(Refer Footnote (iv))										
Total	17,326	867	38	18,155	6,606	709	15	7,299	10,857	10,720
Previous Year	15,895	656	178	16,374	5,761	926	81	6,368		
(B) Capital Work in Progress									169	155
(Refer Footnote (v))										

Footnotes:-

- (i) An amount of Rs. 219 Lac in building represents substantial renovation of leased premises. Depreciation has been charged considering tenure of lease of 10 years.
- (ii) (a) Company has capitalized the opening work in progress and the additions made during the year at the close of the year at patiala unit and accordingly charged the depreciation.
 (b) In respect of Plant & Machinery, company is consistently following the policy of charging depreciation over 20 years for assets purchased before 01.04.2014 on the basis of certificate given by Govt. approved valuer (Chartered Engineer) of the useful life of more than 35 years. Similarly for additions in Plant & Machinery after 01.04.2014, company has estimated useful life of 20 years (as against 15 years specified in schedule II of the companies Act 2013) based upon the certificate of suppliers/manufacturers of Plant & Machinery.
 (c) Interest of Rs. Nil (P.Y Rs. 6.64 lacs) incurred prior to assets are put to use is capitalized in Plant & Machinery as per AS 16.
- (iii) Casien Plant has remained inactive for the last few years but maintenance is being incurred. Hence company has decided to hold all the assets and machinery in the casein plant as investment for strategic alliance in pursuance of AS-24 issued by the Institute of Chartered Accountants of India. Accordingly company has not charged depreciation/amortized intangible assets of this plant. The fair market value of the plant (as certified by the supplier) is Rs. 49.21 Crores against carrying amount of Rs. 23.83 Crores of casien plant including intangibles.
- (iv) In accordance with AS-26 expenses incurred on Intangible Asset and is amortized over a period of 4 years .
- (v) (a) Estimated amount of capital contracts remaining to be executed is Rs. 20 Lac (PY Rs. 18Lac).
 (b) Includes Rs. 169 Lac for Plant & Machinery.

Note 12 Investment

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
National Saving Certificates	(i)	1	1
TOTAL		1	1

Footnote-

- (i) Pledged with Government Authorities towards fulfillment of statutory obligations.

Note 13 Long-term loans and advances

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Advances to suppliers Unsecured, considered good		9	-
(b) Security deposits Unsecured, considered good		121	125
(c) Loans and advances to employees Unsecured, considered good	(i)	13	141
(d) Prepaid expenses		26	50
(e) Sales Tax Authorities	(ii)	82	73
TOTAL		251	389

Footnotes

- (i) Advances, security deposits and advances to employees are considered good for recovery as certified by the Management. (Refer Note No 18(a)).
- (ii) 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 Other Non current assets

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Trade Receivables Unsecured, considered good	(i)	18	11
TOTAL		18	11

Footnote:

- (i) Includes Rs. 6 lakh due from government departments outstanding for a period exceeding 3 Years. Management certifies that these are good for recovery. Necessary adjustment, if any, will be effected in FY 2017-18

Note 15 Inventories

(At lower of cost and net realisable value)

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Raw materials		23	10
(b) Work-in-progress		674	894
(c) Finished goods		6103	4601
(d) Stores and spares		513	552
(e) CER (Units)	(i)	3	25
(f) Packing materials		198	250
(g) Trees & Plantation	(ii)	179	129
TOTAL		7693	6462

Footnote:-

- (i) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realisable Value (NRV) as per AS-2 of ICAI. Also Refer Note 21.
- (ii) During the year company has incurred an amount of Rs 50 Lacs on Power & Fuel and labour for irrigation of the plants . Actual cost incurred is confirmed by the expert (Agriculture Scientist). Further Expert has given an opinion that these trees have acquired sufficient growth for sale as at 31.03.2017. Based upon the opinion, company has classified the expenses under inventory.

Note 16 Trade receivables

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Unsecured and Considered Good			
Outstanding for a period exceeding six months		60	29
Others		1565	1687
TOTAL		1625	1716

Note 17 Cash and cash equivalents

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Cash on hand		2	9
(b) Balances with banks			
(i) In current accounts	(i)	7	8
(ii) In deposit accounts	(ii)	35	81
(iii) Margin accounts	(iii)	63	63
TOTAL		107	161

Footnotes:

- (i) Excludes Rs 6.30 Lac on account of issue of cheques (stale) against payment of interest.
- (ii) Pledged Rs.0.50 Lac with ACCT Dehradun.
- (iii) FDR's pledged with bank.

Note 18 Short-term loans and advances

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
(a) Advances to employees / others			
Unsecured, considered good	(i)	165	205
(b) Prepaid expenses - Unsecured, considered good		102	98
(c) Interest Receivable		20	18
(d) Export Incentive Receivable		13	13
(e) Advance to Suppliers - Unsecured, considered good		54	62
(f) Balances with government authorities			
Unsecured, considered good			
(i) Input Tax Credit		4	2
(ii) Sales Tax Authorities		1	1
(g) Income tax recoverable (Net of Provisions)		58	34
(h) Amounts Receivable		12	2
(i) Carbon Credit Receivable	(ii)	10	302
TOTAL		439	737

Footnotes:

- (i) Classified as Short Term loans as certified by the Management.
- (ii) Represents the realizable value of 97000 CER's (PY 97000 Units) as certified by the consultant. The receivable is classified as short term as company is of the view that the units are likely to be sold in the FY 2017-18. Also refer Note 21.

Note 19 Revenue from operations

Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (Rs. in lacs)
Sale of products	(i)	38516	37233
Other operating revenues	(ii)	362	46
Revenue from operations (Gross)		38877	37279
Less:			
Excise duty		-	-
Revenue from operations (net)		38877	37279

Footnotes:

(i)

Particulars	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Sale of products comprises :		
<u>Manufactured goods</u>		
- Ghee	33117	30508
- Milk & Milk Powder	5399	6725
Total - Sale of products	38516	37233

(ii)

Other operating revenues comprises:		
Sale of scrap	44	46
Conversion Charges of Milk to Powder & Butter	318	-
Total - Other operating revenues	362	46

Note 20 Other income

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
(a) Interest income	(i)	18	12
(b) Other income	(ii)	37	206
TOTAL		55	218

Footnote:

- (i) Includes amount of Rs. 8 Lacs (PY Nil) interest on Income Tax refund.
(ii) Includes amount of Rs. 34 lacs (P.Y Rs.196 lacs) towards Misc. balance written back which is no longer payable and Insurance claim of Rs. 2 lacs.

Note 21

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Exceptional Items			
Carbon Credits balance written off	(i)	307	-
Misc Balance written off		102	-
TOTAL		409	-

Footnote:

- (i) Amount is written off on the basis of actual realization / certificate of consultant.

Note 22 Cost of Material Consumed

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Material consumed comprises:			
Milk		4116	3318
Ghee		28213	20032
Others		1720	5216
TOTAL		34049	28566

Note 23 Changes in inventories of finished goods and work-in-progress

Particulars	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
<u>Inventories at the end of the year:</u>		
Finished goods	6103	4601
Work-in-progress	674	894
	6777	5495
<u>Inventories at the beginning of the year:</u>		
Finished goods	4601	7519
Work-in-progress	894	507
	5495	8026
Net (increase) / decrease	(1282)	2531

Note 24 Employee benefits expenses

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Salaries, wages and other Benefits	(i)	1163	1146
Contributions to provident funds		53	53
Staff welfare expenses		60	58
TOTAL		1276	1257

Footnote:

- (i) (a) Provision for Gratuity and Leave encashment has been made during the year in terms of AS-15 (Revised).
(b) Includes provision of minimum bonus of Rs. 12.29 lacs (Previous year Rs 14.25 lacs) under the payment of Bonus Act 2016.
(c) Includes Rs. 11.32 Lacs reimbursed to Ex- MD of the company towards medical expenses.

Note 25 Finance costs

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
(a) Interest expense on:			
Borrowings	(i)	1115	1140
(b) Other borrowing costs (Bank and other financing charges)		121	124
TOTAL		1236	1264

- (i) Interest of Rs. Nil (P.Y. Rs. 6.64 lacs) capitalized towards Plant & Machinery installed during the year (Refer Note 11(ii) (c)).

Note 26 Depreciation & Amortisation Expenses

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Depreciation expense			
Tangible Assets		472	628
Intangible Assets (Refer Note 11)		238	298
TOTAL		709	926

Note 27 Other expenses

Particulars	Footnote	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
(a) - Consumption of stores and spare parts		45	47
- Power and Fuel		529	451
- Repairs - Building		3	8
- Machinery		36	48
- Packing		944	932
(b) - Rent		63	62
- Rates and taxes		12	24
- Insurance		71	66
- Miscellaneous expenses	(i)	587	725
Payments to the auditors	(ii)	21	20
(c) - Freight & Forwarding Expenses		373	337
- Commission		53	80
TOTAL		2738	2800

(i) Includes reimbursement of Rs. 0.53 Lacs to Ex-MD of the company and bad debts written off Rs. 5.75 Lacs and prior period expenses of Rs. 2.13 Lacs (Net of prior period income) Office maintenance expenses of Rs. 95 lacs and legal & Professional Expenses Rs. 75 lacs

(ii)

Particulars	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Auditors Remuneration and expenses (including Service Tax)		
- Audit fee	16	16
- Tax audit fees	2	1
- Fees for other services	1	1
- Reimbursement of expenses	2	1
TOTAL	21	20

Note 28 Disclosures under Accounting Standards

Particulars	As at 31 March, 2017 (Rs. in lacs)	As at 31 March, 2016 (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	980	1579
Others	-	-
Tax effect of items constituting deferred tax liability	980	1579
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.17	920	1129
Disallowances under Section 43B of the Income Tax Act, 1961	60	60
Tax effect of items constituting deferred tax assets	980	1189
Deferred tax liability (net)	0	390

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).

Note 29 Disclosures under Accounting Standards

Particulars	For the Year ended 31 March, 2017 (Rs. in lacs)	For the Year ended 31 March, 2016 (Rs. in lacs)
Earnings per share		
Basic and diluted		
Net profit for the year ('Rs. In lacs)	186	93
Weighted average number of equity shares (Nos.)	4,886,440	4,886,440
Par value per share (In Rs.)	10	10
Earnings per share - Basic and diluted in Rs.	3.81	1.90

Note 30

Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016 is as provided in the table below:

Particulars	SBNs (Amount in Rs.)	Other denomination notes (Amount in Rs.)	Total (Amount in Rs.)
Closing balance as at 8 November 2016	1,423,500	25,216	1,448,716
Transactions between 9 November 2016 to 30 December 2016			
Add: receipts for permitted transactions	-	1,997,500	1,997,500
Add: withdrawal from bank accounts	-	1,243,920	1,243,920
Add: receipts for non-permitted transactions	-	-	-
Less: paid for permitted transactions	112,500	2,702,324	2,814,824
Less: paid for non-permitted transactions	-	-	-
Less: deposited in bank accounts	1,311,000	-	1,311,000
Closing balance as at 30 December 2016	-	564,312	564,312

Notes

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