



## NOTICE

**NOTICE** is hereby given that the Fortieth Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at Bahadurgarh, District Patiala – 147021, (Punjab) on Friday, the 27th September, 2013 at 9.30 A.M. to transact the following business:

### **ORDINARY BUSINESS:**

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Profit and Loss Statement for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
- (2) To appoint a Director. Mrs. Asha Gadi, Director, retires by rotation at this Annual General Meeting and being eligible offers herself for re-appointment.
- (3) To appoint Auditors and fix their remuneration. M/s Madan & Associates, Chartered Accountants, the Statutory Auditors, retire and being eligible, offer themselves for re-appointment.

Dated: 30th May, 2013

By Order of the Board

### **Registered Office:**

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

**K.K. Kohli**  
Director

### **NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
2. The Register of Members and the Transfer Books of the Company will remain closed from 26th September, 2013 to 27th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
3. Members are requested to intimate changes, if any, in their registered addresses to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical share folios to the Registrar and Share Transfer Agent of the Company at Alankit Assignments Ltd., RTA Division, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055, or to the Company at 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.
4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Members are requested to intimate to the Company the details, if any, required in relation to this Annual Report at least 10 days before the meeting to enable the management to keep the information ready.

# **MILKFOOD LIMITED**

## **Annual Report**

for the year ended 31st March, 2013



**milkfood**

## **BOARD OF DIRECTORS**

ASHA GADI  
AMARJEET KAPOOR  
SURESH ALIPURIA  
KEWAL KRISHAN KOHLI

## **AUDITORS**

Madan & Associates  
Chartered Accountants  
New Delhi

## **BANKERS**

State Bank of Patiala  
Canara Bank

## **REGISTERED OFFICE**

Bahadurgarh  
Distt. Patiala-147021  
(Punjab)

## **WORKS**

Bahadurgarh  
Distt. Patiala-147021  
(Punjab)

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

## **HEAD OFFICE**

Bhandari House  
91, Nehru Place  
New Delhi-110019

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# Directors' Report

## TO THE MEMBERS

The Directors present their Fortieth Report together with Audited Accounts of the Company for the financial year ended 31st March, 2013.

## FINANCIAL RESULTS

	(Rs./Lacs) 2012-13	(Rs./Lacs) 2011-12
Profit/(Loss) after charging all expenses before Depreciation	532.05	642.88
Deduct: Depreciation	426.81	494.90
Profit/(Loss) for the year	105.24	147.98
Current Tax	19.75	28.14
Wealth Tax	1.52	1.70
Deferred Tax	10.02	45.94
Adj for earlier year	0.00	6.69
Profit/(Loss) after Tax before discontinuing operation	73.95	65.51
Profit/(Loss) from discontinuing operation	(6.55)	(7.34)
Transferred to General Reserve	67.40	58.17

## OPERATIONS

During the period under Report, the Company's sales and other income are Rs.33579 lacs and cash profit is Rs.532.05 lacs as compared to last year's figures of Rs.30503 lacs and cash profit of Rs.642.88 lacs respectively. After depreciation, the profit for the year is Rs. 105.24 lacs as compared to the profit of Rs.147.98 lacs in the previous year.

## DIVIDEND

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

## FIXED DEPOSITS

As on 31.03.2013, there were 27 unclaimed fixed deposits with Company amounting to Rs. 8,23,000, out of which 7 fixed deposits amounting to Rs.2,06,000 have been renewed/refunded.

## CONSOLIDATED ACCOUNTS

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

## PARTICULARS OF EMPLOYEES

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended 31st March, 2013 the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that year;

- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts on a going concern basis.

#### **CORPORATE GOVERNANCE**

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

#### **INFORMATION UNDER THE LISTING AGREEMENT WITH STOCK EXCHANGE**

The shares of your Company are listed at the BSE Ltd. vide Stock Code: 507621.

The Listing fee for the financial year 2013-14 has been paid.

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

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

#### **DIRECTORS**

Mrs. Asha Gadi, Director retire by rotation and, being eligible, offers herself for re-appointment as the Director of the Company. The Board recommends her re-appointment.

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

#### **AUDITORS**

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

#### **COST AUDITORS**

M/s. R. J. Goel & Co., Cost Accountants, Delhi have been appointed as Cost Auditors to carry out the audit of the Company's cost records for the financial year ending 31st March, 2014. The reports of M/s R. J. Goel & Co., Cost Accountants, in respect of audit of the cost accounts relating to Milk Food Division for the year ended on 31st March, 2013, will be submitted to the Central Government in due course.

#### **GENERAL**

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

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

For and on behalf of the Board

Place : New Delhi  
Date : 30th May, 2013

Suresh Alipuria  
Director

K.K Kohli  
Director

# Corporate Governance Report

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

## BOARD OF DIRECTORS:

As on 31st March, 2013, the Board of Directors of the Company has four Members. None of the Directors are related to each other. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

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

During the financial year 2012-13, nine Board meetings were held on 02.04.2012, 14.05.2012, 14.08.2012, 08.11.2012, 14.11.2012, 10.12.2012, 14.02.2013, 21.03.2013 and 30.03.2013

Composition of Board of Directors as on 31st March, 2013 and other details are as under:

Name	Category	No. of Board Meetings attended	Whether previous AGM attended held on 26th Sept., 2012	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	9	No	1	Nil	Nil
Mr. Suresh Alipuria	Non -Executive Independent	9	Yes	6	Nil	Nil
Mr. Amarjeet Kapoor	Non -Executive	9	No	13	Nil	4
Mr. K.K. Kohli	Non -Executive Independent	9	Yes	14	Nil	4

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

## MANAGEMENT TEAM:

Management Team consists of the following Executives of the Company:

Mr. Sudhir Avasthi, Chief Executive Officer  
 Mr. Amar Baljeet Singh, Head, Patiala Plant  
 Mr. H.M. Sood, Head, Moradabad Plant.

## AUDIT COMMITTEE:

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

The composition of the Audit Committee as on 31st March, 2013 is as follows:

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

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

Date of Meeting	Mr. Suresh Alipuria	Mr. K. K. Kohli	Mrs. Asha Gadi
14.05.2012	Yes	Yes	Yes
14.08.2012	Yes	Yes	Yes
14.11.2012	Yes	Yes	Yes
14.02.2013	Yes	Yes	Yes
08.03.2013	Yes	Yes	Yes

The Audit Committee Meetings were also attended by Mr. Sudhir Avasthi, Chief Executive Officer as a Special Invitee & Mrs. Rishbha Ahluwalia, Asst. Company Secretary since her appointment.

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

## REMUNERATION COMMITTEE:

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

As on 31st March, 2013, the Remuneration Committee comprises of the following three Directors of the Company:

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

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

#### DETAILS OF REMUNERATION PAID TO DIRECTORS:

The sitting fees paid to the Non Executive Directors of the Company for the financial year ended on 31st March, 2013 is as follows:

Name of Director	Sitting fees
Mrs. Asha Gadi	Rs. 3,500
Mr. Suresh Alipuria	Rs. 3,500
Mr. K. K. Kohli	Rs. 3,500
Mr. Amarjeet Kapoor	Rs. 3,500

#### Details of shareholding of Non-Executive Directors as on 31st March, 2013:

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

#### SHARE TRANSFER COMMITTEE:

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

The composition of the Committee as on 31st March, 2013 is as follows:

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

The Committee held twelve meetings during the financial year with all members including Chairman present in the meetings. The meetings were held on 30.04.2012, 31.05.2012, 30.06.2012, 31.07.2012, 31.08.2012, 29.09.2012, 31.10.2012, 30.11.2012, 31.12.2012, 31.01.2013, 28.02.2013 & 30.03.2013.

#### INVESTORS GRIEVANCE COMMITTEE:

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

The composition of the Committee as on 31st March, 2013 is as follows:

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

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

Date of Meeting	Mr. Suresh Alipuria	Mr. K. K. Kohli	Mrs. Asha Gadi
14.08.2012	Yes	Yes	Yes
30.03.2013	Yes	Yes	Yes

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

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

#### ANNUAL GENERAL MEETINGS:

Location and time for the last three AGMs:

Year	Date	Venue	Time	No. of Special Resolutions passed
2010	29.09.2010	Registered Office	9.30 A.M.	Nil
2011	30.09.2011	Registered Office	9.30 A.M.	Nil
2012	26.09.2012	Registered Office	9.30 A.M.	Nil

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

# DISCLOSURE:

During the financial year 2012-13, the Company has entered upon related party transactions which have been disclosed in Note 1(B) (vii) to the Accounts.

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

# CODE OF CONDUCT:

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

# MEANS OF COMMUNICATION:

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

Pursuant to SEBI circular no. CIR/CFD/DIL/11/2012 dated Aug 29, 2012 the Company has submitted quarterly & audited annual financial results to the Stock Exchange for the year ended 31st March, 2013 within the time prescribed.

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

# GENERAL SHAREHOLDERS' INFORMATION:

## Annual General Meeting (AGM):

Date & Time	: 27th September, 2013, 9.30 A.M.
Venue	: Registered Office
Book Closure Date	: 26th September, 2013 to 27th September, 2013 (both days inclusive)
Dividend	: Nil

## Financial Calendar for 2013-14 : (Tentative)

Financial Results for

First Quarter	: up to mid August, 2013
Second Quarter	: up to mid November, 2013
Third Quarter	: up to mid February, 2014
Fourth Quarter	: up to end May, 2014

## Market Price Data:

High and Low market price during each month in last financial year from April, 2012 to March, 2013 at Bombay Stock Exchange Limited (BSE) is as follows:

(In Rs.)					
Month	High	Low	Month	High	Low
April, 12	112.00	92.00	October, 12	87.90	74.15
May, 12	113.30	94.30	November, 12	100.50	72.25
June, 12	105.00	90.00	December, 12	101.00	85.50
July, 12	103.95	92.55	January, 13	94.00	77.00
August, 12	99.90	80.00	February, 13	87.95	70.20
September, 12	89.90	79.50	March, 13	77.85	55.00

## Registrar and Share Transfer Agent:

M/s Alankit Assignments Ltd., Alankit House, (RTA Division), 2E/21, Jhandewalan Extn., New Delhi-110055 acts as Registrar and Share Transfer Agent of the Company.

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

## Share transfer system:

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

## Distribution of shareholding as on 31st March, 2013:

Shareholding of nominal value of Rs.	No. of shareholders	No. of shares held	%age of total shareholding (Rounded off)
1-5000	4237	556834	11.40
5001-10000	189	139613	2.86
10001-20000	78	108303	2.22
20001-30000	11	27553	0.56
30001-40000	10	36050	0.74
40001-50000	3	14163	0.29
50001-100000	2	17651	0.36
100001 and above	11	3986273	81.58
Total	4541	* 4886440	100.00



**Shareholding pattern as on 31st March, 2013:**

Particulars	No. of shares held	%age of shares held (Rounded off)
Promoters	2448334	50.11
Mutual Funds	2600	00.05
Banks, Financial Institutions & Insurance Companies	500	00.01
FII's	187000	3.83
Corporate Bodies	1393646	28.52
Indian Public	848097	17.36
NRI's/OCBs	6263	00.13
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, 2013, 90.75% equity capital was held in dematerialized form and the balance in physical form.

**Plant Locations:**

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

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

**Address for correspondence:**

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

Tel: 0175-2381404, Fax: 0175-2380248

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

Tel: 011-26460670 , Fax: 011-26460823

Investors' e-mail ID: investor\_grievances\_redressal@milkfoodltd.com, sectl@milkfoodltd.com

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

(Pursuant to Clause 49 of the Listing Agreement)

Mrs. Asha Gadi, Director, retires by rotation at this Annual General Meeting and being eligible offers herself for re-appointment. She was appointed as a Director of the Company w.e.f. 7th October, 2002. She is 60 years old.

She is a graduate and has vast experience in the field of marketing.

She is holding the Directorship in Trikuta Enterprises Private Limited.

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

**Declaration as required under Clause 49 of the Listing Agreement**

I, Sudhir Avasthi, Chief Executive Officer, hereby declare that the Code of Conduct adopted by the Company for its Board and Senior Management Personnel has been duly complied by all Board Members and Senior Management personnel of the Company.

New Delhi  
30th May, 2013

Sudhir Avasthi  
Chief Executive Officer

## MANAGEMENT DISCUSSION AND ANALYSIS:

### Industry Structure, Outlook and Development

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

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

### Opportunities and Threats

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

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

Large number of unproductive animals, low genetic potency, poor nutrition and lack of services are the main factors for the low productivity. The lack of proper infrastructure like cold storages and absence of a transparent milk pricing system are affecting retail consumption of milk and leading to escalating milk prices in the domestic market. The lack of fodder, resulting in low yield from cattle, is another problem affecting the sector.

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

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

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

### Internal Control System

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

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

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

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

### Segment wise /Product wise Reporting

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

### Financial Performance

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

### Human Resources

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

### Disclaimer Statement

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

For and on behalf of the Board

Place : New Delhi  
Date : 30th May, 2013

Suresh Alipuria  
Director

K.K Kohli  
Director

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

To the Members of  
Milkfood Limited

We have reviewed the implementation of Corporate Governance procedures by Milkfood Limited during the year ended March 31, 2013, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

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

Place : New Delhi  
Date : 30th May, 2013

M.K. Madan  
Membership No. FCA 82214

# Financial Highlights

(Rs. In Lacs or as indicated)

PARTICULARS	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
<b>ASSETS</b>										
Fixed Assets( Net Block)	9,364	8,831	8,225	8,389	8,715	8,525	8,636	5,441	3,434	1,386
Investments	427	427	426	2,026	2,026	1,226	426	426	450	453
Current Assets	10,654	10,645	7,498	7,999	4,719	5,574	5,088	6,051	3,193	4,276
<b>TOTAL</b>	<b>20,445</b>	<b>19,903</b>	<b>16,149</b>	<b>18,414</b>	<b>15,460</b>	<b>15,325</b>	<b>14,150</b>	<b>11,918</b>	<b>7,077</b>	<b>6,115</b>
<b>LIABILITIES</b>										
Loans,Current Liabilities and Provisions	17,198	16,724	13,029	14,776	11,453	11,636	10,635	8,882	4,371	3,436
<b>NET WORTH</b>	<b>17,198</b>	<b>16,724</b>	<b>13,029</b>	<b>14,776</b>	<b>11,453</b>	<b>11,636</b>	<b>10,635</b>	<b>8,882</b>	<b>4,371</b>	<b>3,436</b>
<b>REPRESENTED BY</b>										
Share Capital	489	489	489	489	489	489	489	489	489	489
Reserves & Surplus	2,758	2,690	2,632	3,149	3,518	3,200	3,026	2,547	2,217	2,190
<b>TOTAL</b>	<b>3,247</b>	<b>3,179</b>	<b>3,121</b>	<b>3,638</b>	<b>4,007</b>	<b>3,689</b>	<b>3,515</b>	<b>3,036</b>	<b>2,706</b>	<b>2,679</b>
<b>OPERATING PERFORMANCE</b>										
Revenue	33,579	30,503	30,900	30,994	24,309	32,829	31,260	20,627	19,152	19,027
Gross Profit Earnings	533	642	14	0	501	823	1,005	581	91	286
Profit/(Loss) before tax	106	148	(454)	(489)	128	470	728	415	8	201
Profit/(Loss) after tax	67	58	(517)	(369)	318	175	478	330	27	101
Earnings per Share (Rs.)	1.38	1.19	(10.58)	(7.55)	6.50	3.57	9.79	6.75	0.56	2.07
Dividend -Amount per Share (Rs.)	—	—	—	—	—	—	—	—	—	—
-Rate(%)	—	—	—	—	—	—	—	—	—	—
Book Value of Shares(Rs.)	66.44	65.06	63.87	74.45	81.99	75.49	71.92	62.13	55.37	54.83
<b>GROSS EARNINGS</b>										
As a percentage of Revenue	1.59	2.10	0.05	0.00	2.06	2.52	3.21	2.82	0.48	1.50
As a percentage of Fixed Assets	5.69	7.27	0.17	0.00	5.74	9.66	11.64	10.68	2.65	20.63
As a percentage of Capital Employed	16.42	20.20	0.45	0.00	12.49	22.32	28.60	19.14	3.36	10.68

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MILKFOOD LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of Milkfood Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditors' Responsibility

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

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

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

## Opinion

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

Emphasis of matter we draw attention to the Note No.5.1 regarding trade payables /advances from customers, Note No.11A 2(i) regarding operations of Casein Plant and impairment of assets, Note No.11A(3) regarding assets held at Gurgaon, Note No.11A (5) regarding capital work in progress, Note No.11A 4 (ii) regarding addition to plant and machinery Note No.12(1) regarding investment, Note No.19 (1 to 4) on advances, our opinion is not qualified of these matters

*Subject to note no 6(1) regarding provision of gratuity and leave encashment of Rs 242.36 lacs of which Rs 29.56 lacs relate to current year and Note No 11A 4(i) regarding depreciation of Rs 84.02 lacs.*

*We further report that had the remarks given by us in above para regarding non provision of gratuity, leave encashment and depreciation been considered, Profit of the year would have been Rs.(46.18) Lacs ( against the reported figure of Rs 67.40 Lacs) the reserve and surplus would have been Rs.2431.51 Lacs (against the reported figure of Rs.2758 Lacs).non current liabilities would have been Rs.7707.80Lacs ( as against reported figure of Rs.7575.65 Lacs current liabilities would have been Rs.9733.31 Lacs (as against reported figure of Rs. 9623.11 Lacs ) and fixed assets would have been Rs. 9279.69 Lacs ( as against reported figure of Rs.9363.71 Lacs).*

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the reported profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except that gratuity and leave encashment are accounted for on payment basis.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act except that gratuity and leave encashment are accounted for on payment basis.
  - (e) On the basis of the written representations received from the directors as on 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

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

Place: New Delhi  
Date: 30th May, 2013

# Annexure to Auditors' Report

Referred to in paragraph 1 of our report of even date to the members of Milkfood Limited on the accounts as at and for the year ended March 31, 2013.

1. (a) The Company has maintained list of fixed assets acquired by it. However the same is required to be updated substantially with regard to quantitative detail/location, identification etc. in respect of Patiala unit.  
(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. It has been certified by the plant heads that physical verification has been done but reconciliation of the same with book records is in progress. Adjustment entry if any shall be made on completion of exercise.  
(c) In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed of by the company during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) on the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The company has not taken /granted loans to parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across, nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures and adjustments thereof except that internal control procedures in the case of advances need to be strengthened.
5. In our opinion and according to explanations given to us and as certified the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. In our opinion and according to the information and explanations given to us, the transactions of purchases/ sales made with the parties in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. In our opinion and according to the information and explanations given to us and read with Note (5.3) of Note.4 the company has complied with the directives issued by the RBI and provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public. According to information and explanations given to us no order has been passed by the National Company Law Tribunal or Company Law Board or RBI or any Court or any other Tribunal relevant to sections 58A, 58AA or the other relevant provisions of the Act. Excess deposit of Rs 18.89 lacs as on 31.03.2013 have since been refunded as certified by the management.
8. It has been informed to us that Company has inbuilt mechanism of internal checks and all the Plants have been visited by Internal Chartered Accountant to verify the operational systems and for safety of its Assets and other matters required by the Management. In our opinion the Internal Audit needs to be further strengthened in terms of scope, coverage and reporting.
9. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (cost Accounting records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. However we have not made a detailed examination of cost records with a view to determine whether they are accurate or complete.
10. (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, excise-duty, service tax, cess and other statutory dues applicable to it with the appropriate authorities except service tax of Rs 1.93 lacs for which company has filed an application with authorities under the Amnesty scheme.

(b) According to the information and explanations given to us and the records of the company examined by us, the particulars of major dues of sales-tax, income-tax, customs duty, wealth tax, excise duty and cess as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:-

Sl. No.	Name of Statute	Nature of Dues	Amount Rs./Lacs	Forum where dispute is pending
1	Delhi Sales Tax Act, 1975	Stock Transfer etc. 1984-85	1.86	Appeal before Sales Tax Appellate Tribunal, Delhi.
2	Income Tax act, 1961	Regular Demand under section 147/143 (3), 2006-07	16.17	Before CIT (Appeals), Delhi
3	Income Tax Act, 1961	Regular Demand u/s 143 (3) A.Y. 2008-09	12.31	Before CIT (Appeals), Delhi
4.	U.P. Vat Act, 2008	Regular Demand for Assessment Year 2008-09	1.29	Before Addl. Commissioner (Appeals), Moradabad.
5	U.P. Vat Act, 2008	Regular Demand for Assessment Year 2009-10	8.06	Before Addl. Commissioner (Appeals), Moradabad.
6.	Wealth tax Act, 1957	Regular Demand for Assessment Year 2006-07	0.84	Before CIT (Appeals).
7.	Income Tax act, 1961	Regular Demand for Assessment Year 2007-08	2.17	Application U/S 154 for rectification before Assessing officer.

11. The company has NIL accumulated losses as at March 31, 2013 and it has not incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/ societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, the company has applied term loans for the purposes for which the loans were obtained.
17. On overall examination of Balance Sheet, we report that funds raised on short term basis, prima facie not been used during the year for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has not issued any debenture during the year, accordingly, no security has been created.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Place: New Delhi  
Date: 30th May, 2013

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

# Balance Sheet

as at 31 March , 2013

Particulars	Note No.	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	489	489
(b) Reserves and surplus	3	2,758	2,690
		<u>3,247</u>	<u>3,179</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	2,315	3,368
(b) Deferred tax liabilities (net)	29	220	210
(c) Other long-term liabilities	5	5,040	3,389
(d) Long-term provisions	6	—	—
		<u>7,575</u>	<u>6,967</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	4,873	3,815
(b) Trade payables	8	2,669	4,260
(c) Other current liabilities	9	2,079	1,680
(d) Short-term provisions	10	2	2
		<u>9,623</u>	<u>9,757</u>
<b>TOTAL</b>		<u><u>20,445</u></u>	<u><u>19,903</u></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11A	9,364	8,081
(ii) Capital work-in-progress	11B	—	750
		<u>9,364</u>	<u>8,831</u>
(b) Investments	12	427	427
(c) Long-term loans and advances	13	315	167
(d) Trade receivables	14	14	14
(e) Inventories	15	53	35
		<u>10,173</u>	<u>9,474</u>
<b>2 Current assets</b>			
(a) Inventories	16	7,513	8,163
(b) Trade receivables	17	1,036	500
(c) Cash and cash equivalents	18	89	181
(d) Short-term loans and advances	19	1,634	1,585
		<u>10,272</u>	<u>10,429</u>
<b>TOTAL</b>		<u><u>20,445</u></u>	<u><u>19,903</u></u>

Summary of significant accounting policies and additional notes to Accounts

1

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

In terms of our report of even date  
For Madan & Associates  
Chartered Accountants  
Firm Registration No 000185N

For & On behalf of the Board of Directors

**M.K. MADAN**  
Proprietor  
Membership No. 82214  
Place: New Delhi  
Date: 30th May, 2013

**Rishbha Ahluwalia**  
Asstt. Co. Secretary

**Sudhir Avasthi**  
C.E.O

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



# Statement of Profit and Loss

for the year ended 31 March, 2013

Particulars	Note No.	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
<b>1 Revenue from operations (gross)</b>	20	<b>33540</b>	30,459
Less: Excise duty		—	—
Revenue from operations (net)		<b>3,3540</b>	30,459
<b>2 Other income</b>	21	<b>39</b>	43
<b>3 Total revenue (1+2)</b>		<b>3,3579</b>	30503
<b>4 Expenses</b>			
(a) Cost of Raw materials consumed	22A	<b>26,457</b>	27,990
(b) Changes in inventories of finished goods and work-in-progress	22B	<b>991</b>	(3,803)
(c) Employee benefits expenses	23	<b>1,082</b>	936
(d) Finance Cost	24	<b>1,165</b>	1,122
(e) Depreciation and amortisation expenses	25	<b>427</b>	495
(f) Other expenses	26	<b>3,354</b>	3,616
<b>Total expenses</b>		<b>33,475</b>	30,355
<b>Profit before exceptional and extraordinary items</b>		<b>104</b>	148
Exceptional Items	1B(iii)	<b>2</b>	(11)
<b>Profit before extraordinary items</b>		<b>106</b>	137
Extraordinary Items		—	11
<b>5 Profit before tax (3-4)</b>		<b>106</b>	148
<b>6 Tax expense:</b>			
(a) Current tax		<b>20</b>	28
(b) Adjustment for (excess) / short provision for earlier years		—	7
(c) Net current tax expense		<b>20</b>	35
(d) Deferred tax		<b>10</b>	46
(e) Wealth tax		<b>2</b>	2
<b>Total Tax</b>		<b>32</b>	82
<b>7 Profit/(loss) for the period from Continuing operation after tax (5-6)</b>		<b>74</b>	65
<b>8 Profit/( Loss) from discontinuing operation</b>	27	<b>(7)</b>	(7)
<b>9 Profit/(loss) for the period (7+8)</b>		<b>67</b>	58
<b>10 Earnings per share (of Rs 10/- each):</b>			
Basic and Diluted - in Rs `	28	<b>1.38</b>	1.19
Summary of significant accounting policies and Additional Notes to Accounts	1		
The accompanying notes 1 to 29 are integral part of the financial statements			

In terms of our report of even date  
For Madan & Associates  
Chartered Accountants  
Firm Registration No 000185N

For & On behalf of the Board of Directors

**M.K. MADAN**  
Proprietor  
Membership No. 82214  
Place: New Delhi  
Date: 30th May, 2013

**Rishbha Ahluwalia**  
Asstt. Co. Secretary

**Sudhir Avasthi**  
C.E.O

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



# CASH FLOW STATEMENT

for the year ended 31st March, 2013

Particulars	Note No.	For the year ended 31 March, 2013 (Rs. in lacs )	For the year ended 31 March, 2012 (Rs. in lacs )
<b>A Cash flow from operating activities:</b>			
Net profit before tax		99	130
Adjustments for :			
Depreciation and Amortisation expense		429	498
Finance costs	1	1,165	1,122
Provision for wealth Tax/Income Tax/Adjustment of earlier year		(21)	(37)
Exchange fluctuation on foreign currency loan considered separately		—	—
Profit on Sales of Fixed Assets - Net		—	—
Liabilities no longer required written back		(29)	(11)
Insurance Claim Received		(—)	(16)
Interest Income		(8)	(16)
Miscellaneous Income		(1)	(1)
<b>Operating profit before working capital changes</b>		<b>1,634</b>	<b>1,670</b>
Changes in working capital			
Adjustments for (increase) / decrease in operating assets:			
Inventories		631	(3,874)
Trade receivables		(536)	213
Long term loans and advances		(149)	456
Short term loans and advances		(49)	423
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(1,590)	1,945
Other current liabilities		398	(742)
Other long term liabilities		1,651	1,480
Short term provisions		(—)	—
<b>Cash Generated From Operations before extraordinary item</b>		<b>1,990</b>	<b>1,570</b>
Exceptional items		(2)	11
Extra Ordinary Items		—	11
Insurance Claim Received		—	16
<b>Net cash flow from operating activities (A)</b>		<b>1,988</b>	<b>1,609</b>
<b>B. Cash flow from investing activities:</b>			
Capital expenditure on fixed assets,		(1,713)	(504)
Capital work in progress		750	(626)
Proceeds from sale of fixed assets		4	14
Interest received		8	16
Sale of Investments		—	—
<b>Net cash flow used in investing activities (B)</b>		<b>(951)</b>	<b>(1,100)</b>
<b>C. Cash flow from financing activities:</b>			
Short-term borrowings		1,058	1,392
Proceeds from fixed deposits		191	(36)
Proceeds from vehicle loan		(3)	8
Proceeds from term loan		(687)	(659)
Proceeds from intercorporate Deposit & other deposit		(553)	(96)
Finance costs		(1,165)	(1,122)
Exchange fluctuation on foreign currency loan considered separately		—	—
Liabilities no longer required written back		29	11
Miscellaneous Income		1	1
<b>Net cash flow used in financing activities (C)</b>		<b>(1,129)</b>	<b>(502)</b>
<b>Net increase / (decrease ) in cash &amp; cash equivalents (A+B+C)</b>		<b>(92)</b>	<b>7</b>
Cash and cash equivalents at the beginning of the year		181	174
<b>Cash and cash equivalents at the end of the year</b>		<b>89</b>	<b>181</b>

Note:-

- Finance cost as per revised schedule VI has been shown as excluding interest income but including Bill discounting charges.
- The above Cash flow statement has been prepared under the indirect method set out in accounting Standard 3 (Cash Flow Statement) issued by the institute of Chartered Accountant of India.
- Figures in bracket indicate cash out flows.
- Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification. The accompanying notes 1 to 29 are integral part of the financial statements

In terms of our report of even date

For Madan & Associates

Chartered Accountants

Firm Registration No 000185N

**M.K. MADAN**

Proprietor

Membership No. 82214

Place: New Delhi

Date: 30th May, 2013

**Rishbha Ahluwalia**

Asstt. Co. Secretary

For & On behalf of the Board of Directors

**Sudhir Avasthi**

C.E.O

**Asha Gadi**

**Amarjeet Kapoor**

**Suresh Alipuria**

**K.K. Kohli**

Directors

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Basis of Preparation of Accounts

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

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

#### 1.2. Tangible Fixed Assets

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

#### 1.3. Depreciation on Tangible Fixed Assets

On Fixed Asset: On written down value as per prescribed rates in Schedule XIV of Companies Act 1956 except in case of plant and machinery where company has charged depreciation @ 3.17% (4.75% as per schedule XIV). For the reduction in rates from 4.75% to 3.17% company has vide letter dated 15.04.2013 sought approval based upon technical evaluation of life of the machines for exiting block of Plant and Machinery.

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

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

#### 1.4 Intangible Assets

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

#### 1.5 Impairment of Assets:-

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

#### 1.6. Investments

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

#### 1.7 Inventories

Inventories ( including whey powder - by product ) are valued on lower of weighted average cost or net realizable value. Stock of finished goods lying in drums at the close of the year is calculated on the basis of average stock of 211 kg per drum.

#### 1.8 Retirement Benefits

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

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Leave encashments are not carried forward on year to year basis and facility is granted to employees only in the year of determination of service. Therefore no provision of leave encashment is made on year to year basis.
- (c) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholtime employment of company. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs.10 lacs.
- (e) Provident Fund:

The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage

of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

### 1.9 Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrips are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) In pursuance of guidance note issued by ICAI on accounting for self generated certified emission reductions (CERS) the same has to be recognized when UNFCCC certifies and credit the same to the generating entity. Company is entitled for 69692 CERS p.a w.e.f. 14 February 2012 till 2022 .Company has not recognized the entitlement as assets because the same is yet to be credited in its account by UNFCCC. In respect of VCS (2007) company had recognized the income in the earlier years on the basis of consultant certificate. During the year company has sold 85000 VCS for a sum of Rs. 76 lacs and VCS in hand as the close of the year are 97000 units which have been valued on consultant's advice for potential realization instead on the basis of sales realization during the year.

### 1.10 Deferred Tax

The tax expense consists of current tax and deferred tax. Provision for the current tax is based on tax liability computed in accordance with relevant provisions of the Income Tax Act. Provisions for deferred tax are made for all timing differences arising between taxable incomes and accounting income at Income Tax rates that have been enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only if there is convincing evidence that they will be realised in future against future taxable income. The carrying amounts of Deferred Tax Asset are reviewed for the appropriateness of their respective carrying values at each balance sheet date. For computing the Deferred tax liability /assets , benefit of brought forward losses has been taken on the basis of returned income(loss) instead of assessed income (loss) with regards to matters preferred in appeal (s).

### 1.11 Borrowing Costs

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

### 1.12 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on estimated rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account .At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account. 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.516 Lacs net of tax u/s 115 JB Rs.415 Lacs. (Previous year Rs.594 Lacs net of tax u/s 115 JB Rs.476 Lacs).

#### ii. Estimated amount of contracts remaining to be executed on capital account is nil and not provided for (Net of Advances) (Previous year Rs.212 Lacs).

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

#### iv. Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Fees & Subscription	6	2
Commission	—	1
Travelling	16	—
Total	22	3

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

Indigenous	For the year ended 31 March, 2013	
	(Rs. in lacs)	%
Raw materials and components	26457	100
	(27990)	(100)
Stores and spare parts	163	100
	(169)	(100)
Total	26620	
	(28159)	

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

(vi) **Earnings in foreign exchange**

	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. lacs)
Export of goods calculated on FOB basis	4968	—
Total	4968	—

(vii) **Related Party Disclosers:**

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

Description of relationship	Names of related parties
(a) Enterprises over which KMP is able to exercise significant influence	Jagatjit Industries Ltd. (Associate Concern) MFL Trading Private Ltd. (Wholly Owned Subsidiary)
(b) Key Management Personnel (CEO/ Directors and their relatives)	Mr. Sudhir Avasthi Ms Asha Gadi Mr. Suresh Alipuria Mr. Amarjeet Kapoor Mr. K. K. Kohli

Note: Related parties have been identified by the Management

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	12	—	12
	(9)	—	(9)
Telephone Expenses Paid	—	—	—
	(1)	—	(1)
Rent paid	4	—	4
	(4)	—	(4)
Interest Paid	—	—	—
	(17)	(1)	(18)
Amount received for Services	94	—	94
	(85)	—	(85)
Reimbursement of Expenses	6	—	6
	(2)	—	(2)
Managerial Remuneration ( including sitting fees)	—	90	90
	—	(6)	(6)
Sales	64	—	64
	(10)	—	(10)
Outstanding Payables, net of Receivable	28	8	36
	(8)	(50)	(42)

Note: Figures in bracket relates to the previous year

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

# Notes Forming part of the financial statements

## Note 2 Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)
<b>(a) Authorised</b>				
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
	<b>7,550,000</b>	<b>800</b>	<b>7,550,000</b>	<b>800</b>
<b>(b) Issued</b>				
Equity shares of Rs. 10 each fully paid up	4,887,890	489	4,887,890	489
<b>(c) Subscribed and Paid up</b>				
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	<b>4,886,440</b>	<b>489</b>	<b>4,886,440</b>	<b>489</b>

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
<b>Year ended 31 March, 2013</b>				
- Number of shares	4,886,440	—	—	<b>4,886,440</b>
- Amount (Rs in lacs )	489	—	—	<b>489</b>
<b>Year ended 31 March, 2012</b>				
- 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, 2013		As at 31 March, 2012	
	Number of shares held	% of shares held	Number of shares held	% of shares held
	Equity shares		Equity shares	
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%
Ms Roshni Jaiswal	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%

# Notes Forming part of the financial statements

## Note 3 Reserves and surplus

Particulars	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>(a) Capital redemption reserve</b>		
At the beginning and at the end of the year	0	0
<b>(b) Securities Premium Reserve</b>		
At the beginning and at the end of the year	670	670
<b>(c) Other Reserve: General reserve</b>		
At the beginning of the year	2,021	1,962
Add: Transferred from Surplus in Statement of Profit and Loss	67	58
At the end of the year	2,088	2,021
<b>Total</b>	<b>2,758</b>	<b>2,690</b>

## Note 4 Long-term borrowings

Particulars	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>(a) Term loans - Secured</b>		
From banks	206	917
From others	36	16
<b>(b) Term Loans - Unsecured -Others</b>	<b>2,073</b>	<b>2,435</b>
<b>Total</b>	<b>2,315</b>	<b>3,368</b>

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

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>Term Loans From Banks: Secured</b>			
Rupee loan from Canara Bank	1	188	875
Vehicle loans from ICICI	2 & 2.1	18	42
<b>Total</b>		<b>206</b>	<b>917</b>
<b>From Others:</b>			
BMW financial services	2.2	12	16
Kotak Mahindra Prime Ltd	2.3	24	–
<b>Total</b>		<b>36</b>	<b>16</b>
<b>From Others-Unsecured :</b>			
Religare Finvest Limited	3	1,018	1,571
Inter Corporate Deposits	4	500	500
Public Deposits	5	555	364
<b>Total</b>		<b>2,073</b>	<b>2,435</b>

### Notes:-

#### 1 Term Loans From Banks:

(1.1) Rupee Loan from Canara Bank of Rs.875 lacs at interest rate of 15.00% p.a is payable in quarterly instalments as follows:-

- (a) Rs.688 lacs ( From April'2013 to March'2014) Refer Note No.9(a)
- (b) Rs.188 lacs ( From April'2014 to June 2014).

(1.2) Cash Credit and Term Loans sanctioned by State Bank of Patiala/Canara Bank are secured by first and exclusive charge on all present and future current assets (excluding vehicles) and fixed assets including Plant & Machinery/ immovable properties situated at Bahadurgarh & Moradabad together with all Building and structures thereon, equitable mortgage of Land & Building at Gurgaon in the Name of Ispace Developers Pvt Ltd and exclusive charge on company's Brand "MILKFOOD". The State bank of Patiala has also extended supplier's line of credit to the extent of Rs. 400 lacs covered in the charge created by the company in its overall limits.

## Notes Forming part of the financial statements

2. Vehicle loans are secured against hypothecation of respective vehicles.
  - (2.1) Vehicle Loans (five in number) from ICICI Bank are repayable in monthly instalments of varied amount and repayable by February 2015 and carry interest rate of 10.49% to 12% p.a based upon terms & conditions of respective Loans.
  - (2.2) Vehicle loan from BMW Financial Services is payable in 5 years monthly instalments and is repayable by September 2016 and carry interest rate of 12% p.a. (Refer note no. 9 (a))
  - (2.3) Vehicle Loans (five in number) from Kotak Mahindra Prime Ltd are repayable in monthly instalments of varied amount and are repayable by December 2015 and carry different rates of interest in range of 10.55% to 11.94%. (Refer note no. 9 (a))
3. Loan from Religare Finvest limited carry floating rate of Interest of 16% in respect of both the loan of Rs. 700 lacs & of Rs.1500 lacs. Both the loans are on equated monthly of Rs. 11 lacs and Rs.17 lacs respectively and are repayable by 1st March 2018. (Refer note no. 9 (a))
4. Intercompany Deposits are repayable by September 2014 and carry interest @ 14% p.a. on net basis.
5. **Public Deposits:-**
  - (5.1) Public deposits are repayable as under:
    - (a) Rs. 539 lacs Payable by March 2014 and carry interest of 10.50% to 11.50%. (Refer note no. 9 (a))
    - (b) Rs. 555 lacs Payable by March 2015 & 2016 and carry interest of 11% to 11.50%
  - (5.2) Public deposits guaranteed by Directors Rs.281 lacs/-
  - (5.3) Public deposits matured but unclaimed amount to Rs. 9 lacs (Previous Year 10 lacs).

### Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Others:			
(i) Trade / security deposits received		2,446	2,545
(ii) Trade Payable /advance from customers	1	2,590	839
(iii) Others	2	4	5
<b>Total</b>		<b>5,040</b>	<b>3,389</b>

#### Note:-

1. Includes a sum of Rs. 575 lacs which is permanently available with the company as certified by the management. Trade payables of Rs.2000 lacs as confirmed by the creditors are payable after 12 months from the reporting date.
2. Includes Rs. 2 lacs towards debenture interest payable (to be transferred to investor education fund in future years) and Rs. 1 lacs payable to ex-employee pending final decision of court.

### Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Provision for employee benefits:			
(i) Retirement Benefits	1	0.00	0.00
(ii) Other Employee Benefits		0.00	0.00
(b) Provision - Others:			
(i) Provision for tax (net of advance tax)		0.00	0.00
<b>Total</b>		<b>0.00</b>	<b>0.00</b>

#### Note:-

1. No provision for Gratuity liability & Leave Encashment as on 31st March, 2013 amounting to Rs. 119 lacs (Previous year Rs. 129 lacs) and Rs. 13 lacs respectively (Previous year Rs. 10 lacs). Calculated in accordance with actuarial valuation as per AS-15 (Revised) has been made in these accounts.

# Notes Forming part of the financial statements

## Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>(a) From Bank - Secured</b>			
Cash Credit	1	4,873	3,815
<b>Total</b>		<b>4,873</b>	<b>3,815</b>

### Note:-

1. Refer note no. 1.2 of note 4.

## Note 8 Trade payables

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
Trade payables	1	2,669	4,260
<b>Total</b>		<b>2,669</b>	<b>4,260</b>

### Note:

- 1 (a) As per information available with the company there is no amount due to any party under Micro, Small and Medium Enterprises Development Act, 2007.  
(b) Refer Note 5(1).

## Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Current maturities of Long Term Debts *		1,440	1,259
(a) Interest accrued but not due on Public Deposits	6	76	61
(b) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		107	113
(ii) Advances from customers	7	347	179
(iii) Trade / security deposits received		—	1
(iv) Other outstanding bills		109	67
<b>Total</b>		<b>2,079</b>	<b>1,680</b>

### Current maturities of Long Term Debts \*

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>(a) From Bank - Secured</b>			
Term Loan	1	688	663
Vehicle loans	2	26	32
<b>(b) Vehicle loans Others</b>			
BMW financial services	3	4	3
Kotak Mahindra Prime Ltd	4	15	34
<b>(c) From Others Unsecured</b>			
Religare Finvest Limited	5	167	96
Public Deposits	6	540	431
<b>Total</b>		<b>1,440</b>	<b>1,259</b>

### Note

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



# Notes Forming part of the financial statements

## Note 10 Short-term provisions

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>Provision - Others:</b>			
(i) Provision for wealth tax		2	2
(ii) Provision for employee benefit	1	—	—
<b>Total</b>		<b>2</b>	<b>2</b>

### Note:

- Excludes provision of gratuity of Rs. 101 lacs (Previous year Rs. 68 lacs) and excludes provision of leave encashment of Rs. 9 lacs (Previous year Rs. 6 lacs)

## Note 11 A Fixed Assets

### TANGIBLE/INTANGIBLE ASSETS

(Rs. in lacs )

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2012	Additions	Deductions	31.03.2013	01.04.2012	For the Year	On Deduction	31.03.2013	31.03.2013	31.03.2012
Freehold Land	314	16	—	330	—	—	—	—	330	314
Refer Note 1										
Buildings	1,744	675	—	2,419	484	57	—	541	1,878	1,260
Refer Note 5										
Plant & Machinery	9,793	941	—	10,734	3,613	321	—	3,934	6,800	6,180
Refer Note 2 , 3 4 & 5										
Furniture, Fixtures and Equipments	133	13	—	146	105	2	—	107	39	28
Refer Note 3										
Vehicles	484	69	17	536	185	49	15	219	317	299
Total	12,468	1,714	17	14,165	4,387	429	15	4,801	9,364	8,081
Previous Year	12,019	504	55	12,468	3,918	498	30	4,387		

### Notes:-

- Addition represents stamp duty/ charges paid on registration of Moradabad land in favour of the company.
- Operations of Casein Plant (Patiala) remained suspended till December'2012 because of ban on export of casein, which had been partially lifted in August' 2012. Company obtained the license during the year and has manufactured and exported 140 MT and 119 MT respectively. Company is very optimistic about the future and has made the projections of cash flow of 5 years considering that it will be able to manufacture and sell 1200MT of casein during the FY2013-14 based upon the orders in hand of 544 MT. and at incremental growth @5% for subsequent years. . In conformity with Accounting Standard AS- 28 issued by the ICAI, the total carrying amount of assets including intangible Assets is Rs.3432 lacs of Casien Plant. and the present value of the future cash flow discounted @ 12% is Rs3467 lacs. Since present value of Rs 3467 lacs exceeds the carrying amount , no impairment of Asset is recognised.
  - Includes intangible assets of Rs. 597 lacs written down value of Rs. 352 lacs. In accordance with AS-26 expenses incurred on development/defining the manufacturing process of any product to meet the required standard is recognized as Intangible Asset and is amortized over a period of 10 years. The amount amortized during the year is Rs. 60 lacs ( Previous Year Rs.60 lacs).
- Assets at Gurgaon:
  - Plant and Machinery and furniture and fixtures held for disposal have been depreciated at the rates prescribed under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs.17.75 Lacs (Previous year Rs.21.09 lacs). Plant and Machinery and furniture and fixtures held for disposal have been depreciated at the rates prescribed under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs.15 lacs under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs.15 lacs (Previous year Rs.18 lacs).
- Based upon technical evaluation about life of assets Company has charged depreciation on Plant & Machinery at the rate 3.17% instead at 4.75% prescribed in schedule XIV of the Companies Act 1956.As a result depreciation charged is less by Rs.84 lacs during the year. Company has made an application for approval of lower rates than prescribed in schedule XIV of the Companies Act 1956. Approval from Ministry of Corporate Affairs is awaited.
  - Addition to plant and machinery at Patiala Unit of Rs 870 lacs includes expenses of Rs 100 lacs being proportionate overheads capitalized at the close of the year and depreciation provided accordingly.
- Company has capitalized the opening work in progress and the additions made during the year (including substantial renovation) at the close of the year and accordingly charged the depreciation.

# Notes Forming part of the financial statements

## Note 11B Capital Work in Progress

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
Building	1	—	482
Chilling Centre		—	2
Machinery		—	266
Computers		—	—
<b>Total</b>		<b>—</b>	<b>750</b>

### Note :

Refer note 5 of note 11 A

## Note 12 Investment

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>Investment in Equity Shares - Unquoted</b>			
MFL Trading Pvt. Ltd 10000 equity shares of 10 each (Wholly Owned Subsidiary Company)		<b>1</b>	1
<b>Investment in Preference Shares, Unquoted</b>			
Grand Regency Hospitalities Pvt. Ltd (425000 3% Preference Shares of Rs 100 each fully paid)	1	<b>425</b>	425
National Saving Certificates	2	<b>1</b>	1
<b>Total</b>		<b>427</b>	<b>427</b>

### Note-

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

## Note 13 Long-term loans and advances

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Suppliers advances Unsecured, considered good		<b>15</b>	14
(b) Security deposits Unsecured, considered good		<b>87</b>	86
(c) Loans and advances to employees Unsecured, considered good	1	<b>72</b>	13
(d) Input Tax credit	2	<b>5</b>	8
(e) Prepaid expenses		<b>44</b>	46
(f) Sales Tax Authorities	3	<b>92</b>	—
<b>Total</b>		<b>315</b>	<b>167</b>

### Notes

- Includes Rs 31 lacs due from the employee, interest @12% is charged.
  - Includes Rs.7 lacs due from the Ex-employee of the company. In the opinion of the management amount is recoverable.
- Is receivable in FY 2014-15.
- Deposited on account of pending Appeals preferred against demands raised of various years.

# Notes Forming part of the financial statements

## Note 14 Trade receivables Non current

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
Trade receivables outstanding for a period exceeding 12 months from the date they were due for payment	1		
Unsecured, considered good		14	13
Secured, considered good		0	1
<b>Total</b>		<b>14</b>	<b>14</b>

### Note:

- Represents outstanding from earlier years on account of some dispute. Management is hopeful of recovery. Adjustment entries, if required will be made in subsequent years after reconciliation with the parties is completed.

## Note 15 Non Current Inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Stores and Spares	1	29	33
(b) Trees and Plantation	2	24	2
<b>Total</b>		<b>53</b>	<b>35</b>

### Note

- Refer Note 30 (Discontinued Operations)
- Represents cost of pollution control measure. Management believes that net realisation from the sale in future would be sufficient to cover the cost.

## Note 16 Inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Raw materials	1	18	18
(b) Work-in-progress			
- Dairy Products		275	187
(c) Finished goods			
- Dairy Products		6,469	7,548
(d) Stores and spares		563	304
(e) Packing materials		188	106
<b>Total</b>		<b>7,513</b>	<b>8,163</b>

### Notes:

- Stocks on consignment of Rs.31 lacs (Previous year Rs 25 lacs ) remains unconfirmed at the year end.
  - Includes stock of Whey Powder (By-product) of Rs. 27 lacs (previous year Rs 69 lacs).
  - Includes Rs.35 lacs towards unutilized Input Credit . Management is of the opinion that the same will be utilized in the next financial year.

# Notes Forming part of the financial statements

## Note 17 Trade receivables

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Unsecured, considered good		–	2
Other Trade receivables			
Unsecured, considered good		908	492
Secured, considered good		128	6
<b>Total</b>		<b>1,036</b>	<b>500</b>

## Note 18 Cash and cash equivalents

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Cash on hand		4	3
(b) Cheques, drafts on hand		–	–
(c) Balances with banks			
(i) In current accounts	1	2	18
(ii) In deposit accounts		69	85
(iii) Margin accounts		14	75
<b>Total</b>		<b>89</b>	<b>181</b>

### Notes:

1. Excludes Rs 3 lacs on account of issue of stale cheques against payment of interest.

## Note 19 Short-term loans and advances

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Security deposits			
Unsecured, considered good		4	2
(b) Loans and advances to employees			
Unsecured, considered good		186	83
(c) Prepaid expenses - Unsecured, considered good		80	57
(d) Interest Receivable		10	18
(e) Export Incentive Receivable		90	–
(f) Supplier advances - Unsecured, considered good	1	431	423
(g) Balances with government authorities			
Unsecured, considered good			
(i) Input Tax Credit		3	2
(ii) Deposit with Punjab State Electricity Board	2	59	59
(iii) Sales Tax Authorities		2	92
(iv) Income Tax recoverable	3	27	19
(h) Carbon Credit Receivable	4	742	818
(i) Insurance Claim Receivable		–	12
<b>Total</b>		<b>1,634</b>	<b>1,585</b>

### Note:-

- 1 Include Rs.200 lacs paid by the company to the respondents on the directions of Hon'ble Supreme Court for admitting the Special Leave Petition against the order of High Court of Patna confirming the payment of Rs.328 lacs (Shown as Contingent Liability) Hon'ble supreme court has ruled that Delhi High court holds the jurisdiction . Management believes that the matter will be decided within 12 months of the reporting date.

## Notes Forming part of the financial statements

- Represents amount deposited in earlier years on a demand raised by the authorities. Identical matter is pending in appeal before Supreme Court. Management believes that the same is likely to be decided in the coming year.
- Includes Rs.19 lacs pertaining to earlier years for disputed matters pending in appeals.
- Represents balance due on account of VCS certificates at the close of the year. In the opinion of management and as certified by the consultant that in view of the improved international prices the remaining VCS certificates will be sold by next financial year and the amount realized will not be less than the amount recorded in books.

### Note 20 Revenue from operations

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Sale of products	1	33,285	30,447
Other operating revenues	2	255	12
<b>Revenue from operations ( Gross)</b>		<b>33,540</b>	<b>30,459</b>
Less:			
Excise duty		—	—
<b>Revenue from operations ( net)</b>		<b>33,540</b>	<b>30,459</b>

1

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
Sale of products comprises :		
Manufactured goods		
- Ghee	22,118	21,510
- Milk Powder	10,639	8,906
- Whey Powder	38	31
- Casein	490	—
<b>Total - Sale of products</b>	<b>33,285</b>	<b>30,447</b>

2

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	34	12
Export incentives	204	—
Foreign exchange fluctuation	17	—
<b>Total - Other operating revenues</b>	<b>255</b>	<b>12</b>

### Note 21 Other income

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2013 (Rs. in lacs)
Interest income	1	8	16
Other non-operating income	2	31	27
<b>Total</b>		<b>39</b>	<b>43</b>

# Notes Forming part of the financial statements

1

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Interest income comprises :		
Interest from banks on:		
-Deposits	7	9
-Margin money	1	6
Interest on Income tax refund	—	1
<b>Total - Interest income</b>	<b>8</b>	<b>16</b>

2

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Other non-operating income comprises:		
Insurance Claim received	—	16
Liabilities / provisions no longer required written back	30	10
Others	1	1
<b>Total - Other non-operating income</b>	<b>31</b>	<b>27</b>

## Note 22 A. Cost of Material Consumed

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Material consumed comprises:		
Milk	17,176	19,905
Ghee	9,041	8,004
Others	240	81
<b>Total</b>	<b>26,457</b>	<b>27,990</b>

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

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Inventories at the end of the year:		
Finished goods	6,469	7,548
Work-in-progress	275	187
	<b>6,744</b>	<b>7,735</b>
Inventories at the beginning of the year:		
Finished goods	7,548	3,736
Work-in-progress	187	196
	<b>7,735</b>	<b>3,932</b>
<b>Net (increase) / decrease</b>	<b>991</b>	<b>(3,803)</b>

# Notes Forming part of the financial statements

## Note 23 Employee benefits expense

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Salaries, wages and other Benefits	1	986	854
Contributions to provident funds		48	39
Staff welfare expenses		48	43
<b>Total</b>		<b>1,082</b>	<b>936</b>

### Note:

- (a) Refer note no. 4 (ii) of Note 11 A exclude Rs. 13 lacs.  
(b) No provision for Gratuity liability of Rs. 24 lacs (Previous year Rs. 24 lacs) and of leave encashment Rs 6 lacs (Previous year Rs.12 lacs) has been made in these accounts.  
(c) Includes provision of minimum bonus of Rs. 10 lacs ( Previous year Rs.10.lacs) under the payment of Bonus Act 1965.

## Note 24 Finance costs

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
(a) Interest expense on:	1		
(i) Borrowings		1,113	1,047
(ii) Others			
- Interest on delayed / deferred payment of income tax		—	3
- Bill discounting Charges		1	—
(b) Other borrowing costs (Bank and other financing charges)		51	72
<b>Total</b>		<b>1,165</b>	<b>1,122</b>

### Note :

- Net of Rs. 53 lacs recd from Union bank of India against delayed payment of decreed amounts .

## Note 25 Depreciation

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
<b>Depreciation expense</b>	1		
Tangible Assets		367	435
Intangible Assets		60	60
<b>Total</b>		<b>427</b>	<b>495</b>

### Note 25 A Depreciation on Gurgaon Assets

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
<b>Depreciation expense</b>	2		
Tangible Assets		3	3
<b>Total</b>		<b>3</b>	<b>3</b>

### Note :

- Based upon technical evaluation about life of assets Company has charged depreciation on Plant & Machinery at the rate 3.17% instead at 4.75% prescribed in schedule XIV of the Companies Act 1956. As a result depreciation charged is less by Rs.84 lacs during the year. Company has made an application for approval of lower rates than prescribed in schedule XIV of the Company Act 1956. Approval from Ministry of Corporate affairs is awaited.
- Refer note 3 of Note 11 A

# Notes Forming part of the financial statements

## Note 26 Other expenses

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
(a) -Consumption of stores and spare parts	1	163	169
-Power and Fuel	2	1,040	1,708
-Repairs - Building		12	18
-Machinery	3	32	76
-Milk Processing charges		3	—
-Packing	4	857	853
(b) -Rent		30	15
-Rates and taxes		12	10
-Insurance		69	52
-Miscellaneous expenses		379	297
Payments to the auditors	5	21	16
(c) -Freight & Forwarding Expenses		638	331
-Commission		98	71
<b>Total</b>		<b>3,354</b>	<b>3,616</b>

## Note -5

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Auditors Remuneration and expenses		
- Audit fee	16	12
- Tax audit fees	1	1
- Fees for other services	2	1
-Reimbursement of expenses	2	2
<b>Total</b>	<b>21</b>	<b>16</b>

## Note :

1. Refer note no. 4 (ii) of Note 11A exclude Rs. 6 lacs.
2. Refer note no. 4 (ii) of Note 11A exclude Rs. 63 lacs.
3. Refer note no. 4 (ii) of Note 11 A exclude Rs.18 lacs.
4. Excludes Rs. 35 lacs -Refer note no. 16 (1) (c)

## Note 27 Statement of Profit and Loss from discontinued operation

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
1 Revenue from operations (gross)		—	—
Total revenue		—	—
2 Expenses			
(a) Depreciation and amortisation expense	25A	3	3
(b) Other expenses	1	4	4
Total expenses		7	7
Profit before exceptional and extraordinary items		(7)	(7)
Exceptional Items		—	—
Profit before extraordinary items		(7)	(7)
Extraordinary Items		—	—
3 Profit/( Loss) from discontinuing operation		(7)	(7)

## Note

1. A sum of Rs.4 lacs has been charged to Statement of Profit and Loss on account of reduction in estimated realizable value in respect of general stores of Rs.33 lacs (previous year Rs. 37 lacs )



# Notes Forming part of the financial statements

## Note 28 Disclosures under Accounting Standards

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
<b>Earnings per share</b>		
Basic and diluted		
Net profit for the year ('Rs. In lacs)	67	58
Weighted average number of equity shares (Nos.)	4886440	4886440
Par value per share ( In Rs.)	10	10
Earnings per share - Basic and diluted in Rs.	1.38	1.19

## Note 29 Deferred tax liability (net)

Particulars	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>Components of deferred tax balances</b>		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	1,107	1,107
Others	—	—
Tax effect of items constituting deferred tax liability	1,107	1,107
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.13	887	897
Disallowances under Section 43B of the Income Tax Act, 1961	—	—
Others	—	—
Tax effect of items constituting deferred tax assets	887	897
<b>Deferred tax liability (net)</b>	<b>220</b>	<b>210</b>

### Note :

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

# AUDITORS' REPORT

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

We have examined the attached Consolidated Balance Sheet of Milkfood Limited and its subsidiary as at 31st March, 2013, the Consolidated Statement of Profit & Loss for the year ended 31st March 2013.

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

We did not audit the financial statement of the subsidiary company included in the consolidated Financial Statements which constitute total assets of Rs.82164.00 as at 31st March, 2013, total revenue of Rs. NIL net loss of Rs.4604.00 for the year then ended. These financial statements and other financial information have been furnished to us and our opinion on the consolidated financial statement to the extent they have been derived from such Financial Statement is based solely on the report of such Auditors.

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

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

- (a) The Consolidated Balance Sheet gives a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of Milkfood Limited and its subsidiary as at 31st March, 2013.
- (b) The Consolidated Statement of Profit & Loss gives a true and fair view of the consolidated results of operations of Milkfood Limited, and its subsidiary for the year ended on that date;

For Madan & Associates,  
Chartered Accountants  
Reg. no. 000185N

Place: New Delhi  
Date: 30th May, 2013

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

# Consolidated Balance Sheet

as at 31 March , 2013

Particulars	Note No.	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	489	489
(b) Reserves and surplus	3	2,758	2,690
		<u>3,247</u>	<u>3,179</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	2,315	3,368
(b) Deferred tax liabilities (net)	29	220	210
(c) Other long-term liabilities	5	5,040	3,389
(d) Long-term provisions	6	—	—
		<u>7,575</u>	<u>6,967</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	4,873	3,815
(b) Trade payables	8	2,669	4,260
(c) Other current liabilities	9	2,079	1,680
(d) Short-term provisions	10	2	2
		<u>9,623</u>	<u>9,757</u>
<b>TOTAL</b>		<u><b>20,445</b></u>	<u><b>19,903</b></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets/ Intangible assets	11A	9,364	8,081
(ii) Capital work-in-progress	11B	—	750
		<u>9,364</u>	<u>8,831</u>
(b) Investments	12	426	426
(c) Long-term loans and advances	13	315	167
(d) Trade receivables	14	14	14
(e) Inventories	15	53	35
		<u>10,172</u>	<u>9,473</u>
<b>2 Current assets</b>			
(a) Inventories	16	7,513	8,163
(b) Trade receivables	17	1,036	500
(c) Cash and cash equivalents	18	90	181
(d) Short-term loans and advances	19	1,634	1,586
		<u>10,273</u>	<u>10,430</u>
<b>TOTAL</b>		<u><b>20,445</b></u>	<u><b>19,903</b></u>

Summary of significant accounting policies and additional notes to Accounts

1

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

In terms of our report of even date  
For Madan & Associates  
Chartered Accountants  
Firm Registration No 000185N

For & On behalf of the Board of Directors

**M.K. MADAN**  
Proprietor  
Membership No. 82214  
Place: New Delhi  
Date: 30th May, 2013

**Rishbha Ahluwalia**  
Asstt. Co. Secretary

**Sudhir Avasthi**  
C.E.O

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

# Consolidated Statement of Profit and Loss

for the year ended 31 March, 2013

Particulars	Note No.	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
<b>1 Revenue from operations (gross)</b>	20	<b>33,540</b>	30,459
Less: Excise duty		—	—
Revenue from operations (net)		<b>33,540</b>	30,459
<b>2 Other income</b>	21	<b>39</b>	43
<b>3 Total revenue (1+2)</b>		<b>33,579</b>	30,503
<b>4 Expenses</b>			
(a) Cost of Raw materials consumed	22A	<b>26,457</b>	27,990
(b) Changes in inventories of finished goods and work-in-progress	22B	<b>991</b>	(3,803)
(c) Employee benefits expenses	23	<b>1,082</b>	936
(d) Finance Cost	24	<b>1,165</b>	1,122
(e) Depreciation and amortisation expenses	25	<b>427</b>	495
(f) Other expenses	26	<b>3,354</b>	3,616
<b>Total expenses</b>		<b>33,475</b>	30,355
<b>Profit before exceptional and extraordinary items</b>		<b>104</b>	148
Exceptional Items	1B(iii)	<b>2</b>	(11)
<b>Profit before extraordinary items</b>		<b>106</b>	137
Extraordinary Items		—	11
<b>5 Profit before tax (3-4)</b>		<b>106</b>	148
<b>6 Tax expense:</b>			
(a) Current tax		<b>20</b>	28
(b) Adjustment for (excess) / short provision for earlier years		—	7
(c) Net current tax expense		<b>20</b>	35
(d) Deferred tax		<b>10</b>	46
(e) Wealth tax		<b>2</b>	2
<b>Total Tax</b>		<b>31</b>	82
<b>7 Profit/(Loss) for the period from Continuing operation after tax (5-6)</b>		<b>74</b>	65
<b>8 Profit/( Loss) from discontinuing operation</b>	27	<b>(7)</b>	(7)
<b>9 Profit/(Loss) for the period (7+8)</b>		<b>67</b>	58
<b>10 Earnings per share (of Rs 10/- each):</b>			
Basic and Diluted - in Rs.	28	<b>1.38</b>	1.19
Summary of significant accounting policies and Additional Notes to Accounts	1		
The accompanying notes 1 to 29 are integral part of the financial statements			

In terms of our report of even date  
For Madan & Associates  
Chartered Accountants  
Firm Registration No 000185N

For & On behalf of the Board of Directors

**M.K. MADAN**  
Proprietor  
Membership No. 82214  
Place: New Delhi  
Date: 30th May, 2013

**Rishbha Ahluwalia**  
Asstt. Co. Secretary

**Sudhir Avasthi**  
C.E.O

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

# Consolidated Cash Flow Statement

for the year ended 31st March, 2013

Particulars	Note No.	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
<b>A Cash flow from operating activities:</b>			
Net profit before tax		99	130
Adjustments for :			
Depreciation and Amortisation expense		429	498
Finance costs	1	1,165	1,122
Provision for wealth Tax/Income Tax/Adjustment of earlier year		(21)	(37)
Exchange fluctuation on foreign currency loan considered separately		—	—
Profit on Sales of Fixed Assets - Net		—	—
Liabilities no longer required written back		(29)	(11)
Insurance Claim Received			(16)
Interest Income		(8)	(16)
Miscellaneous Income		(1)	(1)
<b>Operating profit before working capital changes</b>		<b>1,634</b>	<b>1,670</b>
Changes in working capital			
Adjustments for (increase) / decrease in operating assets:			
Inventories		631	(3874)
Trade receivables		(536)	213
Long term loans and advances		(149)	456
Short term loans and advances		(49)	423
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(1,590)	1,945
Other current liabilities		398	(742)
Other long term liabilities		1,651	1,480
Short term provisions		—	—
<b>Cash Generated From Operations before extraordinary item</b>		<b>1,990</b>	<b>1,570</b>
Exceptional items		(2)	11
Extra Ordinary Items		—	11
Insurance Claim Received		—	16
<b>Net cash flow from operating activities (A)</b>		<b>1,988</b>	<b>1,609</b>
<b>B. Cash flow from investing activities:</b>			
Capital expenditure on fixed assets,		(1,713)	(504)
Capital work in progress		750	(626)
Proceeds from sale of fixed assets		4	14
Interest received		8	16
Sale of Investments		—	—
<b>Net cash flow used in investing activities (B)</b>		<b>(951)</b>	<b>(1,100)</b>
<b>C. Cash flow from financing activities:</b>			
Short-term borrowings		1,058	1392
Proceeds from fixed deposits		191	(36)
Proceeds from vehicle loan		(3)	8
Proceeds from term loan		(687)	(659)
Proceeds from intercorporate Deposit & other deposit		(553)	(96)
Finance costs		(1,165)	(1,122)
Exchange fluctuation on foreign currency loan considered separately			
Liabilities no longer required written back		29	11
Miscellaneous Income		1	1
<b>Net cash flow used in financing activities (C)</b>		<b>(1,129)</b>	<b>(502)</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>(92)</b>	<b>7</b>
Cash and cash equivalents at the beginning of the year		182	175
<b>Cash and cash equivalents at the end of the year</b>		<b>90</b>	<b>182</b>

Note:-

- Finance cost as per revised schedule VI has been shown as excluding interest income but including Bill discounting charges.
- The above Cash flow statement has been prepared under the indirect method set out in accounting Standard 3 (Cash Flow Statement) issued by the institute of Chartered Accountant of India.
- Figures in bracket indicate cash out flows.
- Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification. The accompanying notes 1 to 29 are integral part of the financial statements.

In terms of our report of even date  
For Madan & Associates  
Chartered Accountants  
Firm Registration No 000185N

**M.K. MADAN**  
Proprietor  
Membership No. 82214  
Place: New Delhi  
Date: 30th May, 2013

**Rishbha Ahluwalia**  
Asstt. Co. Secretary

For & On behalf of the Board of Directors

**Sudhir Avasthi**  
C.E.O

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

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Basis of Preparation of Accounts

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

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

#### 1.2. Tangible Fixed Assets

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

#### 1.3. Depreciation on Tangible Fixed Assets

On Fixed Asset: On written down value as per prescribed rates in Schedule XIV of Companies Act 1956 except in case of plant and machinery where company has charged depreciation @ 3.17% (4.75% as per schedule XIV). For the reduction in rates from 4.75% to 3.17% company has vide letter dated 15.04.2013 sought approval based upon technical evaluation of life of the machines for exiting block of Plant and Machinery.

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

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

#### 1.4 Intangible Assets

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

#### 1.5 Impairment of Assets:-

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

#### 1.6. Investments

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

#### 1.7 Inventories

Inventories ( including whey powder - by product ) are valued on lower of weighted average cost or net realizable value. Stock of finished goods lying in drums at the close of the year is calculated on the basis of average stock of 211 kg per drum.

#### 1.8 Retirement Benefits

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

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Leave encashments are not carried forward on year to year basis and facility is granted to employees only in the year of determination of service. Therefore no provision of leave encashment is made on year to year basis.
- (c) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees including the Directors in the wholtime employment of company. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs.10 lacs.
- (e) Provident Fund:

The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage

of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

### 1.9 Revenue Recognition

- (a) Sales are recognized at the point of despatch to customers and are net of sales return. Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrips are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) In pursuance of guidance note issued by ICAI on accounting for self generated certified emission reductions (CERS) the same has to be recognized when UNFCCC certifies and credit the same to the generating entity. Company is entitled for 69692 CERS p.a w.e.f. 14 February 2012 till 2022 .Company has not recognized the entitlement as assets because the same is yet to be credited in its account by UNFCCC. In respect of VCS (2007) company had recognized the income in the earlier years on the basis of consultant certificate. During the year company has sold 85000 VCS for a sum of Rs. 76 lacs and VCS in hand as the close of the year are 97000 units which have been valued on consultant's advice for potential realization instead on the basis of sales realization during the year.

### 1.10 Deferred Tax

The tax expense consists of current tax and deferred tax. Provision for the current tax is based on tax liability computed in accordance with relevant provisions of the Income Tax Act. Provisions for deferred tax are made for all timing differences arising between taxable incomes and accounting income at Income Tax rates that have been enacted or substantially enacted as of the balance sheet date. Deferred Tax Assets are recognised and carried forward only if there is convincing evidence that they will be realised in future against future taxable income. The carrying amounts of Deferred Tax Asset are reviewed for the appropriateness of their respective carrying values at each balance sheet date. For computing the Deferred tax liability /assets , benefit of brought forward losses has been taken on the basis of returned income(loss) instead of assessed income (loss) with regards to matters preferred in appeal (s).

### 1.11 Borrowing Costs

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

### 1.12 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on estimated rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account .At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account. 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.516 Lacs net of tax u/s 115 JB Rs.415 Lacs. (Previous year Rs.594 Lacs net of tax u/s 115 JB Rs.476 Lacs).

#### ii. Estimated amount of contracts remaining to be executed on capital account is nil and not provided for (Net of Advances) (Previous year Rs.212 Lacs).

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

#### iv. Expenditure in foreign currency :

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Fees & Subscription	6	2
Commission	—	1
Travelling	16	—
Total	22	3

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

Indigenous	For the year ended 31 March, 2013	
	(Rs. in lacs)	%
Raw materials and components	26457	100
	(27990)	(100)
Stores and spare parts	163	100
	(169)	(100)
Total	26620	
	(28159)	

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

(vi) **Earnings in foreign exchange**

	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. lacs)
Export of goods calculated on FOB basis	4968	—
Total	4968	—

(vii) **Related Party Disclosers:**

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

Description of relationship	Names of related parties
(a) Enterprises over which KMP is able to exercise significant influence	Jagatjit Industries Ltd. (Associate Concern) MFL Trading Private Ltd. (Wholly Owned Subsidiary)
(b) Key Management Personnel (CEO/ Directors and their relatives)	Mr. Sudhir Avasthi Ms Asha Gadi Mr. Suresh Alipuria Mr. Amarjeet Kapoor Mr. K. K. Kohli

Note: Related parties have been identified by the Management

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	12	—	12
	(9)	—	(9)
Telephone Expenses Paid	—	—	—
	(1)	—	(1)
Rent paid	4	—	4
	(4)	—	(4)
Interest Paid	—	—	—
	(17)	(1)	(18)
Amount received for Services	94	—	94
	(85)	—	(85)
Reimbursement of Expenses	6	—	6
	(2)	—	(2)
Managerial Remuneration ( including sitting fees)	—	90	90
	—	(6)	(6)
Sales	64	—	64
	(10)	—	(10)
Outstanding Payables, net of Receivable	28	8	36
	(8)	(50)	(42)

Note: Figures in bracket relates to the previous year

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



# Notes Forming part of the financial statements

## Note 2 Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	(Rs. in lacs )	Number of shares	(Rs. in lacs)
<b>(a) Authorised</b>				
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>(b) Issued</b>				
Equity shares of Rs. 10 each fully paid up	4,887,890	489	4,887,890	489
<b>(c) Subscribed and Paid up</b>				
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)				
<b>Total</b>	4,886,440	489	4,886,440	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 Equity shares	Fresh issue	Redemption	Closing Balance Equity shares
<b>Year ended 31 March, 2013</b>				
- Number of shares	4,886,440	—	—	4,886,440
- Amount (Rs in lacs )	489	—	—	489
<b>Year ended 31 March, 2012</b>				
- 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, 2013		As at 31 March, 2012	
	Number of shares held Equity shares	% of shares held	Number of shares held Equity shares	% of shares held
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%
Ms Roshni Jaiswal	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%

# Notes Forming part of the financial statements

## Note 3 Reserves and surplus

Particulars	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>(a) Capital redemption reserve</b>		
At the beginning and at the end of the year	0	0
<b>(b) Securities Premium Reserve</b>		
At the beginning and at the end of the year	670	670
<b>(c) Other Reserve: General reserve</b>		
At the beginning of the year	2,021	1,962
Add: Transferred from Surplus in Statement of Profit and Loss	67	58
At the end of the year	2,088	2,021
<b>Total</b>	<b>2,758</b>	<b>2,690</b>

## Note 4 Long-term borrowings

Particulars	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>(a) Term loans - Secured</b>		
From banks	206	917
From others	36	16
<b>(b) Term Loans - Unsecured -Others</b>	<b>2,073</b>	<b>2,435</b>
<b>Total</b>	<b>2,315</b>	<b>3,368</b>

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

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>Term Loans From Banks: Secured</b>			
Rupee loan from Canara Bank	1	188	875
Vehicle loans from ICICI	2 & 2.1	18	42
<b>Total</b>		<b>206</b>	<b>917</b>
<b>From Others:</b>			
BMW financial services	2.2	12	16
Kotak Mahindra Prime Ltd	2.3	24	—
<b>Total</b>		<b>36</b>	<b>16</b>
<b>From Others-Unsecured :</b>			
Religare Finvest Limited	3	1,018	1,571
Inter Corporate Deposits	4	500	500
Public Deposits	5	555	364
<b>Total</b>		<b>2,073</b>	<b>2,435</b>

### Notes:-

#### 1. Term Loans From Banks:

(1.1) Rupee Loan from Canara Bank of Rs.875 lacs at interest rate of 15.00% p.a is payable in quarterly instalments as follows:-

- (a) Rs.688 lacs (From April'2013 to March'2014) Refer Note No.9(a)
- (b) Rs.188 lacs (From April'2014 to June 2014).

(1.2) Cash Credit and Term Loans sanctioned by State Bank of Patiala/Canara Bank are secured by first and exclusive charge on all present and future current assets (excluding vehicles) and fixed assets including Plant & Machinery/ immovable properties situated at Bahadurgarh & Moradabad together with all Building and structures thereon, equitable mortgage of Land & Building at Gurgaon in the Name of Ispace Developers Pvt Ltd and exclusive charge on company's Brand "MILKFOOD". The State bank of Patiala has also extended supplier's line of credit to the extent of Rs. 400 lacs covered in the charge created by the company in its overall limits.

## Notes Forming part of the financial statements

2. Vehicle loans are secured against hypothecation of respective vehicles.
  - (2.1) Vehicle Loans (five in number) from ICICI Bank are repayable in monthly instalments of varied amount and repayable by February 2015 and carry interest rate of 10.49% to 12% p.a based upon terms & conditions of respective Loans.
  - (2.2) Vehicle loan from BMW Financial Services is payable in 5 years monthly instalments and is repayable by September 2016 and carry interest rate of 12% p.a. (Refer note no. 9 (a))
  - (2.3) Vehicle Loans (five in number) from Kotak Mahindra Prime Ltd are repayable in monthly instalments of varied amount and are repayable by December 2015 and carry different rates of interest in range of 10.55% to 11.94%.( Refer note no. 9 ( a ) )
3. Loan from Religare Finvest Limited carry floating rate of Interest of 16% in respect of both the loan of Rs.700 lacs & of Rs.1500 lacs . Both the loans are on equated monthly of Rs. 11 lacs and Rs. 17 lacs respectively and are repayable by 1st March 2018. (Refer note no. 9 (a))
4. Intercompany Deposits are repayable by September 2014 and carry interest @ 14 % p.a. on net basis.
5. **Public Deposits:-**
  - (5.1) Public deposits are repayable as under:
    - (a) Rs. 539 lacs Payable by March 2014 and carry interest of 10.50% to 11.5%. (Refer note no. 9 (a))
    - (b) Rs. 555 lacs Payable by March 2015 & 2016 and carry interest of 11% to 11.5%
  - (5.2) Public deposits guaranteed by Directors Rs. 281 lacs/-
  - (5.3) Public deposits matured but unclaimed amount to Rs 9 lacs (Previous Year 10 lacs).

### Note 5 Other long-term liabilities

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Others:			
(i) Trade / security deposits received		2,446	2,545
(ii) Trade Payable /advance from customers	1	2,590	839
(iii) Others	2	4	5
<b>Total</b>		<b>5,040</b>	<b>3,389</b>

#### Note:-

1. Includes a sum of Rs. 575 lacs which is permanently available with the company as certified by the management. Trade payables of Rs. 2000 lacs as confirmed by the creditors are payable after 12 months from the reporting date.
2. Includes Rs. 2 lacs towards debenture interest payable (to be transferred to investor education fund in future years) and Rs. 1 lacs payable to ex-employee pending final decision of court.

### Note 6 Long-term provisions

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Provision for employee benefits:			
(i) Retirement Benefits	1	0.00	0.00
(ii) Other Employee Benefits		0.00	0.00
(b) Provision - Others:			
(i) Provision for tax (net of advance tax)		0.00	0.00
<b>Total</b>		<b>0.00</b>	<b>0.00</b>

#### Note:-

1. No provision for Gratuity liability & Leave Encashment as on 31st March, 2013 amounting to Rs.119 lacs (Previous year Rs. 129 lacs) and Rs. 13 lacs respectively (Previous year Rs. 10 lacs). Calculated in accordance with actuarial valuation as per AS-15 (Revised) has been made in these accounts.

# Notes Forming part of the financial statements

## Note 7 Short-term borrowings

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>(a) From Bank - Secured</b>			
Cash Credit	1	4,873	3,815
<b>Total</b>		<b>4,873</b>	<b>3,815</b>

### Note:-

1. Refer note no. 1.2 of note 4.

## Note 8 Trade payables

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
Trade payables	1	2,669	4,260
<b>Total</b>		<b>2,669</b>	<b>4,260</b>

### Note:

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

## Note 9 Other current liabilities

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Current maturities of Long Term Debts *		1,440	1,259
(a) Interest accrued but not due on Public Deposits	6	76	61
(b) Other payables			
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, VAT, Service Tax, etc.)		107	113
(ii) Advances from customers	7	347	179
(iii) Trade / security deposits received		—	1
(iv) Other outstanding bills		109	67
<b>Total</b>		<b>2,079</b>	<b>1,680</b>

### Current maturities of Long Term Debts \*

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>(a) From Bank - Secured</b>			
Term Loan	1	688	663
Vehicle loans	2	26	32
<b>(b) Vehicle loans Others</b>			
BMW financial services	3	4	3
Kotak Mahindra Prime Ltd	4	15	34
<b>(c) From Others Unsecured</b>			
Religare Finvest Limited	5	167	96
Public Deposits	6	540	431
<b>Total</b>		<b>1,440</b>	<b>1,259</b>

### Note

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

# Notes Forming part of the financial statements

## Note 10 Short-term provisions

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>Provision - Others:</b>			
(i) Provision for wealth tax		2	2
(ii) Provision for employee benefit	1	—	—
<b>Total</b>		<b>2</b>	<b>2</b>

### Note:

- 1) Excludes provision of gratuity of Rs. 101 lacs (Previous year Rs. 68 lacs) and excludes provision of leave encashment of Rs. 9 lacs (Previous year Rs. 6 lacs)

## Note 11 A Fixed Assets

### TANGIBLE/INTANGIBLE ASSETS

(\*Rs. in lacs )

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	01.04.2012	Additions	Deductions	31.03.2013	01.04.2012	For the Year	On Deduction	31.03.2013	31.03.2013	31.03.2012
Freehold Land	314	16	—	330	—	—	—	—	330	314
Refer Note 1										
Buildings	1,744	675	—	2,419	484	57	—	541	1,878	1,260
Refer Note 5										
Plant & Machinery	9,793	941	—	10,734	3,613	321	—	3,934	6,800	6,180
Refer Note 2, 3, 4 & 5										
Furniture, Fixtures and Equipments	133	13	—	146	105	2	—	107	39	28
Refer Note 3										
Vehicles	484	69	17	536	185	49	15	219	317	299
<b>Total</b>	<b>12,468</b>	<b>1,714</b>	<b>17</b>	<b>14,165</b>	<b>4,387</b>	<b>429</b>	<b>15</b>	<b>4,801</b>	<b>9,364</b>	<b>8,081</b>
Previous Year	12,019	504	55	12,468	3,918	498	30	4,387		

### Notes:-

1. Addition represents stamp duty/ charges paid on registration of Moradabad land in favour of the company.
- 2 (i) Operations of Casein Plant (Patiala) remained suspended till December'2012 because of ban on export of casein, which had been partially lifted in August' 2012. Company obtained the license during the year and has manufactured and exported 140MT and 119 MT respectively. Company is very optimistic about the future and has made the projections of cash flow of 5 years considering that it will be able to manufacture and sell 1200MT of casein during the FY 2013-14 based upon the orders in hand of 544 MT and at incremental growth @5% for subsequent years. In conformity with Accounting Standard AS-28 issued by the ICAI, the total carrying amount of assets including intangible Assets is Rs.3432 lacs of Casien Plant. and the present value of the future cash flow discounted @ 12% is Rs3467 lacs. Since present value of Rs 3467 lacs exceeds the carrying amount, no impairment of Asset is recognised.  
(ii) Includes intangible assets of Rs. 597 lacs written down value of Rs. 352 lacs. In accordance with AS-26 expenses incurred on development/defining the manufacturing process of any product to meet the required standard is recognized as Intangible Asset and is amortized over a period of 10 years. The amount amortized during the year is Rs. 60 lacs ( Previous Year Rs.60 lacs).
- 3 Assets at Gurgaon:
  - (a) Plant and Machinery and furniture and fixtures held for disposal have been depreciated at the rates prescribed under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs.15 lacs under Schedule XIV of the Companies Act. The aggregate written down value of such assets is Rs.15 lacs (Previous year Rs.18 lacs).
- 4 (i) Based upon technical evaluation about life of assets Company has charged depreciation on Plant & Machinery at the rate 3.17% instead at 4.75% prescribed in schedule XIV of the Companies Act 1956.As a result depreciation charged is less by Rs.84 lacs during the year. Company has made an application for approval of lower rates than prescribed in schedule XIV of the Companies Act 1956. Approval from Ministry of Corporate Affairs is awaited.  
(ii) Addition to plant and machinery at Patiala Unit of Rs 870 lacs includes expenses of Rs 100 lacs being proportionate overheads capitalized at the close of the year and depreciation provided accordingly.
- 5 Company has capitalized the opening work in progress and the additions made during the year (including substantial renovation) at the close of the year and accordingly charged the depreciation.

# Notes Forming part of the financial statements

## Note 11 B Capital Work in Progress

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
Building	1	—	482
Chilling Centre		—	2
Machinery		—	266
Computers		—	—
<b>Total</b>		<b>—</b>	<b>750</b>

### Note :

Refer note 5 of note 11 A

## Note 12 Investment

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>Investment in Preference Shares , Unquoted</b>			
Grand Regency Hospitalities Pvt. Ltd. (425000 3% Preference Shares of Rs 100 each fully paid)	1	425	425
National Saving Certificates	2	1	1
<b>Total</b>		<b>426</b>	<b>426</b>

### Note-

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

## Note 13 Long-term loans and advances

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Suppliers advances Unsecured, considered good	1	15	14
(b) Security deposits Unsecured, considered good		87	86
(c) Loans and advances to employees Unsecured, considered good		72	13
(d) Input Tax credit		5	8
(e) Prepaid expenses		44	46
(f) Sales Tax Authorities	3	92	—
<b>Total</b>		<b>315</b>	<b>167</b>

### Notes

- Includes Rs 31 lacs due from the employee, interest @12% is charged.
  - Includes Rs.7 lacs due from the Ex employee of the company. In the opinion of the management amount is recoverable.
- Is receivable in FY 2014-15.
- Deposited on account of pending Appeals preferred against demands raised of various years.

# Notes Forming part of the financial statements

## Note 14 Trade receivables Non current

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
Trade receivables outstanding for a period exceeding 12 months from the date they were due for payment			
Unsecured, considered good	1	14	13
Secured, considered good		0	1
<b>Total</b>		<b>14</b>	<b>14</b>

### Note:

- Represents outstanding from earlier years on account of some dispute. Management is hopeful of recovery. Adjustment entries, if required will be made in subsequent years after reconciliation with the parties is completed.

## Note 15 Non Current Inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Stores and Spares	1	29	33
(b) Trees and Plantation	2	24	2
<b>Total</b>		<b>53</b>	<b>35</b>

### Note

- Refer Note 30 (Discontinued Operations)
- Represents cost of pollution control measure. Management believes that net realisation from the sale in future would be sufficient to cover the cost.

## Note 16 Inventories

(At lower of cost and net realisable value)

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Raw materials		18	18
(b) Work-in-progress			
- Dairy Products		275	187
(c) Finished goods			
- Dairy Products	1	6,469	7,548
(d) Stores and spares		563	304
(e) Packing materials		188	106
<b>Total</b>		<b>7,513</b>	<b>8,163</b>

### Notes:

- Stocks on consignment of Rs. 31 lacs (Previous year Rs. 25 lacs) remains unconfirmed at the year end.
  - Includes stock of Whey Powder (By-product) of Rs. 27 lacs (previous year Rs. 69 lacs).
  - Includes Rs. 35 lacs towards unutilized Input Credit. Management is of the opinion that the same will be utilized in the next financial year.

## Notes Forming part of the financial statements

### Note 17 Trade receivables

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Unsecured, considered good		–	2
Other Trade receivables			
Unsecured, considered good		908	492
Secured, considered good		128	6
<b>Total</b>		<b>1,036</b>	<b>500</b>

### Note 18 Cash and cash equivalents

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Cash on hand		5	3
(b) Cheques, drafts on hand		–	–
(c) Balances with banks			
(i) In current accounts	1	2	18
(ii) In deposit accounts		69	85
(iii) Margin accounts		14	75
<b>Total</b>		<b>90</b>	<b>181</b>

#### Notes:

- Excludes Rs 3 lacs on account of issue of stale cheques against payment of interest.

### Note 19 Short-term loans and advances

Particulars	Note	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
(a) Security deposits			
Unsecured, considered good		4	2
(b) Loans and advances to employees			
Unsecured, considered good		186	83
(c) Prepaid expenses - Unsecured, considered good		80	57
(d) Interest Receivable		10	18
(e) Export Incentive Receivable		90	–
(f) Supplier advances - Unsecured, considered good	1	431	423
(g) Balances with government authorities			
Unsecured, considered good			
(i) Input Tax Credit		3	2
(ii) Deposit with Punjab State Electricity Board	2	59	59
(iii) Sales Tax Authorities		2	93
(iv) Income Tax recoverable	3	27	19
(h) Carbon Credit Receivable	4	742	818
(i) Insurance Claim Receivable		–	12
<b>Total</b>		<b>1,634</b>	<b>1,586</b>

#### Note:-

- Include Rs.200 lacs paid by the company to the respondents on the directions of Hon'ble Supreme Court for admitting the Special Leave Petition against the order of High Court of Patna confirming the payment of Rs.328 lacs (Shown as Contingent Liability) Hon'ble supreme court has ruled that Delhi High Court holds the jurisdiction. Management believes that the matter will be decided within 12 months of the reporting date.



## Notes Forming part of the financial statements

- Represents amount deposited in earlier years on a demand raised by the authorities. Identical matter is pending in appeal before Supreme Court. Management believes that the same is likely to be decided in the coming year.
- Includes Rs.19 lacs pertaining to earlier years for disputed matters pending in appeals.
- Represents balance due on account of VCS certificates at the close of the year. In the opinion of management and as certified by the consultant that in view of the improved international prices the remaining VCS certificates will be sold by next financial year and the amount realized will not be less than the amount recorded in books.

### Note 20 Revenue from operations

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Sale of products	1	33,285	30,447
Other operating revenues	2	255	12
<b>Revenue from operations (Gross)</b>		<b>33,540</b>	<b>30,459</b>
Less:			
Excise duty		—	—
<b>Revenue from operations (net)</b>		<b>33,540</b>	<b>30,459</b>

1

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Sale of products comprises :		
Manufactured goods		
- Ghee	22,118	21,510
- Milk Powder	10,639	8,906
- Whey Powder	38	31
- Casein	490	—
<b>Total - Sale of products</b>	<b>33,285</b>	<b>30,447</b>

2

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	34	12
Export incentives	204	—
Foreign exchange fluctuation	17	—
<b>Total - Other operating revenues</b>	<b>255</b>	<b>12</b>

### Note 21 Other income

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Interest income	1	8	16
Other non-operating income	2	31	27
<b>Total</b>		<b>39</b>	<b>43</b>

## Notes Forming part of the financial statements

1

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Interest income comprises :		
Interest from banks on:		
-Deposits	7	9
-Margin money	1	6
Interest on Income tax refund	—	1
<b>Total - Interest income</b>	<b>8</b>	<b>16</b>

2

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Other non-operating income comprises:		
Insurance Claim received	—	16
Liabilities / provisions no longer required written back	30	10
Others	1	1
<b>Total - Other non-operating income</b>	<b>31</b>	<b>27</b>

### Note 22 A. Cost of material consumed

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Material consumed comprises:		
Milk	17,176	19,905
Ghee	9,041	8,004
Others	240	81
<b>Total</b>	<b>26,457</b>	<b>27,990</b>

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

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Inventories at the end of the year:		
Finished goods	6,469	7,548
Work-in-progress	275	187
	<b>6,744</b>	<b>7,735</b>
Inventories at the beginning of the year:		
Finished goods	7,548	3,736
Work-in-progress	187	196
	<b>7,735</b>	<b>3,932</b>
<b>Net (increase) / decrease</b>	<b>991</b>	<b>(3,803)</b>

# Notes Forming part of the financial statements

## Note 23 Employee benefits expense

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Salaries, wages and other Benefits	1	986	854
Contributions to provident funds		48	39
Staff welfare expenses		48	43
<b>Total</b>		<b>1,082</b>	<b>936</b>

### Note:

- (a) Refer note no. 4 (ii) of Note 11 A exclude Rs.13 lacs.  
(b) No provision for Gratuity liability of Rs. 24 lacs (Previous year Rs. 24 lacs) and of leave encashment Rs. 6 lacs (Previous year Rs. 12 lacs) has been made in these accounts.  
(c) Includes provision of minimum bonus of Rs. 10 lacs (Previous year Rs.10 lacs) under the payment of Bonus Act 1965.

## Note 24 Finance costs

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
(a) Interest expense on:	1	1,113	1,047
(i) Borrowings			
(ii) Others			
- Interest on delayed / deferred payment of income tax		—	3
- Bill discounting Charges		1	—
(b) Other borrowing costs (Bank and other financing charges)		51	72
<b>Total</b>		<b>1,165</b>	<b>1,122</b>

### Note :

- Net of Rs. 53 lacs recd from Union bank of India against delayed payment of decreed amounts .

## Note 25 Depreciation

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
<b>Depreciation expense</b>			
Tangible Assets	1	367	435
Intangible Assets		60	60
<b>Total</b>		<b>427</b>	<b>495</b>

### Note 25 A Depreciation on Gurgaon Assets

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
<b>Depreciation expense</b>			
Tangible Assets	2	3	3
<b>Total</b>		<b>3</b>	<b>3</b>

### Note :

- Based upon technical evaluation about life of assets Company has charged depreciation on Plant & Machinery at the rate 3.17% instead at 4.75% prescribed in schedule XIV of the Companies Act 1956. As a result depreciation charged is less by Rs.84 lacs during the year. Company has made an application for approval of lower rates than prescribed in schedule XIV of the Company Act 1956. Approval from Ministry of Corporate affairs is awaited .
- Refer note 3 of Note 11 A

# Notes Forming part of the financial statements

## Note 26 Other expenses

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
(a) -Consumption of stores and spare parts	1	163	169
-Power and Fuel	2	1,040	1,708
-Repairs - Building		12	18
-Machinery	3	32	76
-Milk Processing charges		3	—
-Packing	4	857	853
(b) -Rent		30	15
-Rates and taxes		12	10
-Insurance		69	52
-Miscellaneous expenses		379	297
Payments to the auditors	5	21	16
(c) -Freight & Forwarding Expenses		638	331
-Commission		98	71
<b>Total</b>		<b>3,354</b>	<b>3,616</b>

## Note -5

Particulars	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
Auditors Remuneration and expenses		
- Audit fee	16	12
- Tax audit fees	1	1
- Fees for other services	2	1
-Reimbursement of expenses	2	2
<b>Total</b>	<b>21</b>	<b>16</b>

## Note :

1. Refer note no. 4 (ii) of Note 11A exclude Rs. 6 lacs.
2. Refer note no. 4 (ii) of Note 11A exclude Rs. 63 lacs.
3. Refer note no. 4 (ii) of Note 11 A exclude Rs. 18 lacs.
4. Excludes Rs. 35 lacs -Refer note no. 16 (1) (c)

## Note 27 Statement of Profit and Loss from discontinued operation for the year ended 31 March, 2013

Particulars	Note	For the year ended 31 March, 2013 (Rs. in lacs)	For the year ended 31 March, 2012 (Rs. in lacs)
1 Revenue from operations (gross)		—	—
Total revenue		—	—
2 Expenses			
(a) Depreciation and amortisation expense	25A	3	3
(b) Other expenses	1	4	4
Total expenses		7	7
Profit before exceptional and extraordinary items		(7)	(7)
Exceptional Items		—	—
Profit before extraordinary items		(7)	(7)
Extraordinary Items		—	—
3 Profit/(Loss) from discontinuing operation		(7)	(7)

## Note

1. A sum of Rs. 4 lacs has been charged to Statement of Profit and Loss on account of reduction in estimated realizable value in respect of general stores of Rs. 33 lacs (previous year Rs. 37 lacs).

# Notes Forming part of the financial statements

## Note 28 Disclosures under Accounting Standards

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
<b>Earnings per share</b>		
Basic and diluted		
Net profit for the year ('Rs. In lacs)	67	58
Weighted average number of equity shares (Nos.)	4886440	4886440
Par value per share (In Rs.)	10	10
Earnings per share - Basic and diluted in Rs.	1.38	1.19

## Note 29 Deferred tax liability (net)

Particulars	As at 31 March, 2013 (Rs. in lacs)	As at 31 March, 2012 (Rs. in lacs)
<b>Components of deferred tax balances</b>		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	1,107	1,107
Others	—	—
Tax effect of items constituting deferred tax liability	1,107	1,107
Tax effect of items constituting deferred tax assets		
Carried forward loss on 31.03.13	887	897
Disallowances under Section 43B of the Income Tax Act, 1961	—	—
Others	—	—
Tax effect of items constituting deferred tax assets	887	897
<b>Deferred tax liability (net)</b>	<b>220</b>	<b>210</b>

### 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).

## 40TH ANNUAL REPORT 2012-13

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

	<b>2012-2013</b>	2011-2012
	<b>Rs. in lacs</b>	Rs. in lacs
Capital	<b>1</b>	1
Reserves	<b>(.21)</b>	(.16)
Loans	—	—
Current Liabilities and Provisions	<b>.03</b>	.05
Total Assets	<b>.82</b>	.89
Total Liabilities	<b>.82</b>	.89
Investment (Other than Subsidiaries)	—	—
Turnover	—	—
Profit before Taxation	<b>(0.05)</b>	(0.05)
Provision for Taxation	—	—
Profit after Taxation	<b>(0.05)</b>	(0.05)
Proposed Dividend	—	—

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

1. Name of the Subsidiary Company : MFL Trading Private Limited
2. Financial Year of the Subsidiary : 01.04.2012 to 31.03.2013
3. Issued, Subscribed and paid-up Capital of the Subsidiary as on 31st March, 2013. : 10,000 Equity Shares of Rs.10/- each
4. Extent of Interest of Milkfood Limited in Subsidiary as on 31st March, 2013. : 10,000 Equity Shares of Rs.10/- each (100%)
5. Net aggregate amount of Profits/(Losses) of the Subsidiary so far as it concerns the Members of Milkfood Limited and is not dealt with in the Accounts of Milkfood Limited for the Financial Year and Previous Financial Years. : For the Current Financial Year : (Rs. 0.05 lacs) and previous year Rs. 0.05 lacs)
6. Net aggregate amount of Profits/(Losses) of the Subsidiary so far as it concerns the Members of Milkfood Limited and is dealt With in the Account of Milkfood Limited for The Financial year or Previous Financial Years. : Nil
7. As the end of the Financial year of the Subsidiary ended 31st March, 2013 coincides with the end of the Financial Year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.

For and on behalf of the board

Place : New Delhi  
Date : 30th May, 2013

**(Suresh Alipuria)**  
Director

**(K.K. Kohli)**  
Director

**(Rishbha Ahluwalia)**  
Asst.Company Secretary









# MILKFOOD LIMITED

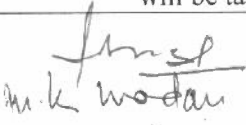

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## Form B

1.	Name of the Company	Milkfood Limited
2.	Annual Financial Statements for the Year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit Qualification	Modified opinion
4.	Frequency of qualification	Repetitive (only regarding provision of Gratuity & Leave Encashment)
	Relevant Notes to Accounts & Management Response to the qualification	Note No. 6(1) & Note 11A 4(ii) Managements view- i) The Company has consistently taken the view that Gratuity is an allowable expense on actual payment basis. Therefore, no provision is made. ii) Based upon technical evaluation about the life of assets, Company has charged a lower rate of depreciation for which application was already put up before the Ministry of Corporate Affairs and is pending approval. iii) The Company has recomputed depreciation as per applicable rates in Schedule XIV of the Companies Act, 1956 from the year of capitalization as prescribed under the law. This resulted in excess charge of Rs. 25,257,655 so far. The net effect will be taken in the current financial year.
	Board Comments	i) The Company has consistently taken the view that Gratuity is an allowable expense on actual payment basis. Therefore, no provision is made. ii) Based upon technical evaluation about the life of assets, Company has charged a lower rate of depreciation for which application was already put up before the Ministry of Corporate Affairs and is pending approval. iii) The Company has recomputed depreciation as per applicable rates in Schedule XIV of the Companies Act, 1956 from the year of capitalization as prescribed under the law. This resulted in excess charge of Rs. 25,257,655 so far. The net effect will be taken in the current financial year.
5.	On behalf of Milkfood Limited: <ul style="list-style-type: none"><li>Sudhir Avasthi (CEO)</li><li>M.K.Madan (Auditor)</li><li>Suresh Alipuria (Chairman Audit Committee)</li></ul>	 

**milkfood**

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